AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 111–1181

THE NEED FOR TRANSPORTATION INVESTMENT

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

MARCH 25, 2009

Printed for the use of the Committee on Environment and Public Works

Available via the World Wide Web: http://www.gpo.gov/fdsys

U.S. GOVERNMENT PUBLISHING OFFICE

94–023 PDF WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

BARBARA BOXER, California, *Chairman*

MAX BAUCUS, Montana
THOMAS R. CARPER, Delaware
FRANK R. LAUTENBERG, New Jersey
BENJAMIN L. CARDIN, Maryland
BERNARD SANDERS, Vermont
AMY KLOBUCHAR, Minnesota
SHELDON WHITEHOUSE, Rhode Island
TOM UDALL, New Mexico
JEFF MERKLEY, Oregon
KIRSTEN GILLIBRAND, New York
ARLEN SPECTER, Pennsylvania

JAMES M. INHOFE, Oklahoma
GEORGE V. VOINOVICH, Ohio
DAVID VITTER, Louisiana
JOHN BARRASSO, Wyoming
MIKE CRAPO, Idaho
CHRISTOPHER S. BOND, Missouri
LAMAR ALEXANDER, Tennessee

BETTINA POIRIER, *Staff Director*
RUTH VAN MARK, *Minority Staff Director*

C O N T E N T S

Page

MARCH 25, 2009

OPENING STATEMENTS

Boxer, Hon. Barbara, U.S. Senator from the State of California 1
Bond, Hon. Christopher S., U.S. Senator from the State of Missouri 2
Cardin, Hon. Benjamin, U.S. Senator from the State of Maryland 4
Inhofe, Hon. James M., U.S. Senator from the State of Oklahoma 6
Baucus, Hon. Max, U.S. Senator from the State of Montana 8
Barrasso, Hon. John, U.S. Senator from the State of Wyoming 11
Lautenberg, Hon. Frank, U.S. Senator from the State of New Jersey 12
Voinovich, Hon. George V., U.S. Senator from the State of Ohio 13
Klobuchar, Hon. Amy, U.S. Senator from the State of Minnesota 14
Specter, Hon. Arlen, U.S. Senator from the State of Pennsylvania 16
Merkley, Hon. Jeff, U.S. Senator from the State of Oregon 18
Sanders, Hon. Bernard, U.S. Senator from the State of Vermont 18
Udall, Hon. Tom, U.S. Senator from the State of New Mexico 19
Gillibrand, Hon. Kirsten, U.S. Senator from the State of New York, prepared statement 17

WITNESSES

LaHood, Ray, Secretary, U.S. Department of Transportation 20
Prepared statement 23
Responses to additional questions from:
Senator Udall 32
Senator Inhofe 39
Senator Voinovich 43
Response to an additional question from Senator Bond 47
Rendell, Edward G., Governor, State of Pennsylvania 57
Prepared statement 61
Responses to additional questions from:
Senator Carper 67
Senator Inhofe 70
Response to an additional question from Senator Voinovich 72
Novak, Kathleen M., President, National League of Cities; Mayor, Northglenn, Colorado 73
Prepared statement 76
Responses to additional questions from:
Senator Carper 81
Senator Inhofe 84
Senator Voinovich 86
Response to an additional question from Senator Bond 89

THE NEED FOR TRANSPORTATION INVESTMENT

WEDNESDAY, MARCH 25, 2009

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The full committee met, pursuant to notice, at 10:10 a.m. in room 406, Dirksen Senate Office Building, Hon. Barbara Boxer (chairman of the Committee] presiding.

Present: Senators Boxer, Barrasso, Baucus, Lautenberg, Inhofe, Voinovich, Bond, Cardin, Carper, Klobuchar, Sanders, Gillibrand, Udall, and Merkley.

OPENING STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. Good morning, everybody. Sorry it is running a little late. I was on the floor this morning, the Senate floor. Today's hearing focuses on the need for transportation investment as we move forward with the next highway transit and highway safety authorization.

The current legislation, SAFETEA-LU, will expire on September 30, 2009. The new bill, we are calling it MAP–21, Moving Ahead for Progress in the 21st century. This legislation will impact all Americans because it sets the policy and provides the funding for transportation nationwide and this Committee will be taking the lead to authorize the new legislation.

We held several hearings in the 110th Congress on issues including bridges, goods movement, safety and the Federal role in transit. I also held field hearings in several California cities to hear directly from my constituents on their ideas for a new bill.

At this time, I would ask unanimous consent that all the statements which were submitted as part of my California field hearing be inserted in the record. Without objection.

[The referenced material was not available at time of print.]

Senator BOXER. We will continue to hold hearings, meetings and listening sessions to make sure all points of view are considered. We continue to hear loud and clear that the need for investment is great.

Congress passed and the President recently signed into law the American Recovery and Reinvestment Act of 2009, H.R. 1, which provided a total of $48 billion for transportation improvements. Of that $48 billion, $27.5 billion was included for the highway program. These funds are currently being used to improve our Nation's infrastructure and are already creating jobs, and the Com-

mittee does plan to oversee the use of those funds informally and formally.

The funding provided in H.R. 1 was a good start, but certainly not enough. We must have continued investment to maintain these jobs and make additional needed improvements to our infrastructure.

The National Surface Transportation Policy and Revenue Study Commission, which released a congressionally mandated report in January 2008, called for investments of up to at least $225 billion annually over the next 50 years at all levels of government to bring our existing surface transportation infrastructure to a good state of repair and to support our growing economy.

All combined, our States, our cities and the Federal Government are spending 40 percent less than that amount. The more recent February 2009 report of the National Surface Transportation Infrastructure Financing Commission estimates that we need to invest at least $200 million per year at all levels of government to maintain and improve our highways and our transit systems.

According to the U.S. Department of Transportation's 2006 Conditions and Performance Report, the costs at all levels of government to maintain our current highway system is $78.8 billion a year. That is just to maintain, while the costs to improve the system would be $131 billion per year. The same report shows that the backlog of needed improvements to simply maintain the current highway program is $495 billion.

Today's witnesses will further highlight the need for investment in transportation at the Federal, State and local level. I appreciate each of the witnesses because they took time out of their busy schedules to be with us today, and I look forward to hearing their testimony.

I would like to give a very special welcome Secretary LaHood who is making his first appearance before this Committee as the Secretary of Transportation. I appreciate his being here today and I look forward to working with him and all of my colleagues on both sides of the aisle on MAP–21.

And we are very happy to have Governor Rendell with us, and Mayor Novak, who will be on the next panel, on the final panel.

So at this time, I am happy to turn it over to Senator Inhofe for his opening statement.

Senator INHOFE. Thank you, Madam Chairman.

I would like to defer my opening statement to Senator Bond, who has a conflict, and if you could wind me back into the system after that.

OPENING STATEMENT OF HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM THE STATE OF MISSOURI

Senator BOND. Thank you very much, Madam Chair.

Senator Inhofe, I very much appreciate it. Unfortunately, I do have another hearing I have to attend, but this hearing is an extremely important opportunity to examine the transportation investment needs throughout our system, and also to develop a proper transportation infrastructure that fosters economic development and produces the greatest return to taxpayers.

I thank all the witnesses for appearing today. Your perspectives will give us a unique glimpse into our Nation's transportation needs at the local, State and Federal levels, to give us a more accurate understanding of our system's deficiencies, develop a better insight into how transportation dollars are best spent, and examine how all of these needs can come together to move our Country forward.

It needs to be said again and again that quality infrastructure connects people and communities with one another. It is this connection that attracts and sustains businesses, jobs, and high quality of life for our constituents.

One of the toughest questions that we are going to face is funding for the Federal Highway Trust Fund. As we all know, the decline in road miles has really hurt that fund. I was very disappointed that we could not add in the stimulus bill a withdrawal of the rescission scheduled for September 30 of this year; $8 billion, that is $8 billion worth of work that would be under way that will be cut off if we are unable to deal with that in the time between now and then.

In my home State of Missouri, we have seen a significant improvement over the last decade, but obviously, like all States, we have a long way to go. We are maintaining our current infrastructure better. We have seen the major percentage of our major highways in good condition, go from 47 percent to 83 percent over 4 years. Structurally deficient bridges have decreased by 5 percent over the same time period.

That being said, obviously there is a lot of work yet to be done. We have made great strides, but to continue forward we must make investments to bring our infrastructure up to speed.

There is a growing concern in Missouri in the capacity of the system. We are at the crossroads of the Nation, right in the middle of the Country. Traffic north, south, east and west goes through our State. We are beginning to bust at the seams. Our vehicle miles traveled are at historic highs. Congestion rates are up, with more and more Missourians and interstate travelers tied up in traffic next to truck carrying products that are necessary for commerce.

Congestion is a real problem. It is taking an economic toll at a time when we simply cannot afford more burdens on our system. Moving forward, we have to invest more in good roads, but we cannot rely on roads alone. We have to look toward rail and river transport as efficient ways to move goods and ease checkpoints. River transportation is the most economical energy-efficient, and environmentally friendly way of transporting large commodities. We have to start to think in a comprehensive manner that stresses flexibility of one entire transportation system, rather than just the separate several ones.

There will be a tendency just to throw money at it, but we remember that it won't necessarily fix our problems. We have to be diligent in creating an authorization bill that makes infrastructure investments in a wise way, and provides taxpayers a good return.

One issue that could have an enormous impact on our needs for transportation investment return is project delivery time. And we

worked with the Department of Transportation in the past and look forward to guidance on this in the future.

As we speak, the cost of transportation projects across the Country are increasing, while contractors, municipalities, and State DOTs wade through the mass of bureaucracy that is our current project development process. Simply put, we cannot afford to continue down the path of 10 to 15 year delivery times for transit and highway projects. It doesn't take a mathematician to figure out such an impediment means project costs doubling or tripling, for congested highways, decreased productivity, and compromised road safety.

We have difficult decisions before us, Madam Chair, but understanding both the challenges ahead and establishing a clear path can make those decisions more informed and more effective.

Thank you, Madam Chair, Senator Inhofe, Senator Baucus, Senator Voinovich for your hard work. And I look forward to hearing perspectives from our witnesses and from you on how together we can craft a new authorization bill that will move us forward in solving our infrastructure needs, and thus our economic needs.

Thank you, Madam Chair.

Senator BOXER. Thank you so much.

We are so fortunate on this Committee we have so many senior Members of the Senate, and you know, not the least of which is the Chairman of the Finance Committee. We are so fortunate because we have to work so closely with the Finance Committee as we move forward.

Here is the order of arrival on the Democratic side: Cardin, Baucus, Lautenberg, Klobuchar, Merkley. So if there is no disagreement, I will call you in that order.

And on the Republican side would be Inhofe, Barrasso and Voinovich, if that is OK.

So we will hear from Senator Cardin.

OPENING STATEMENT OF HON. BENJAMIN CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Senator CARDIN. Thank you very much, Madam Chair. And let me thank you for holding this hearing.

I would ask unanimous consent that my entire opening statement be placed in the record.

Senator BOXER. Without objection.

Senator CARDIN. And I want to just underscore some brief points.

There is no question that our national transportation system is in dire need of repairs and investments. We have heard the dollar amounts of what it would take in order to get our transportation infrastructure up to date. But let me just share with you the frustration of motorists in the Washington area and the Baltimore area. I commute every day between Baltimore and Washington, so I see first hand the frustration of motorists and those who are trying to commute back and forth to work.

It has been estimated that we spend 4.2 billion hours a year stuck in traffic. That translates to about $78 billion lost to our economy and 3 billion gallons of fuel wasted every year. So this is a huge issue, a huge challenge for America, to try to get this right, to invest in our transportation system.

I think the American Recovery and Reinvestment Act was a good first start. It provided significant investments in transportation in the right way for our Country. It provided $48 billion of investment in transportation, and did it in a way that will be friendly toward energy independence and toward our environment.

So I think our challenge, Madam Chair, is to craft the Surface Transportation Reauthorization Act, that you referred to as MAP, that will meet our investment needs in a fiscally responsible way. That means it is nice to talk about the dollar amounts that we need, but let's talk about how we are going to pay for it.

And I understand that Senator Baucus is here and he has probably the greatest burden of any of us as Chairman of the Finance Committee. I know it is not easy to figure out how we can do what we need to do in our economy, without jeopardizing our economic growth. But I think we need to make sure that what we do in the Surface Transportation Reauthorization Act is consistent with our overall responsibility to balance the Federal budget and I hope that we will take up the revenues as part of the way that we go about a realistic reauthorization bill.

Second, I think we need to make sure that this is done in an environmentally friendly way. We talk about that, but transportation can play a huge role in reaching our goals on our responsibility to future generations toward our environment. This Committee has heard me talk frequently about public transportation, and how our investments in public transportation will help us deal with energy independence, will help us deal with reducing greenhouse gases, will help us deal with quality of life.

I think these are important points and need to be part of the policies that we look forward to in our next effort on reauthorization.

And let me just mention another area where I think we can make incredible progress on our environment, and that deals with the quality of our water. The way that we do transportation construction can have a major impact on runoff issues and quality of water in this Country, which is another coordinated policy that I hope we will use as we look at the reauthorization.

So yes, it is critically important that we make the right investments. And my colleagues will be giving numbers of how America is behind the rest of the world in the investments that we make, the public investments we make generally, as well as what we make in transportation. And we need to increase that. We need to increase our investment for our future.

But let's make sure it is not done in tunnel vision, that our only priority is to see how many roads we can build. Let's take a look at the overall problems that we have in America in dealing with quality of life and our commitment to our environment, our commitment to energy independence. And if we get this right, I think we truly will be making the right investments for America's future.

I look forward to hearing from our witnesses today, and I really do look forward to the work of this Committee in giving constructive suggestions, along with our President, to meet these goals.

[The prepared statement of Senator Cardin follows:]

STATEMENT OF HON. BENJAMIN CARDIN, U.S. SENATOR
FROM THE STATE OF MARYLAND

Madam Chairman, thank you for holding this hearing today.

Our Nation's surface transportation system is in desperate need of repair while being stretched to its limits. As a consequence there have been increasing expenses to motorists and commuters in terms of operating costs and lost time due to congestion.

As anyone who drives in the Washington, DC, or Baltimore area knows, we have an extraordinary problem with congestion and it's getting worse. Americans spend 4.2 billion hours a year stuck in traffic, at a cost of $78 billion a year to the economy and nearly 3 billion gallons of wasted fuel.

At the urging of the Obama administration, we enacted the American Recovery and Reinvestment Act (H.R. 1) earlier this year. It contained a major infusion of transportation funding: $48 billion overall with $27.5 billion for the highway program.

In Maryland, we provided $431 million for highway infrastructure investments. The State also received $179 million for transit capital assistance and $15 million for the fixed guideway modernization program.

All across my State of Maryland, these transportation dollars were greeted with enthusiasm—and a request for more. The funding we provided merely put a dent in the enormous backlog of transportation needs in this country.

Maryland is actively pursuing additional Federal funding through the competitive grants programs established in the Recovery bill.

In 2007, Dr. Jay Mandle, a Professor of Economics at Colgate University, published a brief article in which he analyzed the fraction of the Gross National Product that represents our public investment in non-defense structures and equipment: bridges, roads, wastewater treatment plants and the like.

Taking data from 1960 to 2005, Professor Mandle found that the Nation had a public investment rate that has been in constant decline from a high of 0.430 in 1980 to 0.299 in 2005.

Less than three-tenths of 1 percent of our GDP is being invested in our non-defense public structures and buildings. What is even more remarkable is the fact that—not including the Recovery funds enacted last month—this level of investment is the lowest it's ever been in the 45 years that Professor Mandle analyzed.

The price tag associated with addressing these critical needs is measured in the hundreds of billions of dollars. Total current spending is well below what is needed to improve the condition of our national transportation infrastructure. As we will learn today, investments in infrastructure are required for the U.S. to remain competitive in our global economy.

I hope today's witnesses will go beyond a recitation of needs and instead focus on two aspects of how we meet those needs in the coming years.

1. Roads, rails and runways don't pay for themselves. Who will foot the bill, and how will they secure the funds they need to get the job done?

2. What ideas do our witnesses have that will deal with our infrastructure needs in a holistic fashion? Roads and bridges—yes, of course, but what about light rail . . . rapid bus . . .freight rail . . . intermodal ports . . . airports. We need a truly integrated transportation system that breaks down the barriers not only at our DOTs but also here in Congress where different committees share jurisdictions.

As this debate moves forward, we will need to focus on other key issues besides financing and program integration. We will need to reduce greenhouse gas emissions from the transportation sector, generally work to improve air quality, and also address the polluted stormwater runoff from our highways. We face critical challenges. I look forward to hearing from today's witnesses as we begin the dialog about how we transform our transportation infrastructure for a sustainable, economically viable future.

Thank you, Madam Chairman.

Senator BOXER. Thanks, Senator, very much.

Senator Inhofe.

OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. Thank you, Madam Chairman. We all appreciate the opportunity to get into this thing. We have talked about it now since we saw the expiration coming. This will be my fourth

reauthorization. My first one was when I was serving in the House, so it is something that I am very, very much concerned about.

There is a direct link between a robust economy and a strong transportation infrastructure, and that is one of the problems we are having right now. We started this system way back in the Eisenhower days, relying on the proceeds, the revenues from the gas tax, and this just really hasn't worked.

I think that today the witnesses that we have, Governor Rendell, I remember meeting you up in Philadelphia when we, not that you were attending the Republican Convention, but we were up there together.

[Laughter.]

Senator INHOFE. And Ms. Novak, it is nice to have you here.

And of course, I called up the President when he nominated Ray LaHood to be the Transportation Secretary. And I said, this is by far the best nomination that you have made, and then I thought afterwards, am I destroying his career? So I am glad to see you made it through confirmation and just look forward to continuing to work with you.

As I mentioned, the Highway Trust Fund has always had surpluses until just recent years. And this is something that is very difficult to deal with because others noticing the surplus, they started hitchhiking, putting different things that were not really roads and bridges, and other interests in there, because the money was there.

And I can remember back in 1998 when then-President Clinton took a very large amount of money, $9 billion, out of the Highway Trust Fund and put it back into the general fund. And it was 10 years later that we were able to get that reversed back over. So we have to be kind of patient with these things.

Nonetheless, we have greater needs, and we are going to have the money in the conventional sources to get it done. While the Chairman and myself philosophically differ on a lot of things, we are together, and it really bothers people how much we like each other when we talk about transportation.

[Laughter.]

Senator INHOFE. But we tried. We tried to put an amendment on the stimulus bill to triple the amount of money that would have gone. Out of $787 billion, only $27 billion was going to go to this cause, 3 percent. And that is not adequate. We tried to triple that amount and were unsuccessful in being able to get the bill up.

So I think, and I will wait to hear from Senator Baucus on this, I think we are going to have to get a little more creative. If we are going to be able to do what we have to do, it is going to be close to $400 billion to $500 billion to do the job that needs to be done.

I know in my State of Oklahoma, I notice that the Senator from Missouri had to leave, but he used to be dead last in terms of the condition of the bridges in his State. Now, my State of Oklahoma is dead last. And we want to do something about that. We have that obligation. So we are going to get together. We have had several Big Four meetings and we are going to try to get this done.

And as I say, Madam Chairman, we tried. We talked about this for so long now, about whether it is a VMT or what we have to do

to deviate from what we have done for the last 50 years, but we are going to have to do something. So let's get creative.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Thank you, Chairman Boxer. I appreciate the opportunity to examine the investment needs of our Nation's transportation system. This next bill will be my 4th authorization, and I believe the challenges in continuing to provide a safe and free flowing transportation network have never been greater. I am sure our witnesses will agree that our Nation's transportation needs outpace our current investment levels.

The link between a robust economy and a strong transportation infrastructure is undeniable; yet when it comes to other spending priorities in the Federal Government, transportation is often neglected. We cannot continue to rely on investments made over 50 years ago.

Since the Highway Trust Fund has historically maintained high balances, it has become a favorite funding source for all surface transportation activities, all while maintaining the highway users as the only revenue stream into the fund. As this Committee addresses growing infrastructure investment needs, with limited resources on hand, we will need to be bold in re-evaluating our highest national transportation priorities.

I was disappointed that the Stimulus Plan signed last month provided less than 7 percent of spending for all classes of infrastructure, and highways was only about 3 percent. This level of funding for highways in an economic stimulus bill is unacceptable, as it largely ignores the immediate job creation and economic growth associated with infrastructure investment. In response to this insufficient level of investment, Senator Boxer and I worked together to craft an amendment, that it if had successfully been added to the package, would have provided an additional $50 billion for highways, transit and clean and safe drinking water, without increasing the size of the bill. Unfortunately, this was blocked.

It is important to note that the $27.5 billion for highways in stimulus is no way a substitute for the hundreds of billions needed to address our Nation's infrastructure crisis. In fact, the U.S. Department of Transportation calculates that the backlog of projects needed to simply maintain our Nation's current highway and bridge network is $495 billion and growing.

As we wait for a re-authorization proposal to emerge from the Administration, I would encourage President Obama to prioritize the transportation needs of this Country. Now more than ever, we cannot afford to ignore the needs of our aging highway network.

Senator BOXER. Thank you so much, Senator. And you certainly speak for me. We are partners on this effort, and it is a very good thing for the Country, I think.

Senator Baucus, we are thrilled you are here.

OPENING STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. Thank you, Madam Chairman, and thank you for calling this hearing on needs.

Clearly, we have many needs for our transportation system. One definition of need is in Webster's Dictionary, and I quote it, I repeat it here. It is "a lack of something requisite, desirable or useful."

Transportation infrastructure has always been requisite, desirable and useful to our economic growth and our national security. Whether it was Treasury Secretary Albert Gallatin building the first National Road at a cost of about $13,000 per mile, which was a staggering sum for a Country steeped in debt in 1911, or it was the 1862 passage of the Pacific Railway Act that connected the Missouri River to the Chairman's home State of California, or it was the first authorizing legislation for Federal highways, such as

the Federal Aid Road Act of 1916 and the Federal Aid Highway Act of 1921.

All of these things and others have combined to make our Country the safest and most prosperous place on earth. And we can still see the fruits of those efforts. As Governor Rendell might know, Gallatin's National Road runs close to southwestern Pennsylvania. It is today called U.S. Route 40. The President who led the passage of the Pacific Railway Act was Lincoln, from Secretary LaHood's home State of Illinois. And his efforts resulted in what we now refer to as the Union Pacific Railroad. And our current interstate network is based on maps developed as far back as that 1916 authorizing legislation.

My State of Montana depends on Federal infrastructure, deeply, especially on Federal investment in infrastructure. We are a vast rural State. We have more Federal miles per capita than any State in the Nation. However, we have a smaller population, with one of the Nation's lowest rates of per capita income. Back after World War II, Montana ranked 10th in the Nation in per capita income. We now rank about 48th or 49th in per capita income: big State, lots of highways, low income.

That makes it difficult to meet the needs by ourselves, although we are on the top one-third in the Country in State gasoline taxes. Like many other nearby rural States, Montana serves as a key bridge State for freight movements moving through the State. Montana is 10th of all the States in terms of interstate miles. However, nearly half our primary roads are nearing the end of their 50-year design life.

And Montana is not alone. Other rural States such as Idaho, Wyoming, Vermont and New Mexico also have needs that can only be addressed through a national highway program.

And finally, it would be very easy to just focus on urban needs, to the detriment of rural needs. And that is one of the major concerns, although I have several, with the ideas that some people have, such as the national infrastructure bank. I fear that a national infrastructure bank will serve urban areas at the expense of rural. And I am afraid that a lot of money in a national infrastructure bank, again proposed by some, would go to fund non-transportation matters, such as urban water treatment systems and public housing, rather than addressing our highway, bridge and road needs.

Instead, I think that bank idea will rob the future growth of the highway program. And that will destroy the national scope of our highway program. The key strength of our highway program is it is national. The interstate program is based on the premise that we are one Country. It links the various parts of our Country together. Some can pay for highways more easily than others. Rural States clearly cannot.

And I also want to point out that we have lots of financing mechanisms to pay for surface transportation. The mechanism is not the problem. The problem is the funds. It is the money that flows through those mechanisms. So we don't need new mechanisms if we don't have the money. That is why I urge all of us to figure out ways to make this surface transportation program really work and address future needs.

I have sometimes mentioned, probably ad nauseam to many of the Members of this Committee, how a couple of years ago when I was in China, I got off a plan in Chongqing, China, to say nothing of Shanghai and other parts of China. But just go to Chongqing. Fly to Chongqing, a wonderful, big new airport, a fancy big airport.

When I arrived there, the counsel over in Chongqing met us, and he is very angry. He said, why couldn't Americans help build this airport? Why couldn't American engineers help build this airport? It was German, and other engineers, that were there.

Then we got in the car and drove on the highways. I could not believe it. The best, fanciest interstate highways I have ever seen. They are better than those in the U.S., nice big ribbons going through Chongqing. Chongqing is nearly 33 million people, and that is just one part of China. That is just one part.

And there are many other parts of the world that are building wonderful infrastructure programs. Not to talk too long here, but as an example here. Several years ago, I was meeting with the Business Roundtable here on Capitol Hill. We were just trying to figure out what is it that gets our Country moving again in terms of infrastructure, gets it going again. This Country response to crisis. We responded to Pearl Harbor. We responded to Sputnik. We respond to crisis.

The trouble is that the competitive crisis we are facing from competitive pressures overseas is not well defined. It is not like a Sputnik. You can't see it in the sky immediately, nor is it like Pearl Harbor or the Great Depression, when we did respond to a crisis.

But there is one fellow who was in the room here, who was the CEO of a major railroad. He said, Senator, I have seen Sputnik. Sputnik is the Shanghai Harbor. All of you should go to Shanghai if you haven't already. Look at that harbor. Look at the massive infrastructure spending. China is undertaking up to date, modern. It far surpasses that of the United States, far surpasses.

I have been in Vietnam not too long ago. Vietnam has built a huge, huge seaport. It is going to rival Singapore and Hong Kong. And I have been to Dubai. Dubai is doing the same thing in both air and sea transportation, a big hub, brand new airport, and a brand new port.

So I am saying, Madam Chairman, and I will stop here, that we have to in the United States get our act together and address infrastructure in a big way. We can't just authorize another highway bill. We have to big time figure out a way to reauthorize a transportation system with many new funding mechanisms and relying basically upon the current highway system because that is a formula which allocates dollars to States and gets away from big political fights that would otherwise occur in an infrastructure bank. Frankly, a bank is just for project deals. It is not for a system approach.

So I just urge us to keep our eye on the ball and get a very good transportation system program passed.

Thank you.

Senator BOXER. Well, Senator Baucus, I know hectic you are and what is on your shoulders. I really want to thank you so much. I will take just 60 seconds or less to say that your being here today

is very important, and your message and your challenge to us is equally as important.

The public should know that for the last, well I would say 6 months, even before the election, we were meeting, the four of us who will deal with this as a first shot. The rest of the Committee will soon enter the negotiations.

We have been looking at all of the possibilities that have been laid out by the various commissions on how to do what Senator Baucus says, which is to look at how we are going to do this in the future.

I think that statement about I have seen the new Sputnik and it is public works, that we are falling behind. It is a brilliant point. It does challenge us.

And I know, Senator Voinovich, if I could maybe say something about you, sir. You know, Senator Voinovich, a senior member of our Committee who is now part of the Big Four has said to me that he wants to solve this problem because, as you know, he comes from State government. We have to do our share. The States have to do their share, but we can't do our share with an ever-dwindling Highway Trust Fund.

Now, President Obama at first in the budget took this whole trust fund idea and basically said it is not working, and we don't accept that. We are going to make sure that there is a stream of funding.

So I guess what I want to say is my commitment is to everything in my power, working with my friend, Jim Inhofe. We are going to look at, along with Senator Baucus, Senator Voinovich and every member of this Committee, ever idea that has come before us. And we welcome more ideas.

I say to our panelists as they come up, because this is our challenge, and we cannot walk away from it because we would be walking away from the future, and none of us wants to do that.

So it is my pleasure now to call on Senator Barrasso. I know colleagues have to run off to other places, but your words will not be lost on us.

Senator Barrasso.

OPENING STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM THE STATE OF WYOMING

Senator BARRASSO. Thank you very much, Madam Chairman.

Thank you, Senator Inhofe.

Thank you, Mr. Secretary, for being here. I enjoyed visiting with you prior to this hearing.

I also want to thank you, Madam Chairman, for trying to get Governor Freudenthal of Wyoming to testify, and I request that you do invite him in the future, because just as Senator Baucus has just testified, there are huge issues in terms of the rural States, great miles and long miles and not many people in between.

So as we look forward to this new highway reauthorization bill, it is important that this Committee and Congress not lose sight of the importance of a national interconnected system of highways that includes access for rural America.

Both Wyoming and Montana are bridge States, as Senator Baucus has mentioned, and these are States that allow the flow of com-

merce to move from coast to coast. The great majority of the truck traffic in the States of Montana and Wyoming doesn't originate in those States, doesn't terminate in those States, but yet they travel through, and it is those large trucks for which we must make sure that the roads are maintained for the trucks and the national commerce, not just for the folks that live within the States.

So we must ensure that the next highway bill enables transportation between major cities by connecting rural areas with well-maintained roads.

Mr. Secretary, as you know, you can't drive from Illinois to the Chairman's home in California without driving across Wyoming and Interstate 80. So again, I want to thank you for coming up here to testify and I look forward to your testimony today.

Thank you, Madam Chairman.

Senator BOXER. Thank you.

Senator Lautenberg, we are so happy you are here, such a leader on this. Welcome.

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

Senator LAUTENBERG. Thank you.

Coming from the State of New Jersey which is the most densely populated State in the Country, you can pre-determine my interest in transportation.

Secretary LaHood, good to see you here. We continue to have discussions along the way and we are happy that you have your heart, as well as your mind, in investments in transportation.

I focus a lot on rail, but highways and air are all necessary places for attention.

Each year, we need $250 billion just to meet our Country's transportation needs, according to a Federal commission. And yet, we are investing less than half of that amount. Now is the time to change our priorities and our plans for the future. Now is the time, despite the hardship, the economic hardship that we face as a Country, for a policy that will renew and vitalize our transportation infrastructure because it will create jobs, reduce congestion, reduce our dependence on foreign oil, and fight global warming.

First, America needs more not only passenger rail service, but to expand our freight rail systems as well. Goods move more efficiently, people and goods, on rail than they do on congested highways. Amtrak, for instance, saw ridership hit historic records last year, and that was the sixth straight year in a row that ridership on Amtrak increased.

As a user of the Acela train, I find out that airplanes seem to be getting slower. It takes longer to get where you want to go on an airplane these days. Last Thursday night, I went to the airport. To get a train to the New York area, I can fly either to New York or New Jersey because I am mid-point between there on the Jersey side. And I got on an airplane, 6:30 flight, shuttle, to LaGuardia Airport. They closed the door on the airplane, and almost concurrent there was an announcement by the pilot who said, I am sorry to tell you we have a 2-hour wait. That was just after announcing flying time was 40 minutes, a 2-hour wait. They have to get better airplanes.

Anyway, to see Governor Rendell, our distinguished Governor of our neighboring State here, and see what progress he has made in the State of Pennsylvania with a new line that he was very happy to talk to me about some time ago, and the success of that line. I guess Philadelphia to Pittsburgh has been eminently successful.

Getting cars off the road, getting people onto trains saves time, money, and energy. Last year, we passed a law that I wrote to revolutionize Amtrak and passenger rail. Combined with new funding in the economic recovery law, it will lead to more reliable service and major improvements in rail service throughout the Country.

And as an aside, if we make the updates, the changes that we need for high speed rail, we will relieve significantly the congestion in the skyways. One out of four flights that take off today, as determined by 2007, one in four flights was late. And if we can get more people on the trains for shorter distances, we can improve conditions even up in the air.

Second, we need transit options for our commuters, from subways and buses to commuter trains. More people are riding America's public transit options than ever before. In 2008, Americans showed the highest ridership in 52 years. Mass transit reduces our dependence on foreign oil, relieves stress, and congestion on our already crowded roads and bridges, and save commuters money on gas and other costs associated with commutation by car.

And third, we need to repair our highway infrastructure. We heard it from Senator Baucus just now about how countries far less advanced, far less developed than we have improved their highway systems. He talked about China in particular. A 21st century economy cannot be built on collapsing bridges. Nearly 25 percent of our Nation's bridges are still deficient. We have to be able to repair them to carry the cars, trucks and buses that will continue to be part of our transportation network.

To meet the demands of tomorrow, we need to make major changes and commit to investments in our surface transportation programs today. This hearing, as was noted, marks the beginning of our Committee's work in crafting a new surface transportation bill. I sit on the Commerce Committee, as well as the Environment Committee. I am Chairman of the Surface Transportation Subcommittee here. I welcome the opportunities ahead of us. I look forward to working with our energetic Chairperson, and my colleagues in the new Administration, to rebuild our roads, our tunnels and bridges, while also expanding our rail, subways and bus service.

In the past, this legislation, Madam Chair, has been called the highway bill, but our future needs call for a true surface transportation bill that encompasses all modes of transportation.

I thank you very much.

Senator BOXER. Thanks, Senator, very much.

Senator Voinovich.

OPENING STATEMENT OF HON. GEORGE V. VOINOVICH, U.S. SENATOR FROM THE STATE OF OHIO

Senator VOINOVICH. Thank you, Madam Chairman. I want to publicly thank you for your leadership in getting our staffs together to begin to try to make sure that we get this transportation bill done on time.

I experienced two of the transportation bills while I was Governor of the State of Ohio, and I am glad that Governor Rendell is here and Mayor Novak. I think it is important that we have the perspective of both State and local government. And I lobbied here as president of your group and as chairman of the National Governors, and I think so often your perspective isn't adequately heard here.

You, indeed, are our partners. And I think it is important that you emphasize how important it is that we get this done on time, because even though we have the stimulus bill, we need to know where we are going, not only in terms of our infrastructure, but also in terms of the economy.

I know in my State, and I am glad that the Chairman and the Ranking Member encouraged more money in the stimulus bill, but my State, we have $2.7 billion worth of shovel-ready projects, and we, out of the stimulus bill, got less than $1 billion. So the need is there, and I think it is important that we get this done on time.

Second, I think we all know that the National Surface Transportation Infrastructure Financing Commission came back and said that we need, overall, another $234 billion between the Federal Government and the role that State and local government plays. I think it is important that we decide what the number is, what we are capable of doing, so that there is a consensus there. And then the second, just like working with your legislators, it is nice if the Governor sits down with a legislature and says, here's the budget. Do you guys agree with the number? OK, fine. We agree on the number. Then how do we get the money to take care of getting the job done?

So I think that is important, Madam Chairman, that we decide on what that number is. And second of all, then, how are we going to pay for it. And there is a lot of discussion about how we should do it. The thing that, and I know this doesn't ring a bell with too many people, but I am absolutely surprised, and I met with the Chamber of Commerce people and all the other groups that in the past have been just adamantly opposed to seeing an increase in the gas tax, and of them coming on board and saying this is necessary for us to get the job done, understanding that that isn't the sole source of revenue, that there are other revenues that will be available to us.

So Madam Chairman, I am just anxious to work with you and see if we can get a consensus and move forward and get this done on time, and get the money on the street, and put people back to work.

Senator BOXER. Well, Senator, that is music to our ears. It think this is one area where we are going to see tremendous cooperation. I am so thrilled to see all the attendance here. It is slowing us up, so if we can move to 4-minute opening statements now, if you can, and if you can't, you can add another minute.

Amy, you can add your other minute if you want.

Senator Klobuchar.

OPENING STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator KLOBUCHAR. Thank you very much, Madam Chairman.

Thank you to our witnesses, Mayor and Governor. I wouldn't have gotten to Washington without having driven on the Pennsylvania Turnpike. Thank you.

Secretary LaHood, who just visited our State with the Vice President during the past week. I think you saw that people care about transportation not just in densely packed New Jersey, but in St. Cloud, Minnesota, where at the town meeting I would say they were very results-oriented, especially about the route of the rail from Big Lake to St. Cloud. Thank you so much for spending the time out there.

The need for transportation investment in our State, and I think you could feel it when you were there. It became tragically clear to us when the I–35W bridge collapsed in the middle of the Mississippi River, killing 13 people, injuring scores of others. And as they said that day, a bridge just shouldn't fall down in the middle of America. It was at tragedy that shocked our Country and exposed our deteriorating transportation infrastructure.

For far too long, we have neglected our roads and our bridges. According to the Federal Highway Transportation Administration, more than 25 percent of the Nation's 600,000 bridges are either structurally deficient or functionally obsolete. I think we talked about the bill that Congressman Oberstar and I have which mandates that bridge repair money be used for bridge repair money, because we found that was an issue in our State and others, as there is a natural tendency to want to build new bridges and open new infrastructure, when in fact some of our infrastructure needs to be fixed.

It is not just a safety issue. It is also an economic issue. Congestion and inefficiencies across our transportation network limit our ability to get goods to market. They exacerbate the divide between urban and rural America, and they constrain economic development and competitiveness.

Our State is ninth in the Country for Fortune 500 companies, from 3M to Target to Best Buy to Medtronic to General Mills, and our business community actually has been very focused on trying to get more transportation funding on the State and the Federal level because they see this connection. If we are going to move into a 21st century economy, we need a 21st century transportation system.

The Recovery Act, the stimulus package, was a good first start toward bolstering our investment in our transportation system, but it is just a start. As we have all discussed, there are going to be challenges with funding, but we also see this as an opportunity. Every billion dollars of highway spending creates 35,000 new jobs. And as we have discussed today, it is not just about the roads and bridges, and I know you understand this from our meeting, rail, rapid transit, high-occupancy lanes, pedestrian walkways, other options.

Smart planning decisions at the local level will also serve to broaden options for many Americans, while helping to reduce our dependency on foreign oil. Research and innovation, something we haven't talked about as much, can stretch our transportation dollars even further. IBM in the Twin Cities and Rochester, Minnesota is looking to partner with the University of Minnesota to ex-

amine how advancement in intelligent transportation solutions can solve some of our most pressing transportation needs.

So whether it is predicting a traffic jam before it happens or using smart cards to provide a paperless transit system, public-private partnerships all across America will play a key role in leading us into the 21st century.

So those are some of the things that I am going to be focusing on this week and debate this bill. But I want to thank you for recognizing, which I clearly saw when you came to Minnesota, how important this is to our economy's future.

Thank you very much.

Senator BOXER. Thanks so much, Senator.

Senator Specter, welcome.

OPENING STATEMENT OF HON. ARLEN SPECTER, U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator SPECTER. Thank you, Madam Chairwoman.

The good news is that there are 10 Senators here to listen to you. That is a lot of Senators, considering what is going on this morning. The bad news is that everybody is going to speak.

[Laughter.]

Senator SPECTER. But not for too long, at least here.

But I wanted to come by and pay my respects to the new Secretary of Transportation and the longstanding Governor of Pennsylvania, two very distinguished public servants tackling very, very important issues.

I am pleased to hear that you were in Minnesota. I know that you have been in Pennsylvania. You have probably been in all 10 States represented here today. And as the saying goes, if you haven't been, you probably will be, and sooner rather than later.

But I appreciate the chance to talk to you on the train ride when Vice President Biden came to Philadelphia to join Governor Rendell, Senator Casey, me and others on the stimulus package and the important needs of our region.

I am glad to have had an opportunity to discuss those with you, Mr. Secretary. And Ed Rendell and Arlen Specter and others are going to be following you. And you have a big, big, critical, critical, important job, and it applies in two ways. One is to make the stimulus package work. And right now, we have an America which is not enthusiastic about spending $787 billion, in fact, very unenthusiastic. Lots of political perils for those of us, those few of us, those very few of us who voted for it in a certain context, but it is necessary for America, and now we have to make it work, and we have to make it work to put people to work.

An early conversation I had with Governor Rendell was how fast. And after we negotiated a while, he said, "as early as 6 months on a lot of the transportation matters." And there are big projects on infrastructure, highways, bridges, and mass transit. And we have already given you a long list.

So it is putting people to work and it is also putting people to work on very, very important items which will last and which will promote economic development.

As we speak, we have FBI Director Muller in Judiciary, and then in another committee, we have former Supreme Court Justice San-

dra Day O'Connor and others, so I am going to yield back the balance of my minute and 9 seconds.

Thank you.

Senator BOXER. Senator, thank you for coming.

And I also wanted to note Senator Gillibrand had to go to another committee as well, but she will submit her statement for the record.

[The prepared statement of Senator Gillibrand follows:]

STATEMENT OF HON. KIRSTEN GILLIBRAND, U.S. SENATOR FROM THE STATE OF NEW YORK

Thank you, Madam Chairman.

I want to begin by thanking our witnesses for being with us today; in particular, I want to recognize our first witness—Secretary LaHood.

Secretary LaHood and I had the pleasure of meeting early last week, and I am so thankful for his leadership on the critical issues facing our Nation's transportation system.

I look forward to hearing from the Secretary as well as our other witnesses, Governor Rendell and Mayor Novak.

Thank you all for being here.

The state of our Nation's infrastructure, as one leading advocacy organization has stated, "is poorly maintained, unable to meet current and future demands, and in some cases, unsafe."

Given the great economic challenges this Nation faces, our core infrastructure needs should be seen as an opportunity to put Americans back to work, address the issue of global climate change, and invest in long-term economic development opportunities.

For States like New York, the numbers illustrate the importance of our transportation infrastructure:

- The New York City area is home to nearly one in every three Americans that use mass transit.
- In terms of passenger rail, two-thirds of the Nation's rail riders reside in New York.
- While 90 percent of Americans commute to work via automobile, nearly two-thirds of those who commute to the New York City from surrounding areas use mass transit.

Reducing our dependence on fossil fuels through the development of alternative energy vehicles and encouraging the use of mass transit systems are critical to our Nation's future.

Investments in our mass transit systems are critical to prevent service cuts and further increases in transit fares, which will only further burden American families who rely on mass transit for their primary transportation needs.

Congestion issues in our metropolitan areas have a significant impact on our economy and our ability to move goods.

- By the year 2020, traffic congestion could cost the city of Buffalo more than $150 million annually.
- For Rochester, $70 million, Albany, nearly $100 million.

At research centers like SUNY-Stony Brook's Center for Excellence in Wireless & Information Technology on Long Island, researchers are developing technology to better measure transportation infrastructure usage to aid city planners and emergency personnel.

This type of innovation will save money and save lives.

The challenge before us is finding the funding mechanisms that will meet America's growing infrastructure needs from maintaining our critical freight rail systems, developing the high speed passenger rail lines of the future, to ensuring the safety of our bridges and roads.

I look forward to working with my colleagues and with the counsel of individuals like the distinguished panel that we have before us today, to improve our Nation's transportation and our ability to move people and goods across this Nation.

Senator BOXER. So we will turn to Senator Merkley.

OPENING STATEMENT OF HON. JEFF MERKLEY, U.S. SENATOR FROM THE STATE OF OREGON

Senator MERKLEY. Thank you very much, Madam Chair.

And thank you, Mr. Secretary.

I can't go to a town meeting in Portland or anywhere in the State of Oregon without hearing about transportation issues. So there is a great deal at stake here. Certainly, I am interested in how our transportation policy and how this bill will affect our strategy to fight global warming, our ability to take on congestion, and develop livable communities, to improve our approach to multi-modal transportation, and to strengthen our economies, particularly our rural economies.

And so I look forward to your testimony.

Thank you.

Senator BOXER. Senator, thank you very much.

Senator Sanders.

OPENING STATEMENT OF HON. BERNARD SANDERS, U.S. SENATOR FROM THE STATE OF VERMONT

Senator SANDERS. Thank you, Madam Chair.

Mr. LaHood, welcome, and we look forward to working with you. Vermont has not been one of the States that you visited, so we want to get you up there. The weather is clearing, I want to tell you. We look forward to having you, if we could work that out.

Madam Chair, Congress and this Committee deal with enormously complicated issues such as global warming and so forth. But the truth of the matter is that transportation and infrastructure are not all that complicated. The bottom line is, and I say this as a former Mayor, but I think it will not surprise anybody, is if you allow your infrastructure to deteriorate, year after year after year you don't put funding in it, you know what? It is going to get worse; probably will not get better. And that is precisely what we have done as a Nation.

And the irony there is it costs more money to rebuild a crumbling infrastructure than it does to simply maintain it. So we have been really dumb and we have wasted enormous sums of money.

In my State of Vermont, we are one of the smallest States in this Country. We need an additional $1 billion over the next 5 years just to keep our roads and bridges in the same poor shape they are in right now. I am embarrassed about the condition of our roads and bridges in the State of Vermont and I suspect that is true all over this Country.

So Madam Chair, No. 1, as others have said, we need, the American Society of Civil Engineers has estimated that we should be investing over $2 trillion in infrastructure. So we are going to have a major debate on how we raise that money, but we must raise that money, because if we are not investing in infrastructure, we are only going to see more deterioration.

And I hope that every member of this Committee shares the embarrassment that when we go to so-called third world countries, whether it is China, Vietnam or other countries, we are seeing transportation technology that we don't have in the United States of America.

I was in China some years ago. We were going from the airport to Shanghai, and suddenly this thing whizzed by. We couldn't see it. It was a magnetic levitation train. China. We don't have them in the United States of America.

As I think Senator Lautenberg pointed out, people are crowding into airports because we don't have fast rail to get from one city to another, et cetera, et cetera.

So Madam Chair, our Committee has the responsibility for not only rebuilding the infrastructure in this Country, but also creating millions of good jobs as we do that. You understand better than anyone that infrastructure is also related in terms of mass transportation to greenhouse gas emissions and cutting back on that. So infrastructure ties a whole lot of issues together, and I hope very much that after years and years of neglect, this Committee will rise to the occasion, rebuild our infrastructure, our mass transportation.

And in that regard, Mr. Secretary, we certainly look forward to your leadership and working with you.

Thank you very much.

Senator BOXER. Senator, as usual you made it very simple and straightforward.

Senator Udall.

OPENING STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator UDALL. Thank you very much, Madam Chair. And it is great having you hold this hearing today.

And Secretary LaHood, great to see you again. You are a great service to our Nation, and your position is very much appreciated.

You know, we know from government studies and reports by respected organizations such as the American Society of Civil Engineers that much of our Nation's transportation infrastructure is crumbling, which was just emphasized by my colleague Mr. Sanders. And all of us remember, as Amy Klobuchar said, the Mississippi River bridge in Minneapolis collapsing in 2007.

In my State, there are over 400 structurally deficient bridges, according to the U.S. Department of Transportation. This is just one example that illustrates the overall problem that exists across the Country.

It seems to me we face two fundamental challenges with our transportation infrastructure. First, much of it was built more than 50 years ago. And second, we know today about the dangers of global warming and our dependence on foreign oil and we must do more to encourage alternatives to automobiles.

Given the grave transportation infrastructure challenge, we need better coordination at State, local and Federal levels, and it is great to see Governor Rendell here and Mayor Novak, so that you can engage with us in this conversation.

I am going to focus my questions on the transportation needs of my State of New Mexico, but I also am looking forward, Governor Rendell, to hear you talk about, and Secretary LaHood, talk about this whole issue as we try to develop a transportation system that is going to be lower carbon and carbon-neutral and move in that direction, what are the wise ways to do that? How do we, and I

know you are going to talk about competitive bids and things like that, but I think it is very, very important that as we move forward with transportation, we look at the issues of global warming, our dependence on foreign oil, and how we move to a low-carbon future.

So with that, because I am very excited about hearing you testify, I am going to yield back 1 minute and 46 seconds and move forward.

Thank you, Madam Chair.

Senator BOXER. Well, that is great.

Well, finally, I think, if I could just say this. I think it is important that so many people came here, so for those who are saying why do they want to put their statement on the record, I think it is very key and very important that on both sides of the aisle, we heard unanimity here. We want to get this job done.

And by the way, you don't hear that on all the issues we take up, as you know.

This is important. And I want to also say the dynamic of having Senator Voinovich in his important position as he really builds a tremendous legacy in politics, is very, very helpful. So you should be complimented, I say to the panel, that so many folks wanted to get their ideas out here. It is a signal to the public that we are very serious on this.

So with that, we want to hear from our honored guest, Ray LaHood.

STATEMENT OF RAY LaHOOD, SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

Mr. LAHOOD. Well, Madam Chair, my statement is not any more enlightening that what has already been said. I will be happy to suspend with it and go to questions.

Senator BOXER. Just give us a 5-minute, off the top.

[Laughter.]

Mr. LAHOOD. Then you want me to read it, is that right?

Senator BOXER. Well, I feel like it is important that we know where you are coming from, where the Administration is coming from on the highway bill. Then we will go to questions.

Mr. LAHOOD. Sure.

Senator BOXER. I think it is worth taking 5 minutes of your time.

Mr. LAHOOD. Thank you.

Chairman Boxer, Ranking Member Inhofe, and Members of the Committee, thank you for holding this hearing to discuss transportation investment needs.

Today, I would like to focus primarily on the funding required to maintain and improve the condition and the performance of our Nation's highway system. America's transportation systems are the lifeblood of our economy. They allow people to get to jobs and allow businesses to access wider pools of labor, suppliers and customers.

Without efficient transportation routes, economies stagnate. We need to protect, preserve and invest in our transportation infrastructure to ensure it can meet our present and future demands.

Above all, we must make our roadways safe for all travelers. Where public safety is concerned, there is no room for compromise. As you know, less than 1 month after taking office, President Obama signed into law the American Recovery and Reinvestment

Act of 2009. The resources made available for transportation infrastructure through the Recovery Act are significant and a good start on what we need to do to address some of the most significant challenges.

These challenges include: reducing fatalities, mitigating the impact of transportation on the environment, improving highway and bridge infrastructure, and ensuring mobility in transportation choices for travelers in congested metropolitan regions. These needs will continue to exist long after the recovery funds are expended, and dealing with them will help create and preserve many good paying jobs for years to come.

While we await the release of the 2008 edition of the Conditions and Performance Report, which is now being reviewed by OMB, we can draw some conclusions about highway and bridge infrastructure needs from data published in the 2006 version. At the heart of the report is an analysis of future capital investment requirements under different scenarios.

The cost to maintain highways and bridges scenario presents the investment required to keep future conditions and performance at current levels. The cost to improve highway and bridges defines the upper limits of cost beneficial investments based on engineering and economic criteria.

Sharp increases in construction materials costs since 2004 have substantially increased the costs identified in the 2006 report. The average annual cost to maintain would now require at least $100 billion in investments from all sources. The estimated average annual cost to improve level would now equate to at least $170 billion.

While we have seen some improvements in physical conditions of roads and bridges, particularly on the NHS, their performance has deteriorated, wasting travelers' time and fuel. Without renewal and restoration of our transportation infrastructure, the system will not be able to support the needs of a growing economy.

The real challenge in addressing the needs I have outlined will be the availability of funding at the Federal level. We are looking at every option to solve this problem, but it will not be ready overnight. The new authorization bill for surface transportation programs is one of the highest priorities. We will be seeking changes and encouraging more effective investments in an environmentally friendly and multi-modal approach. Taxpayers want to see results from infrastructure investments that directly benefit their lives, better access to jobs and goods, and improved mobility within and between communities.

We need an increased focus on measuring the outcomes of infrastructure investments such as improved safety, reduced congestion, improved pavement and facility life, and better air quality.

Our transportation infrastructure is critically important to our Nation's economic health. As this Committee considers the next authorization, I ask you to work to maintain the safety and integrity of our highways and bridges, while improving the overall performance and reliability of our transportation infrastructure.

This must be done in the context of striving toward the goal of livable and sustainable communities. This is a tall order, but we

look forward to continue working with the Committee, the States, and our partners in the transportation community to succeed.

Thank you, Madam Chair. I look forward to your questions.

[The prepared statement of Mr. LaHood follows:]

STATEMENT OF
THE HONORABLE RAY LAHOOD
SECRETARY OF TRANSPORTATION
BEFORE THE
COMMITTEE ON ENVIRONMENT & PUBLIC WORKS
U.S. SENATE
HEARING ON THE NEED FOR TRANSPORTATION INVESTMENT

MARCH 25, 2009

Chairman Boxer, Ranking Member Inhofe, and Members of the Committee, thank you for holding this hearing to discuss transportation investment needs. Today, I will focus primarily on the funding required to maintain and improve the condition and the performance of our Nation's highway system.

America's transportation systems are the lifeblood of our economy and when properly maintained and supported can be a catalyst for economic growth. These systems allow people to get to jobs and allow businesses to access wider pools of labor, suppliers, and customers. The ability to efficiently move freight will be critical to our economic recovery. Without efficient transportation routes, economies stagnate. We need to protect, preserve, and invest in our transportation infrastructure to ensure it can meet our present and future demands. Above all, we must make our roadways safe for all travelers. Where public safety is concerned, there is no room for compromise.

INFRASTRUCTURE INVESTMENT NEEDS

As you know, less than one month after taking office, on February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). I want to thank Congress for its support in adopting this important legislation, and in particular for the vital transportation funding that it provides to both help bring about economic recovery and make lasting investments in our infrastructure. I would also like to thank Senator Boxer and Senator Inhofe for their leadership in working with the Appropriations Committee to craft the highway funding portion of this bill.

The resources made available for transportation infrastructure through ARRA are significant and a good start on what we need to do to address some of our most significant challenges: reducing the tens of thousands of transportation-related fatalities each year, reducing the impact of our transportation sector on the environment, improving our existing highway and bridge infrastructure, ensuring mobility and transportation choices for travelers in congested metropolitan regions, and preparing our transportation systems for future growth in commerce. These needs will continue to exist long after the recovery funds are expended, and dealing with them will result in the creation and preservation of many jobs for years to come.

Without renewal and restoration, our transportation infrastructure will not be able to support the needs of a growing economy. That is why now—perhaps more than

ever—it is critical and timely that we address our aging infrastructure: bridges, pavement, tunnels, retaining walls, culverts, and signs. Nationally, our bridges are on average 44 years old. Significant portions of our National Highway System (NHS) are nearing the end of their useful life, including much of the Interstate Highway System, some of which is already over 50 years old. These key transportation assets must receive critical attention over the next few years.

We must devote resources to not only preserve and improve our existing assets, but also to increase the capacity of our networks to efficiently move goods and people, using new construction where needed, innovative technology, and operational improvements. Transportation agencies must make decisions based on asset management concepts and principles in order to maintain our existing infrastructure, while we continue to address the need for new facilities and transportation options. These asset management tools provide a framework for making cost-effective decisions that enhance service at reduced cost over a facility's life.

CONDITIONS AND PERFORMANCE REPORT

Section 502(h) of title 23, United States Code, requires the Secretary of Transportation to submit to the Congress every two years a report that describes "estimates of the future highway, transit, and bridge needs of the United States" and "the backlog of current highway, transit, and bridge needs." This is the "Status of the Nation's Highways, Bridges and Transit: Conditions and Performance" report, commonly known as the Conditions and Performance (C&P) Report. The 2006 C&P Report was the eighteenth in the series, which dates back to 1968. Since 1993, the Federal Highway Administration (FHWA) has partnered with the Federal Transit Administration (FTA) to produce a C&P Report that contains both highway and transit data.

While awaiting the release of the 2008 edition of the C&P Report, we can draw some conclusions about the conditions and performance of the Nation's highway and bridge infrastructure based on data published in the 2006 edition of the report.

Placing 2006 C&P Findings into Context

At the heart of the C&P Report are a series of highway, bridge, and transit investment/performance analyses examining the potential impacts of alternative levels of future combined public and private capital spending for a 20-year period. While this 2006 report examined a range of alternative funding levels for highways and bridges, two illustrative scenarios were selected for further exploration and presentation in more detail. The Cost to Maintain Highways and Bridges scenario was designed to show the investment required to keep future indicators of conditions and performance at current levels, based on long-term projections of future highway use. The Maximum Economic Investment (Cost to Improve) Highways and Bridges scenario was intended to define the upper limit of cost-beneficial national investment based on engineering and economic criteria. It is important to note that the report does not endorse either of these scenarios, and does not address questions as to what future Federal transportation programs should

look like, or what level of future surface transportation funding can or should be provided by the Federal government. Nor does it assess whether it is practical or even possible to achieve the theoretical results posited in the report. The intent of this report is to provide the Congress with an objective appraisal of the current and potential future state of the Nation's highways, bridges, and transit, rather than to recommend a particular course of action.

It is also important to note that the future capital investment scenarios described in the 2006 edition of the Conditions and Performance report were stated in constant 2004 dollars, reflecting the costs of highway construction materials in that year. However, there have been significant increases in construction materials costs since 2004 that would affect the costs of achieving the goals identified for those scenarios. The FHWA Composite Bid Price Index increased by 43.3 percent between 2004 and 2006 due to sharp increases in the prices of materials such as steel, asphalt, and cement. While other relevant indices have shown smaller increases, it is clear that today's construction materials costs are at least 30 percent higher than those in 2004. For example, the Bureau of Labor Statistics Producer Price Index for Highway and Street Construction increased by 31.9 percent from 2004 to 2007; after peaking in July of 2008, as of February 2009 this index has fallen back to 2007 levels.

The average annual Cost to Maintain Highways and Bridges identified in the 2006 C&P Report was $78.8 billion in constant 2004 dollars. If we factor in construction cost inflation of approximately 30 percent since 2004, the estimate of the average annual Cost to Maintain increases to at least $100 billion. The estimated average annual Maximum Economic Investment level for Highway and Bridges was $131.7 billion in constant 2004 dollars. If we adjust for estimated inflation since 2004, the average annual Maximum Economic Investment level increases to approximately $170 billion. To put these numbers in perspective, the total amount spent by all levels of government for highway capital improvements was $70.3 billion in 2004 and $78.7 billion in 2006. This suggests that the gap between actual spending and the investment needed to maintain the conditions and performance of the Nation's highways and bridges has significantly widened since 2004.

The 2006 report also includes a set of supplemental analyses exploring alternatives for improving the future operation of the highway system, including accelerating the implementation of various operations strategies and intelligent transportation systems, as well as the widespread adoption of congestion pricing. The report found that applying variable tolls to all congested highways could reduce the need for highway capacity additions so that the Cost to Maintain the physical conditions and operational performance of highways and bridges at 2004 levels could, under certain scenarios, be reduced by 27.5 percent, and the Maximum Economic Investment level for Highways and Bridges could be reduced by 15.9 percent. This alternative analysis was presented as a hypothetical scenario, and did not attempt to fully explore the numerous technical issues and societal implications that would need to be addressed before implementing any such congestion pricing system. The 2006 report also did not project

the potential impact that highway congestion pricing might have on transit ridership and long term transit capital investment needs.

Infrastructure Conditions and Performance

Since enactment of the Transportation Equity Act for the 21st Century (TEA-21) in 1998, combined investment by all levels of government in highway and bridge infrastructure has increased significantly. Highway capital spending alone rose from $48.4 billion in 1997 to $78.7 billion in 2006, a 62.7 percent increase. However, recent sharp increases in highway construction costs have eroded the purchasing power of this investment; in constant dollar terms, capital spending fell by 4.4 percent over this period.

Over the last fifteen years, there has been a noticeable shift in the types of capital improvements made by State and local governments. During this time, State and local governments redirected their investments toward "system rehabilitation" projects (the resurfacing, rehabilitation, or reconstruction of existing highway lanes and bridges). The portion of capital investment going for system rehabilitation increased from 47.6 percent in 1997 to 51.3 percent in 2006, while the percentage directed towards system expansion (such as the widening of roads and the construction of new facilities) declined.

This increased system rehabilitation investment since 1997 has had a positive effect on the physical condition of key components of the Nation's highway and bridge infrastructure. The NHS includes those roads that are most important to interstate travel, economic growth, and national defense. While the NHS makes up only 4.1 percent of total mileage, it carries 44.8 percent of total travel in the United States. The percentage of NHS vehicle miles traveled (VMT) on pavements with "good" ride quality rose from 39 percent in 1997 to 57 percent in 2006. The share of NHS VMT on roads with "acceptable" ride quality (a less rigorous standard that also includes roads classified as "good") also increased over this period, from 89 percent to 93 percent.

Looking beyond the NHS, however, we find that pavement condition on other arterial and collector roads has not shown as much improvement. In urbanized areas, pavement condition has actually declined.

The number of NHS bridges classified as deficient declined from 33,558 or 26.1 percent in 1997 to 25,674 or 22.3 percent in 2006. Deficient bridges are "structurally deficient" or "functionally obsolete" or both. "Structurally deficient" means significant load carrying elements are found to be in poor or worse condition due to deterioration or damage, or the adequacy of the waterway opening provided by the bridge is determined to be insufficient to the point of causing overtopping with intolerable traffic interruptions. "Structurally deficient" does not mean the bridge is unsafe. Unsafe bridges are closed. "Functionally obsolete" means the deck geometry, load-carrying capacity, clearance or approach roadway alignment of the bridge no longer meets the criteria of the system of which they are a part. About three-quarters (19,337) of deficiencies on NHS bridges relate to functional obsolescence rather than to structural issues (6,337), as many NHS

bridges are narrower than current design standards would call for given the traffic volumes they currently carry.

The number of all bridges classified as deficient dropped from 190,703 or 32.7 percent in 1997 to 164,826 or 27.6 percent in 2006. Most of this decline was due to reductions in the number of structurally deficient bridges (from 102,040 to 75,378). Bridge deficiencies tend to vary by functional system; for example, the percentage of Interstate bridges classified as deficient is lower than the comparable percentages for bridges on collectors or local roads.

Despite improving conditions on many roads and bridges, operational performance has deteriorated since 1997. For example, a trip in 1997 that required 20 minutes during non-congested conditions required, on average, 24.6 minutes in the same year under congested conditions. In 2005, the same trip under congested conditions required 25.6 minutes, one additional minute. From 1997 to 2005, the estimated percentage of travel occurring under congested conditions rose from 24.9 percent to 28.7 percent. The average length of congested conditions increased from 5.9 hours per day in 1997 to 6.4 hours per day in 2002, but has remained constant at that level since 2002 (dipping slightly to 6.3 hours in 2007). The Texas Transportation Institute (TTI) estimates that drivers experienced over 4.2 billion hours of delay and wasted approximately 2.9 billion gallons of fuel in 2005. The cost of congestion has been estimated by TTI at $78.2 billion per year (2005 dollars).

HIGHWAY TRUST FUND

A key challenge in addressing the needs I have outlined will be the availability of funding at the Federal level. An overarching concern for surface transportation funding is the status of the Highway Trust Fund.

The reports issued by the two Commissions established under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) make clear that we are at a crossroads in terms of future funding of the surface transportation system and programmatic improvements.

The funding levels set in SAFETEA-LU for fiscal years 2005 through 2009 were designed to spend down the accumulated balance in the Highway Account of the Highway Trust Fund and left the Account unable to sustain the highway programs into 2010. The sustainability issue became apparent when in 2008 the Highway Trust Fund required an $8 billion transfer from the general fund in order to remain solvent. The current reduction in economic activity has only exacerbated the problem of sustainability for 2010, and we remain at risk of yet another cash shortfall in FY 2009.

This Administration inherited a difficult problem—a system that can no longer pay for itself. There simply is not enough money in the Highway Trust Fund to do what we need to do. We are looking at every option to solve this problem, but we will not be ready overnight.

As we approach the reauthorization of the surface transportation programs, we need to think outside the box, particularly as we search for sustainable funding mechanisms. The President's Budget proposes to expand and enhance existing Federal infrastructure investments through a National Infrastructure Bank designed to deliver financial resources to priority infrastructure projects, including highways and transit systems, of significant national or regional economic benefit. We are exploring innovative ideas for sources of funds and methods of financing for surface transportation investment to make the Nation's communities more livable and less congested and to invigorate the economy.

AMERICAN RECOVERY AND REINVESTMENT ACT

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. The ARRA includes appropriations and tax law changes totaling approximately $787 billion to support efforts designed to simultaneously stimulate the economy and invest in the economy of tomorrow. Provisions in the legislation are designed to save or create millions of jobs, enable spending by businesses and consumers alike, and lay a foundation for long term economic growth and stability. The scope of the legislation is unprecedented, and provides financial support for investments including improving transportation infrastructure, upgrading schools, building infrastructure to support a clean energy grid for America, creating new opportunities for the unemployed, and helping to maintain jobs for those currently employed.

Through ARRA, we will be investing over $48 billion in transportation infrastructure, including $27.5 billion for our Nation's highways, bridges, and tunnels, and potentially other uses specified by the statute. This represents the largest one-time investment in America's infrastructure since President Eisenhower established the Interstate Highway System over 50 years ago. We project that this new investment in highways will create or save 150,000 jobs by the end of next year, most of them in the private sector. By creating jobs, saving jobs, and putting money in people's pockets through transportation investment, we will not only get America's economy moving again, but we will also get America's highways, transit, rail, and aviation systems moving better as well.

This is a long-overdue investment in our transportation infrastructure and in jobs for Americans. We are charting a new course for America. ARRA will enable our Nation to begin to rebuild, retool, and revitalize the vast network of roads, tunnels, bridges, rail systems, airports, and waterways that we have long depended on to keep the economy moving and growing. The $27.5 billion for highway construction will create employment quickly because State transportation departments will use it for projects that need only funding to get started. This spring, summer, and fall, this investment will result in the employment of many people in well-paying construction-related jobs.

We are keeping our promise at the Department of Transportation (DOT) to get this money out the door. I am proud to report that FHWA has spearheaded our effort and apportioned $26.6 billion in highway funds to States on March 2, under the formula established by the statute. State transportation departments and Federal resource agencies are already advancing numerous transportation projects across the country. As of March 20, FHWA authorized nearly 700 projects in 31 States totaling $2.5 billion in obligations.

In addition to accelerating the construction of safer roads, highways, and bridges, we are also using ARRA funds to repair, upgrade, modernize, and expand capacity for bus, rail, shipyard, and airport systems. We are emphasizing sustainable investment and focusing on the people, businesses and communities who use the transportation systems. We are also focusing on the quality of our environment. These efforts are not only putting people to work—they are moving us toward our long-term goals of ensuring energy security and creating more livable communities.

With this large infusion of money and aggressive goals for advancing projects, we are committed to ensuring that funds are spent properly. I have established a team of officials across the DOT—the Transportation Investment Generating Economic Recovery (TIGER) team—to track every dollar spent in order to ensure accountability and transparency.

REAUTHORIZATION

The next authorization of surface transportation programs is one of my highest priorities. This reauthorization is about investments that we need to make as a Nation—investments in the economy, in transportation infrastructure, and in the future. The new authorization bill for surface transportation programs will make long-lasting investments in our nation's infrastructure and will help keep people employed long after recovery funds are spent.

In the current economic climate and with strained Highway Trust Fund revenues, it is more critical than ever that Federal dollars are strategically invested. In reauthorizing the Federal-aid highway program, we will be seeking changes that encourage more effective investments in an environmentally-friendly manner through a multi-modal approach to problem solving. Taxpayers want to see results from infrastructure investments that directly benefit their lives—better access to jobs and goods, and improved mobility within and between communities. We need an increased focus on measuring the outcomes of infrastructure investments, such as improved safety, reduced congestion, improved pavement and facility life, and better air quality.

Safety

Safety will continue to be the Department's highest priority. In 2007, the last year for which we have final data, the number of people who lost their lives on the Nation's roadways fell by 1,659 deaths from 2006, equaling a fatality rate of 1.36 per 100 million VMT—the lowest rate ever recorded. Further, in December 2008, the National Highway

Traffic Safety Administration released a projection that 2008 fatalities had dropped 10 percent for the January through October period relative to the same time period in 2007. Despite the gains we have made in improving highway safety, 41,059 individuals still lost their lives in motor vehicle crashes in 2007.

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. Safety problems vary from State to State, and it is important that data-driven, performance-oriented programs 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 sustainable surface transportation programs. Actions on many fronts will be required to enhance the quality of life associated with reduced commutes, limited transportation noise and other environmental impacts, and convenient access to centers of commerce and intercity travel hubs. All segments of the population deserve efficient transportation to reach work, housing, medical and educational services, shopping, and other essential activities. The job-providing businesses in our communities need transportation to reach their suppliers, their work force, and their customers. Existing transportation facilities and services must be maintained and operated effectively, and the range of transportation choices available to American families and businesses must be expanded. We also must continue to ensure that transportation facilities and services are provided in a way that avoids adverse impacts on wetlands, endangered species, historic resources, air quality, and other natural resources.

I believe it is no less important to ensure that our transportation investment decisions are consistent with broader policies to reduce greenhouse gas emissions and slow the pace of climate change. Integrating transportation planning with community development and expanding transportation options will not only improve connectivity and influence how people choose to travel but also enable communities to consider the design of transportation and land use together. In our urban areas we can continue to improve walking and bicycling facilities and connectivity to transit to reduce congestion and greenhouse gas emissions, while making our communities healthier. Mixed-use neighborhoods with highly-connected streets arranged in small blocks promote mobility for all users, whether they are walking, bicycling, riding transit or driving motor vehicles. Benefits include improved traffic flow, shorter trip lengths, reduced vehicle-miles traveled, safer streets for pedestrians and cyclists, lower per-capita greenhouse gas emissions, reduced dependence on fossil fuels, increased trip-chaining, and independence for those who prefer not to or are unable to drive. In addition, investment in street networks stimulates private-sector economic activity, increases the viability of street-

level retail businesses and professional services, creates housing opportunities, and extends the usefulness of school and transit facilities.

Innovation and Accountability

Traditionally innovation 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. We must make a substantial investment in research and development if we are to fully, effectively, and efficiently maintain our aging infrastructure. Absent such investment, 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 will be just as important in our efforts to improve all aspects of transportation system performance.

One innovation in program delivery would be to create more accountability for achieving performance improvements. Accountability, transparency, and performance in Federal programs are key tenets of the Obama Administration. Congress demands it, the public demands it, and it is the right thing to do. New processes will have to be put in place to implement performance-based programs. In some cases this may require changes to long-standing ways of doing business. Performance-based programs 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.

CONCLUSION

Our transportation infrastructure is critically important to our Nation's economic health. In the next authorization, we must maintain the safety and integrity of our highways and bridges, while improving system performance and reliability, and striving towards goals of livable and sustainable communities. We look forward to continued work with this Committee, the States, and our partners in the transportation community.

Committee on Environment and Public Works
United States Senate

March 25, 2009 Hearing
Follow-Up Questions for Written Submission

Questions for LaHood

Questions from:

Senator Tom Udall

1. Commuter Rail

Ridership on commuter rail systems across the country has been continuously growing to meet passenger demand.

- What actions will you pursue to provide funding for commuter rail operations?

RESPONSE:

Commuter Rail Service is an important part of the public transportation system in many cities and regions of our nation. Under current law, there are a number of sources for funding commuter rail, primarily its capital costs. The Federal Transit Administration (FTA) is the primary Federal financial resource for supporting commuter rail capital projects. New commuter rail service projects and extensions to existing commuter rail may be funded through FTA's section 5309 New Starts and Small Starts program. This is a competitive program that evaluates and rates projects according to criteria set forth in law such as land use, cost-effectiveness, mobility, local financial commitment. FTA section 5307 urbanized area formula funds, which are apportioned pursuant to formula to areas with populations over 50,000, are also available for commuter rail capital projects and related planning activities. Similarly, FTA section 5311 non-urbanized area formula grants, which provide capital and operating assistance for public transportation in areas under 50,000, are also another possible source of funding. Commuter rail operators may use FTA section 5309 fixed guideway modernization formula funds to maintain their existing systems in a state of good repair.

Federal funds administered by the Federal Highway Administration (FWHA) and provided to the state under certain programs, such as the FHWA Surface Transportation Program, may be transferred to FTA to support capital commuter rail projects based on state and regional priorities. In addition, FHWA Congestion Mitigation and Air Quality (CMAQ) funds may be transferred to FTA to cover start-up and operating costs of a New Starts or Small Starts project for up to three years after the beginning of revenue service provided the project results in emissions reductions.

Additional sources of funding for commuter rails systems became available with the passage of the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. Commuter rail capital projects may compete for ARRA funding under the Department of

Transportation's Supplemental Discretionary Grants for a National Surface Transportation System. Such projects may also be eligible for ARRA funds under FTA's Transit Capital Assistance, Fixed Guideway Infrastructure Investment and Capital Investment Grants programs as well as FHWA's Highway Infrastructure Investment program.

The Department supports innovative financing programs for certain surface transportation projects, including commuter rail. For example, the Federal Railroad Administration (FRA) administers the Railroad Rehabilitation and Improvement Financing (RRIF) Program, which provides loans and loan guarantees for rail capital projects, including acquiring, improving, or rehabilitating intermodal or rail equipment or facilities, track, buildings, and shops; refinancing outstanding debt for these purposes; and developing new intermodal or rail facilities. Eligible borrowers can be railroads, state and local governments, government-sponsored authorities or corporations, and joint ventures that include at least one railroad. Also, the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a federal credit program administered by the Department of Transportation that provides direct loans, loan guarantees, and standby lines of credit for surface transportation projects of national or regional significance. This includes transit projects, such as commuter rail.

Funding authorizations for Federal surface transportation programs in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users will expire on September 30, 2009. The Department is developing ideas for new authorization legislation that will improve the efficiency and reliability of our surface transportation system and ensure that the public continues to receive the congestion, pollution and energy reduction benefits resulting from existing and new commuter rail service.

2. Congestion Mitigation and Air Quality (CMAQ) and Transit/Rail Systems

- The State of New Mexico would like to be able to use CMAQ funds beyond the current three year time limit in place for initial start up operating costs for new transit/rail systems such as the Rail Runner service from Albuquerque to Bernalillo. Will you support extending this time limit for CMAQ funding?

RESPONSE:

There is no exception under the CMAQ formal program guidance for the time limit, for New Mexico or any other entity. However, legislative fixes to the time limit for entities such as New Mexico, provided as a one-time, one-place exception, have been passed into law previously in SAFETEA-LU section 1808, and USDOT and FHWA do not anticipate objecting to such legislative exceptions to the CMAQ program limits.

3. Indian Reservation Roads

I know you and the Administration share my concern for improving transportation infrastructure on tribal lands. The stimulus package made available $310 million dollars specifically for the Indian Reservation Roads program. You previously stated your commitment to working with tribal governments through this program to address infrastructure challenges.

However, tribes in New Mexico are actually seeing a decline in their annual funding under this program—apparently due to how the Federal Highway Administration includes a vast number of county, state, and even Interstate roads in the inventory of roads supported by the Indian Reservation Roads program.

I believe Congress intended the Indian Reservation Roads program to be primarily for tribes, rather than for roads that have other sources of funding.

- Are you aware of this situation and do you have any recommendations on how we can restore the program to its original purpose?

RESPONSE:

I am aware of the issues and concerns regarding the fund distribution of the Indian Reservation Roads (IRR) Program, and I am firmly committed to improving transportation options on tribal lands. The IRR Program is jointly administered by the Bureau of Indian Affairs (BIA) and FHWA, and provides funds to over 562 federally recognized Tribes and Alaska Native Villages to help address their transportation needs. Numerous changes to the IRR Program were made over the past few years, the most significant being the publication of the IRR Program Final Rule on July 19, 2004 (Title 25, Code of Federal Regulations (CFR), Part 170). This rule, developed after negotiated rulemaking between Tribal and Federal representatives, contains the current regulations on the IRR Program. The Secretary of the Interior and I have started a process working with the tribes to review the adequacy of the IRR program.

Part 170 includes eligibility requirements for facilities that could be accepted into the IRR inventory. The rule defined "IRR Route" as any public road that is located within or provides access to an Indian reservation or Indian trust land, or restricted Indian land that is not subject to fee title alienation without approval of the Federal government, or Indian or Alaska Native Villages, groups, or communities in which Indians and Alaska Natives reside. This definition is consistent with the statutory definition of an IRR found at 23 USC 101(a)(12) and as a result, the list of eligible roads that generated funding greatly expanded to include public roads meeting the eligibility criteria, regardless of ownership.

The IRR inventory generates the funding for the individual Tribes through a designated formula and the Inventory has grown since issuance of the rule due to the addition of numerous local, county, and State roads not under the jurisdiction of BIA or Tribes.

The IRR Program Coordinating Committee (IRRPCC), formed as a result of the Final Rule and composed of two Tribal members from each BIA Region, is working closely with BIA and FHWA representatives to develop input and recommendations for me and

the Secretary of the Interior to consider in improving the IRR Program. The IRR inventory and fund distribution are just a few of the items under consideration by the IRRPCC. FHWA is cooperating with BIA and the IRRPCC in reviewing and updating the existing IRR Program Regulation, including how roads will be designated, coded, and considered in the IRR inventory (including access limitations as well as the designation of proposed roads). Reaching consensus within the IRRPCC on some of these issues has been difficult, as programmatic changes to the inventory result in positive or negative financial impacts to individual Tribes.

Recognizing this difficulty, the Department of the Interior directed BIA, as the lead agency, to develop a recommended solution to these issues and publish a Notice of Proposed Rulemaking (NPRM) in the *Federal Register* to solicit comments on the recommendations as well as the other consensus items that had been reached within the IRRPCC. We anticipate that the NPRM will be published in the near future.

During the past few months, BIA and FHWA attended government-to-government consultation sessions with Tribal, State and local officials throughout the country for further discussion of the issues affecting Tribal transportation. These consultation sessions, which will continue through the publication of the NPRM and through the comment period, present an excellent opportunity for the Tribes to express their transportation concerns directly to FHWA, BIA, State and local transportation officials. After the NPRM public comment period, each comment received will be considered as we develop an updated final rule at 25 CFR 170.

In 2008, FHWA submitted a comprehensive report to Congress on the IRR inventory. The purpose of the report was to assess the true needs and costs for Tribal transportation, to ensure that the data in the existing inventory was accurate, and to identify areas for improvement and help streamline the procedures that Tribes use for updating their inventory. The next phase of our inventory review, which is a joint FHWA, BIA, and IRRPCC effort, will be focused on the costs associated with the phases of road work as well as the accuracy of the inventory data. We intend to keep Indian Country well aware of our efforts over the coming months.

We recognize that transportation is a critical tool for Tribes to improve the quality of life in their communities. Moreover, SAFETEA-LU provided tools and resources to improve Tribal transportation and the Department is actively implementing these provisions. We are committed to providing safe and efficient transportation options for Tribal lands and building more effective day-to-day working relationships with Indian Tribes, reflecting respect for the rights of self-government and self-determination based on principles of Tribal sovereignty.

4. Deputy Assistant Secretary of Transportation for Tribal Government Affairs

The SAFETEA-LU bill authorized the Department of Transportation to establish a Deputy Assistant Secretary for Tribal Government Affairs. This position would coordinate transportation policies and programs serving Indian tribes. Yet this position has never been filled.

- Will you establish a Deputy Assistant Secretary for Tribal Government Affairs to help meet transportation infrastructure needs in Indian Country?

RESPONSE:

The Deputy Assistant Secretary for Intergovernmental Affairs is currently carrying out the functions prescribed for the Deputy Assistant Secretary for Tribal Government Affairs, including coordinating tribal transportation programs within the Department. I am reviewing options to step up the visibility of this function and improve outreach to Indian Tribes and tribal organizations on tribal transportation issues.

5. Essential Air Service

The Essential Air Service program currently ensures that there is commercial air service for five communities in my state. As a member of the Commerce Committee, this is an area of particular concern to me as the Senate considers reauthorization of aviation programs.

- While I agree that the program could probably be more efficient, could you tell me more about what changes you propose for Essential Air Service?
- What steps would you take to provide a better foundation for this program and otherwise ensure that communities depending on it—especially in the current economic climate—continue to benefit from airline transportation?

RESPONSE:

The Essential Air Service program provides a vital link to the national air transportation system for many communities across the country. Nonetheless, communities' eligibility for inclusion in the EAS program has never been based on individual needs, but, rather, only on whether the community was receiving scheduled air service at the time of airline deregulation in 1978. The EAS program has remained fundamentally unchanged since its inception while the aviation landscape has changed dramatically with the spread of the hub-and-spoke system, regional jets, and low-fare carriers. In order to ensure that the program remains responsive to the needs of rural America, we intend to review the challenges facing EAS and we look forward to working with Congress in an effort to develop a more efficient and sustainable program.

6. Railroad Safety

Railroad safety concerns continue to be a significant issue across the country, particularly highway grade crossings and the shared use of track for both freight and passenger rail. The "Section 130" grade crossing program has improved safety and saved lives.

- What actions will you take to address rail safety and provide adequate funding to meet critical needs such as improved grade crossing controls and Positive Train Control?

RESPONSE:

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, I 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.

7. Bicycles

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 do you intend to include in your transportation plan to improve safety where drivers and cyclists share the same roadways?

RESPONSE:

The Department takes nonmotorized transportation seriously. Activities are already underway or are being planned for the near future to improve bicycle facilities and bicycling safety. I launched a Livability Initiative which features bicycling and walking as prominent elements.

FHWA has several ongoing efforts that promote bicycling and bicycling safety including: maintaining a national clearinghouse about bicycling, www.bicyclinginfo.org; hosting annual meetings and other activities for the State Bicycle and Pedestrian Coordinators; and providing guidance on how to mainstream bicycling and walking into the transportation planning process. In conjunction with AASHTO, FHWA will be co-chairing an International Scan this May to look at European best practices for improving

bicycle safety and mobility. The Scan team will develop a strategy for implementing these best practices here in the U.S. Lastly, the Nonmotorized Transportation Pilot Program, authorized by SAFETEA-LU Sec. 1807, is examining how bicycling and walking rates can be increased by providing better, safer facilities. A report will be submitted to Congress to detail the Pilot Program's findings.

Various strategies to achieve improved availability of walking and bicycling options are under consideration for surface transportation reauthorization.

Senator James M. Inhofe

1. I am very interested in public private partnerships. What role do you foresee the private sector playing in bridging the gap between the traditional federal highway program and the growing unmet needs for maintenance and new capacity on our nation's highways?

RESPONSE:

In today's constrained fiscal environment, it is important that all options be on the table for financing and implementing critical improvements to our Nation's transportation infrastructure. By involving the private sector where appropriate, we can make our scarce public resources go further and allow them to be deployed more effectively toward activities and responsibilities that are best managed by the public sector.

It is important to note that private sector involvement in transportation can take place at many levels. Public private partnerships and privatization are not the same thing. Indeed, the current process for developing transportation projects is a public-private partnership of sorts, in which most construction work is bid out to private companies, and transportation agencies employ contracting for a whole range of services. What we typically think of as public private partnerships in transportation simply extends this involvement into other areas, such as finance and operations, that have traditionally been the domain of public agencies.

As our State and local partners explore new partnerships with the private sector, it is paramount that the public interest is protected. Financial risks and rewards on both the public and private sides must be appropriately balanced, to ensure that the traveling public gets real value in return, and that people with limited travel options are not disadvantaged. The financial returns realized by the private sector must be appropriately related to the risks they bear and any operational efficiencies that they are able to achieve.

It is also important to keep in mind that public private partnerships alone cannot solve the transportation funding dilemma that we face. They can play a key role in certain areas and for certain types of projects, but a more efficient project delivery method or financing mechanism is not the same thing as a new revenue stream. Engaging the private sector can bring in additional financing tools and procurement options, but closing the funding gap for transportation infrastructure will involve much larger issues of funding priorities and revenue sources.

2. In light of our infrastructure crisis, it is increasingly more important that we use highway and bridge funds in the most cost effective ways possible. Senator Boxer and I agree that we need to help contain costs by eliminating bureaucratic delays to the project delivery process. Is this a priority for your Department and how are you planning to work with other agencies to get highway projects delivered quickly?

RESPONSE:

I wholeheartedly agree with your and Senator Boxer's concerns about using highway and bridge funds in the most cost effective ways possible. We have been looking into ways to minimize the delays in the project delivery process and will continue to seek new and different approaches. The Department will build on the efforts we have underway in response to Section 6001 of SAFETEA-LU by supporting an increased emphasis on allowing environmental decisions made in the planning process to be carried forward into environmental review, thus avoiding duplication of efforts and loss of time and resources. Nationwide, we are monitoring the implementation of projects processed under the Section 6002 SAFETEA-LU environmental review process. This process has improved interaction with environmental agencies by reducing the time it takes to reach decisions.

We are also working with state DOT partners to remove inactive projects from federal involvement, thus encouraging greater prioritization of their needs and commitments so that priority projects can be delivered quickly. The Department is facilitating innovative financing and project delivery approaches so that projects can be implemented quickly and more efficiently. The Department is working to accelerate the deployment of innovative practices to speed the construction of highways and bridges, and to reduce the impacts to congestion from construction activities through the Highways for LIFE program. The Department will be working with Congress on new proposals for reauthorization that will assist in reducing the delivery time for projects. We are committed to this objective and will be seeking additional thoughts on ways to continue and improve the efforts.

3. According to the U.S. Department of Transportation's 2006 Conditions and Performance report, current federal investment in our nation's highways and bridges is barely sufficient to maintain the existing system, ignoring improvements and new capacity. With vehicle miles traveled (VMT) increasing about 20% every 10 years and freight tonnage on our highways set to double by 2035:

a. What do you believe is the appropriate level of investment as we move forward?

   RESPONSE: Our transportation infrastructure is critical to our Nation's economic vitality. The $27.5 billion for highway infrastructure investment in the American Recovery and Reinvestment Act of 2009 was a kick start for the much needed investment. We should look to continue what we have started as our economy recovers, which will be a challenge at the outset because of the fragile state of the Highway Trust Fund. I want to work with you to ensure that we consider a wide range of innovative and traditional funding methods to address the Nation's transportation needs.

b. What do you believe to be the appropriate federal role in maintaining and improving the system?

   RESPONSE: It is clear that more strategic investment of our resources could yield better results. The Federal Government should bring more to the table than funding. The Federal programs should be designed to drive effective investment in the surface transportation systems that meet national goals, including safety and

economic vitality while preserving and improving the human and natural environment in which they exist.

4. Do you believe that $27.5 billion for highways in the stimulus plan, in any way reduces the importance of re-authorizing a multi-year highway bill before it expires on September 30th of this year?

RESPONSE:

No. I believe that the stimulus funding is a nice kick start for the continued investment in surface transportation infrastructure that is so important to our Nation. Continued investment is necessary to continue the momentum of the recovery effort and to ensure that our surface transportation systems continue to improve to support sustained economic vitality.

5. Much of our analysis of the needs of our system relies on the Conditions and Performance report, but we are still using the 2006 report. What is the status of the 2008 report and why has it not been released? Can you please see to it that this important data is available to us soon?

RESPONSE:

We recognize that the data this report provides on different transportation investment scenarios could be valuable to the reauthorization debate. Given the significance of this document, each edition goes through intensive review to ensure that key findings are presented in a manner that is as clear and technically accurate as possible. The report is currently being reviewed, and we hope to provide it to Congress shortly.

6. In your statement you indicate that one of your top priorities is "help promote more livable communities through sustainable surface transportation programs." What exactly does that mean? You mention that the benefits are "improved traffic flow, shorter trip lengths, reduced vehicle-miles traveled, safer streets for pedestrians and cyclists, lower per-capita greenhouse gas emissions, reduced dependence on fossil fuels." But given our current revenue stream for transportation, which depends on increased vehicle miles traveled and increased purchase of fuel, how does the Administration envision paying for transportation if one of your priorities is to reduce vehicle miles traveled and discourage the increased purchase of fuel. Will you be submitting a proposal for a new funding mechanism that is not tied to fuel use?

RESPONSE:

Over time, national efforts to improve vehicle fuel efficiency and air quality and to reduce greenhouse gases and highway congestion have slowed the growth of highway emissions and fuel consumption and encouraged the replacement of traditional highway fuels with those currently not taxed. More effective land use planning coupled with appropriate transit and pedestrian options have the potential to reduce the growth in

vehicle miles of travel and improve the quality of life in our communities. Despite the impact on fuel tax receipts to the Highway Trust Fund, these have to be seen as desirable outcomes. Because the fuel tax is well established and efficient to collect, in the near term we will have to continue to place primary reliance on this revenue source. We will also need to look at a wide range of other options to supplement the traditional sources to ensure that appropriate investment levels can be achieved.

7. The estimated average cost of the High Speed Rail projects that are being considered around country translates in to about a $100 million a mile. In light of the hundreds of billions of dollars in the highway maintenance and transit backlog, I was surprised that the sudden increase of funding for high speed rail in the stimulus bill's conference report was almost a third of the total funding for highways and bridges. You have stated that the $8 billion in high speed rail is a "down payment" on a larger program. How much do you want to spend on this program in total? Do you envision this money coming from the Highway Trust fund?

RESPONSE:

In the initial FY 2010 budget document, *A New Era of Responsibility Renewing America*, President Obama called for the initiation of a new Federal commitment to high-speed rail. To provide Americans a 21st Century transportation system, the Administration proposes $1 billion annually from the General Fund for a high-speed rail State grant program in addition to the $8 billion provided in the Recovery Act. This proposal marks a new Federal commitment to give the traveling public a practical and environmentally sustainable alternative to flying or driving. Directed by the States, this investment will lead to the creation of several high-speed rail corridors across the country linking regional population.

8. What is your schedule for sending a SAFETEA-LU reauthorization proposal to the Hill?

RESPONSE:

Finding a solution to the shortfall in funding of the highway side of the Highway Trust Fund may be the most critical near-term transportation funding issue facing the Administration and Congress. Although the American Recovery and Reinvestment Act of 2009 provides significant funding for surface transportation infrastructure investment, legislation to reauthorize the surface transportation programs and continued infrastructure investment is vital to our nation's well being. I have made surface transportation reauthorization a high priority and look forward to working with Congress on this critical issue.

Senator George V. Voinovich

Funding

1. Mr. Secretary, it is clear that we need to be doing something new, because our current efforts are not getting the job done. That said, the previous Administration essentially promoted the same transportation funding policies that would have the effect of shifting more of this responsibility to state and local governments and the private sector through public private partnerships and other innovations.

While, I do not oppose ideas such as public private partnerships or National Infrastructure Banks, they are not going to provide the immediate funding that we need to maintain—much less improve our deteriorating infrastructure. We have a major funding crisis in this country.

As I said in my testimony, for the first time, we have major transportation groups and industries supporting a gas tax increase. I know that you oppose this but what do you suggest for the short term for dealing with the current funding crisis with the Highway Trust Fund shortfall?

RESPONSE:

As I have said before, I do not support a fuel tax increase during the current economic recession. In the short run we will have to look at a wide range of possibilities to supplement the receipts from traditional sources like the fuel tax to ensure that adequate infrastructure investment can be achieved. I look forward to working with Congress to identify and enact both short term and longer term solutions.

Streamlining

2. Last year, the National Surface Transportation Policy and Revenue Study Commission reported that it takes on average, 13 years, for a transportation project to reach completion. In SAFETEA-LU, I worked on revising the 4(f) process. I am disappointed that DOT has not finalized the regulations for this.

What suggestions do you have for the next reauthorization process to streamline the review process, and what else can be done to reduce the lag time on these critical projects?

RESPONSE:

As an update on the publication of final regulations for the Section 4(f) process that you worked on, the Department published the regulation on March 12, 2008. The regulations became effective on April 11, 2008.

Regarding suggestions to reduce the lag time for environmental reviews and analyses, let me offer the following thoughts:

1) The process can be shortened if Congress enacts the single Environmental Impact Statement approach as proposed by the Commission.

2) Encourage concurrent processes such as allowing advanced right-of-way acquisition and engineering work prior to completion of the Environmental Process.

3) Create a process that allows decisions made in planning to be incorporated into the National Environmental Policy Act processes and achieve efficient transportation and environmental decisionmaking.

The Department is committed to working with Congress to develop other proposals that improve environmental processes.

Continental

3. One of the most important sources of jobs for Cleveland is making sure that the city of Cleveland – with its Continental Airlines hub – is connected to an international alliance. The Continental application to join the STAR alliance – an application which enjoys the support of hundreds of federal state, local elected officials and dozens of chambers, businesses, etc -- has been pending in your department since last July. I know that between the financial crisis and the passage of the stimulus, you have been very busy. However, you have been in place for virtually two months and the Continental – STAR decision was ready to go when you arrived. This Administration can protect thousands of jobs in Northern Ohio by approving this application now. I am seeking your commitment today that you will give this your personal priority and get this decision out ASAP. Will you give me that commitment?

RESPONSE:

On April 7, 2009, DOT issued a Show Cause Order in this case. The Show Cause Order tentatively granted the antitrust immunity requested, which would allow the carriers to coordinate fares and capacity in international markets without violating the U.S. antitrust laws. DOT tentatively found that the alliance would generate public benefits in the way of increased service options and fare benefits. We proposed to condition the grant of immunity upon the implementation of a joint venture among Air Canada, Continental, Lufthansa, and United to ensure that sufficient public benefits are delivered to consumers. The Show Cause Order is a proposed decision. We solicited comments on the proposal. After carefully considering the comments, we will make a final decision as soon as possible.

Passenger Rail

4. Much of Ohio has not seen rail service since the early 1970's and many in my state believe that the federal stimulus funds for high-speed rail are an excellent opportunity to bring rail to one of the most densely populated corridors in the country with no passenger rail service of any speed. I understand the State of Ohio will seek stimulus funding for start-up service in the 3-C Corridor, a designated High Speed Corridor between

Cleveland and Cincinnati, in an attempt bringing back service to this Corridor. Do you see that any of the stimulus funding will be used to develop service where there is not current passenger service?

RESPONSE:

There is nothing in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) or the American Recovery and Reinvestment Act of 2009 (Recovery Act) that would preclude the use of Recovery Act stimulus funding for corridors that currently lack passenger service. Applications submitted for such corridors will be reviewed on their merits along with all the other applications. The Department's High-Speed Rail Strategic Plan, "Vision for High-Speed Rail in America," provides initial information on the broad outlines of the application and selection process. Further details will appear in interim guidance, to be issued by June 17 as required in the Recovery Act.

Maritime Funding/Marine Highway Corridor

5. Earlier this year, Ohio was asked by the Maritime Administration (MarAd) to lead a multi-state effort to have the Interstate 90 corridor - connecting all the Great Lake Water Ports from Minnesota to New York - be designated as a priority Marine Highway Corridor. As you know, these Marine Highway Corridors are intended to serve as extensions of the surface transportation system to carry commerce and relieve congestion for the country. But today, our country only moves 2 percent of our domestic freight by water. By contrast, Europe moves 44 percent, and China moves 61 percent. How do we shift the primary reliance on surface transportation to allow water transportation to assist in streamlining the domestic freight load?

RESPONSE:

As you are aware, shifting from land to water transportation not only relieves congestion and reduces costly maintenance to our roads and bridges, but it can decrease the greenhouse gases that transportation generates and substantially reduce our dependence on oil. Congress recognized this by establishing the new Marine Highways Program within the Department authorized by the short sea transportation section of the Energy Independence and Security Act of 2007. We have been busy implementing the program through the Maritime Administration. The initiative to identify Interstate 90 as a Marine Highway Corridor is associated with this effort, but this is just a start. Our goal is to better utilize inland waterways, the Great Lakes, and coastal seas as important and efficient surface transportation corridors. In order to effect this shift to water, we need to focus on three key areas and need the support of Congress to do so successfully:

- Address impediments to increased use of America's Marine Highway, including review of the Harbor Maintenance Tax, which is charged on water-borne freight, but not land movements.

- Implement short-term incentives aimed at shippers, vessel operators, and the owners and operators of the ports and terminals that can facilitate Marine

Highway services. We are preparing a report to Congress that proposes incentives aimed at achieving this objective and are available to provide technical assistance to your staff as required.

- Consider Federal funding incentives. The marine highway program is currently unfunded. The rate at which a modal shift of freight from land to water takes place will be affected by incentives and disincentives associated with marine movement of freight.

6. When will we see project specific funding made available through MarAd to support and strengthen these Marine Highway Corridors, and how do we target opportunities such as those in Ohio?

RESPONSE:

Following Marine Highway Corridor designation, we will solicit applications for specific Projects that serve the corridors, which will be evaluated based on the public benefit they offer (congestion relief, emissions reductions, energy conservation, and reduced road repairs) as well as the project's likelihood of becoming self sustaining following the initial start-up phase. The Maritime Administration may also be helpful in the Port of Cleveland's relocation project and the revitalization it offers the community. By designating the agency as the lead Federal Agency for port redevelopment activities, we can help to accelerate the proposed project's environmental review process, and establish a public/private funding mechanism that has proven successful in other U.S. ports. We will do everything we can to support projects that receive designation.

Senator Christopher S. Bond

1. In your opening statement, you credited the flexibility at the state and local levels of government for the widespread improvements to existing infrastructure over the last decade. Going forward, when it comes to the ability for state and local governments to address needs, will you work to continue significant levels of flexibility?

RESPONSE:

I believe that we need to work with Congress to set clear and rational goals for State and local governments to meet when using the surface transportation funds and hold them accountable for achieving results. Under this construct, State and local governments would have the flexibility to use the funds to achieve the desired results in the way that works best in their own locale.

Senator BOXER. Thank you.

As we work to craft our new bill, our MAP–21, will you be available to work with us? Because I think we need your expertise. I know that you spoke about vehicle miles traveled as a concept, and some folks in the Administration said, well, we are not interested in that.

You know, I guess my question to you is, I hope the Administration is open to working with us on every possible idea. Senator Inhofe and I have been talking, just here this morning, but really for months about this. There are many options in terms of how we can get a funding stream that meets our needs.

So I guess my question is, do you believe the Administration, despite whatever the back channels were that responded to you, do you think they are open to looking at all of our ideas and have not put anything off the table? Because I think as we meet, we are going to have another meeting today, we want to make sure that we are working with you.

Mr. LAHOOD. I was at a meeting, which I think would explain in pretty good detail, last Friday with Governor Rendell, Governor Schwarzenegger, and Mayor Bloomberg in the President's office. They presented the President with a report. I can tell you, there is a very, very strong commitment from President Obama to put everything on the table, to throw out all the ideas that we can, and see which ones stick and which ones make sense.

I am committed as a part of his team and a part of his Cabinet to work with you. Whenever you need me up here, I will be here. When you need our staff, we will be here. We are going to be full partners in trying to work through what resources we need and how to get those resources.

And the President is committed to that. I know Governor Rendell will talk to you about the work that he has been doing with other Governors and Mayors and so forth. But I think we came away from meeting with a full commitment from the President.

We have to talk about a lot of creative ideas to do all the things we want to do with infrastructure and roads, and to create livable communities and other opportunities.

And so you will have a full partner.

Senator BOXER. Well, that is really my only question, because I think that is what we need right now. None of us is ideological about all this. We just want to be pragmatic and get this to happen.

I want to thank Governor Schwarzenegger and Governor Rendell, who I will have a chance to formally thank again, and Mayor Bloomberg, and yourself, because this is really in a way a tripartisan team, Independents and Republicans and Democrats. And that is what we need.

This is something we can get done, but nothing should be off the table, even if at first blush, you know, we reject it. We just need to be very open to all the ideas.

So thank you for that comment. I really appreciate it.

With that, I will turn to Senator Inhofe.

Senator INHOFE. Thank you, Madam Chairman.

It might be a good time just for any brief thoughts that you have on some of the options that we are looking at. Let's start with pub-

lic-private partnerships. Have you developed any ideas that you think might be something we might want to look at?

Mr. LAHOOD. Well, there are a lot of innovative public-private partnerships that we can model after. In Miami, they are building an intermodal facility that I had the privilege of visiting with Vice President Biden to make some announcements on a couple of weeks ago.

There are some folks out west that are putting together a public-private partnership having to do with high speed rail. There are lots of people in this Country who want to work with us at DOT and all of you to put some private dollars with public dollars, and really leverage what we can to make these things happen.

It is not only on high speed rail. It is on highways. It is on intermodal facilities. And there are lots of examples out there that we can use to build on.

Senator INHOFE. You know, I am glad to hear you say that because all too often, we want to reinvent something that has already been invented. We have a testing area out there, like Governor Rendell and others, have tried things. Some things haven't worked. Some have worked. And I would hope that we could go and try to pick the very best of those and perhaps use them.

One of the areas, well, let me thank you again for your appearance at our Chamber the other day. That was very helpful.

Mr. LAHOOD. Sure.

Senator INHOFE. One of the other areas that we talk about up here, you have been there long enough you have probably looked. Both Chairman Boxer and I have complained about some of the bureaucratic delays that might be eliminated. Have you looked at some of these and how we might be able to expedite some of the programs that we have?

Mr. LAHOOD. When we implemented the recovery plan, our part of it, the $40 billion plus at the Department, we put together for the highway portion, the $28 billion, what we call—well, for all of it, including transit—we put together a TIGER team, where we took all the modes and they meet every day. I meet with them once a week and we talk about how we are getting the money out the door and how the money is being spent, and we make sure we are following the rules and regulations and the law that was passed by Congress.

And this kind of approach has enabled us to get about $3 billion out the door to 33 States and over 800 projects in a very short period of time. So we have cut a lot of the bureaucracy, a lot of the red tape. No short cuts. We are following the law. But we have done it with the TIGER team approach and we are hoping to be able to use that kind of approach in getting dollars out the door as Congress passes a bill.

We can do it. We know we can do it. We are doing it right now just by getting people in a room working together. And so it works, and we are going to take that model and use it to work with all of you as you, you know, put together the bill that will continue our successes.

Senator INHOFE. Yes, that is great to hear. That is great to hear. I appreciate that very much, Mr. Secretary.

A couple of times we have referred to the 2006 report and the 2008 report is out there somewhere. Where is that?

Mr. LAHOOD. It is at OMB. And it was sort of suspended in the interim between our Administration and the previous Administration. OMB is reviewing it.

I think we will have a report to you very soon.

Senator INHOFE. OK. I was saying that at all critically, because you just got there.

Mr. LAHOOD. No, no. I know.

Senator INHOFE. I would just think that might be very helpful to us.

Now, as we look at what our job is and what we are going to be doing, it is kind of scary to think about the magnitude. I can remember during the 2005 bill, and I guess I was Chairman at that time. And it was a $286.4 billion, I think, bill. And I remember going to the President at that time, President Bush, and he said, well, this is just too much. We'll veto it. And I said I would head up the veto override, and of course he didn't do it.

But that amount in 2005 was really just enough to kind of maintain what is out there. We are just not doing it, not keeping up. Have you given any thought to any top line figures that, as much as we hate to talk about them publicly, any thoughts that you might have?

Mr. LAHOOD. We have put together some principles in the Department for what needs to be done and how to pay for it. And we have sent those to the White House. As a part of the Cabinet, we feel that we have to get the President and his team at the White House on board on these principles, and once they have signed off on them, we will be happy to share them with you.

Senator INHOFE. All right. That is good. That is fair enough. Thank you very much.

Senator BOXER. Thank you, Senator.

Senator Lautenberg.

Senator LAUTENBERG. Thanks, Mr. Secretary.

I listened with interest, and watched the degree of more than interest, perhaps even gluttony, in terms of what it is that we need to get this job done.

You say in your remarks that if we look at the year 2004, that we approximated $170 billion in annual maximum economic investment. However, if we put this in perspective and we look at 2006, what we spent was $78 billion. The shortfall is so dramatic that it strikes one as that can't be true; it has to be an arithmetic thing. Well, we know that is not the case.

Mr. Secretary, when it comes to the Highway Trust Fund, an important element, the current financial situation is simply not sustainable. What kind of plans does the Administration have to address this crisis in the near term?

Mr. LAHOOD. Well, as I said, we have sent some principles to the White House for what the needs are for the way forward, and we are waiting. But I have been saying all along, Senator, that we need to think outside the box. The Highway Trust Fund is simply not going to allow us to do all the things that we want to do in America, and in developing our opportunities for the way forward. So we need to think about public-private partnerships. As much as

I hear what Senator Baucus says, we need to think about an infrastructure bank.

We need to throw a lot of ideas out there and see which ones stick. And you all are going to write the bill. But we are not going to be bashful about saying if you do this, this is what you get; if you do this, this is what adds to it.

We need to build on the Highway Trust Fund. There is not enough money in the Highway Trust Fund to do what we need to do. So we ought to throw a whole bunch of ideas out there and you all decide which ones you think are sound politically policy-wise, and what kind of results we get from them in terms of new resources.

I was in Miami and I rode on a lane that was built on Interstate 95 with tolls. That works, and they are very happy about it. They made that decision. They made the decision to build an extra lane on I–95 using tolls, and they paid for it that way.

And so that works. We know that works.

Senator LAUTENBERG. That was a State endeavor, and in all fairness, a State endeavor. But what do we do nationally? I hear a review of opportunities, but what specifically? I mean, Mr. Secretary, we are going to have to get leadership from the Administration on these things. I mean, we can battle it out here, but if we come up to OMB and they say, not possible, where are we?

So we are asking you, I am asking you, to come up with particular specific suggestions on how we replace and fulfill the obligations of the Highway Trust Fund. We see transit systems forced to cut service; increased fares to cover budget shortfalls. At the same time, Americans are taking public transportation in record numbers. The economic recovery bill contained $8.4 billion for transit capital costs, but these funds, and all Federal funds, cannot be used for operating assistance.

Might we change the law, Mr. Secretary, to allow Federal dollars to be used for operating expenditures?

Mr. LAHOOD. Well, I said to another committee, Senator, that I am very open minded in these hard economic times to looking at the possibility of allowing transit systems to use part of their money for operating expenses. It is fine to provide a lot of new buses and a lot of new equipment, but if you don't have the drivers and you can't pay the drivers, it doesn't make any difference how many buses you have.

We are open minded about that. We are going to look at that very carefully. And we think when the transit districts don't have enough money to pay bus drivers, it seems logical that we should be open minded about that and we are.

Senator LAUTENBERG. Well, if we are talking about job creation, you just pointed out a place that suggests there are lots of jobs available. Do we have the applicants? Do we have the interest from the public to take these jobs? And if not, where? Show me the money. Absolutely critical.

The situation that we are in is one that is so difficult. And Mr. Secretary, I wouldn't want to be in your position right now because you are our flag bearer. You are the one that has to continue to fight for a share that will sustain us. And I think in the process, you have got to close your ears to the other appeals that are being

made. You have this mission and this mission is critical to the well-being and the ability of our Country to get back on its feet.

So we will give you some more stripes if you can do that.

Mr. LAHOOD. We are going to provide the leadership. We take our cues from the President, and a big part of the economic recovery plan was the $40 billion to $50 billion to put people to work quickly because the President knows that works.

And when you see people out building roads this summer and you see transit districts buying buses and you see people driving these buses, these are people that are in good paying jobs that are going to be working this summer. I think the President recognizes the value of a very, very strong infrastructure program. You will see the leadership, but we need a little bit of time here. The President has been a little bit preoccupied with a few other things. We are trying to get his attention on these things. We will get his attention. He knows the importance of it. And we will provide the leadership, Senator. I guarantee you of that.

Senator BOXER. And I want to say, we will as well. So I think this is, we are ready to go. We are very close to being ready to go.

Senator Sanders.

Senator SANDERS. Mr. Secretary, first of all thank you very much for getting the money out quickly. I know people think that is an easy thing to do, but for many years, that was not the case. So thank you for doing that.

And thank you for your strong advocacy for the stimulus package which I think is one of the most important pieces of legislation, for a dozen different reasons, that this Country has passed in a very, very long time.

I want you to focus for a moment on rural transportation. You know, I am aware of the problems in urban America. My State is a very rural State. And you know what? Throughout most of rural America, you don't have a transportation system. You really don't.

I could tell you that in my State that if you live in, say, Hardwick, Vermont up in the northeastern part of the State, and you are going to Burlington, our largest city, there really is no practical way for you to get there other than your automobile.

So if we are talking about greenhouse gas emissions, if we are trying to talk about saving people money, in many parts of rural America, you can't go from one town to another town other than with your automobile.

Can you give us, share with us some thoughts about how we are going to make some very profound changes in rural transportation in America? What do you think?

Mr. LAHOOD. Well, I think that the way to do it, Senator, is to take some leadership on our own and take the ideas that you all have to try and persuade transit districts that are in areas that are not serving rural areas to begin to really look at those kinds of opportunities. Now, obviously they would need some dollars to do that.

I think the other part of it is really trying to think of opportunities for perhaps some other modes of transportation other than just buses. The idea of light rail, you have to be able to show that that can work and that you would have the ridership, but we know that

in some parts of the Country, folks are planning those kinds of opportunities.

To me, those are the two things that we can really look at as opportunities to work with transit districts to determine their level of interest in really providing the kind of service into rural areas.

I met with a group of mayors recently that are big city mayors that have tried to reach out into the rural parts of the areas——

Senator SANDERS. If I could interrupt you to tell you why that is important is often in the urban areas, the larger towns, is where the jobs are and you want to get people from the rural areas, the workers, to get to the jobs.

Mr. LAHOOD. Correct.

Senator SANDERS. You need that transportation.

Mr. LAHOOD. Correct. When I was in Philadelphia, Chaka Fattah, the Congressman from that area, told me of a plan where he got the transit district in Philadelphia to actually take buses out to rural and suburban areas to bring people in for jobs.

Senator SANDERS. Right.

Mr. LAHOOD. That is the kind of innovative thinking we need to be doing with transit districts, to provide the kind of transportation to people who maybe are starting a first job and don't have a car, and have no way to get into the area where the job is.

Senator SANDERS. I think that is exactly right.

Let me ask you this, do you see potential use, when we talk about buses, very often we are talking about large, expensive buses. Sometimes in rural areas you don't have the people to get on those buses. What about vans and small buses?

Mr. LAHOOD. The example I described of Congressman Fattah actually used a van. It wasn't a bus, it was vans that went out to these rural and suburban areas to bring people in to jobs. I don't know if it was a program that Governor Rendell started when he was Mayor, but the point is there are innovative things that we can do with the dollars that we have, and there are systems available to do it. We have to get transit districts to think outside the box and we have to develop other opportunities.

Senator SANDERS. OK.

Madam Chair, my only point here is that as we discuss the transportation infrastructure crisis in America, we cannot forget rural America. That has to be part of the equation.

Senator BOXER. Well said.

Now, Senator Voinovich, I owe you an apology. You should have been next, and I missed that. I am sorry.

After you are done with your questions, we are going to move to the second panel, so go ahead, Senator.

Senator VOINOVICH. Mr. Secretary, a little Ohio problem. I brought Continental Airlines to Cleveland back when I was Mayor and Continental Airlines needs an international connection with the STAR Alliance. They have had an application pending in your Department since last year. And I would like somebody here that is from your staff to write that down and see if we can't get that decision taken care of as soon as possible because they are on hold right now because they haven't had that decision made by the Department, and we need to have that as soon as possible. It is a

great job creator in our town in Northern Ohio, so if you would take care of that.

Mr. LAHOOD. Yes, sir.

Senator VOINOVICH. Second of all, you know, we had Mary Peters here and Mary, we asked her about how she was going to pay for a lot of this, and she kept talking about principles and public-private partnerships and so on and so forth. When we got to the legislation in the last bill, we came up with $286 billion. We knew we needed $320 billion or $300 billion, something like that. They said it was too much, couldn't do it. Many of us said that the money we made available wouldn't keep up with inflation, that we would fall behind.

And I was wrong. It is worse than what I predicted, because with the cost of steel and the cost of oil, they haven't been able to do what we thought they would be able to do with the money.

Now, the National Surface Transportation Infrastructure Financing Commission said that we need to enact a modest 10 cent increase in the Federal gasoline tax, 15 cent increase in the Federal diesel tax, and commensurate increases in all special fuels taxes.

And what they pointed out is that these adjustments approximate the amounts required to recapture the purchasing power lost to inflation since 1993. That is the last time it happened, 1993. That translates into approximately $20 billion per year more to just keep us up to where we would be if we got that money originally.

And the question I have is how are we going to pay for all these things we are talking about? I think we need to level with the American people. It is going to take a gas tax increase and it is going to take public-private partnerships and it is going to take a whole lot of other stuff to get the job done. And I think the sooner we face up to it, the better off we are all going to be.

I know we were talking about doing it here in the Senate. I think we would have had some votes in the Senate to pass a gas tax increase, but your colleagues over in the House that took Grover Norquist's pledge that they wouldn't increase taxes, oh, no, we're not going to do that.

Well, let's get serious. We have a really awful infrastructure problem in this Country, and you have heard the other Senators talk about other countries. It is time we looked the American people in the eye and told them we are in bad shape. People complain to me all the time about the time that they spend on the road, the gas we burn, the pollution that is taking place. I think that we have to be forthright.

And I would like to know, you know, how are you going to take care of this? And it can't be principles and other things. Let's get serious. Where are you going to get the money?

Mr. LAHOOD. We are going to get the money from Congress, Senator.

[Laughter.]

Mr. LAHOOD. You all write the bill. I am just telling you though, Senator, and you have heard me say this before, this Administration in these hard economic times, with so many people out of work, can ill afford to tell people we are going to raise the gasoline tax.

Senator VOINOVICH. Well, then you can't—look, you can't——

Mr. LAHOOD. That is off the table for now, Senator.

Senator VOINOVICH. You can't do it. You know it and everybody else knows it and it is about time we leveled with people.

Mr. LAHOOD. Senator, respectfully, I disagree with you. I think we can do it. I think we can take the Highway Trust Fund and do a number of other things that will help us raise the revenue to satisfy the needs that we want to meet here.

Senator VOINOVICH. If you just did what I said, it would give us $20 billion that would put us even. It wouldn't deal with the gap of 43 percent in terms of maintaining, or the 31 percent gap to improve the highway system in the Country.

Mr. LAHOOD. Well, I think it is pretty difficult. I met with the Governor of Michigan yesterday and she told me that their unemployment rate is 12 percent, and if the automobile industry continues in the decline that it is in, it is going to be higher than that.

How do you say to people you are going to raise their gasoline taxes when 12 percent of the people in Michigan are out of work? It is very difficult to do that and we are not in a mode to do that. We are in a mode to think about a lot of other things.

Senator VOINOVICH. Then what you tell them is, I am sorry, folks, we are not going to be able to do the job that needs to be done in our Country, to take care of the logjams and other things that you have. We are not going to do it. We are going to delay this for a couple of years of whatever it is. But we just have to be honest with people. It is time to level with them.

Senator BOXER. Senator Voinovich.

Senator VOINOVICH. Yes.

Senator BOXER. Thank you for that candor.

I just think that before you said everything was on the table. Now you said the gas tax is not on the table. All I want to say is, I am averse to raising the gas tax. But I have not signed a pledge, and that means I am willing to see what we have to do.

Now, we are going to have this meeting this afternoon. We are putting everything on the table. There are some proposals not to raise the tax, but to index it to inflation in the future. Now, I would urge you to take a look at that because if you index it to inflation in the future, you are not raising it today and you are doing it in the future. And by the way, if there is no inflation, it doesn't go up.

But I just think we all, including myself, you know, we have to be completely flexible here because at the end of the day, you know, I think Senator Voinovich has been very forceful on the point, this is one of our constituents' biggest complaints. I don't care where you live. It is a problem: congestion, pollution, congestion, pollution, falling behind, goods movement, business losing money, all this and that.

Now, Senator Udall did come in to ask a question, a couple of questions to the Secretary, so I will allow that, but then, drum roll, we will hear from Ed Rendell and our head of the Conference of Mayors.

Yes.

Senator UDALL. Thank you, Madam Chair.

Senator BOXER. The League of Cities. Sorry.

Senator UDALL. Secretary LaHood, the issue I wanted to have you focus on a little bit is how we bring back the railroads. And you can enlighten, I think, all of us, but I understand that it is much more efficient to move goods and people on railroads than it is to move them in automobiles and trucks. And so if we are trying to be energy efficient, we should be moving in that direction.

My Governor, Governor Richardson, who I believe you served with in the House, has been a real leader in terms of commuter rail. We have now built about 80 miles of commuter rail from Belen, New Mexico up to Santa Fe. And the ridership is going up. I mean, when we hit $4 gasoline, they couldn't put enough rail cars on the system in order to accommodate people at certain times of the year.

So I really believe that commuter rail is the way to go, and bringing back our railroads. And I hope that your Transportation Department will be at the front edge of that. So I really want, my question is what actions will you pursue to provide funding or to encourage commuter rail and to move in that energy-efficient area where you have rail being more efficient than some of our other modes of transportation?

Mr. LAHOOD. Senator, let me say that a couple of things we want to do to implement the Amtrak program that was passed by Congress. It is a very good bill and we want to be at the forefront in working with all of you to implement that. The President personally put $8 billion in the recovery plan for high speed rail to launch our opportunities in America for the first time, and to say to Americans that high speed rail has a priority.

He also has put a marker down for the next 5 years, $1 billion in each of his budgets for the next 5 years for high speed rail. We have identified corridors in the Country where this can be implemented rather quickly. We are in all different iterations of high speed rail, but there are some places that could begin rather quickly. You have a President and his team in the White House that comes from the Chicago area where people getting on trains every morning is a common practice, whether they live 25 miles from the city of Chicago or just a few minutes from downtown. They have one of the best mass transit systems in terms of delivering people to jobs of anyplace in America.

So the President's vision is that we do get people on to light rail, on to buses, on to mass transit, and on to high speed rail in order to get them out of their automobiles and provide opportunities for people to use this.

When gasoline prices went up, ridership on transit, light rail, and Amtrak went way up. And even as gasoline prices have fallen, the ridership has stayed up. People found that it was efficient. It was one time and it was comfortable. And we want to continue that kind of progress, and we know that Congress is committed through the Amtrak bill that you all passed. And I can tell you, this President is committed to the idea that passenger rail is very, very important and a priority for this Administration and for the Department of Transportation.

Senator UDALL. Thank you very much. And it is great to hear that you support that Amtrak bill and that the President has put

in his budget the kinds of funds that I think are going to allow us to do that.

One of the areas that is the most under served in terms of transportation is Indian reservations. I have many in my State and I know that there is a significant amount of money, I think it is to the tune of about $310 million for Indian reservation roads. Apparently much of that, because you have interstate highways, is used on those that are within the Indian reservation, and then the other tribal roads are neglected.

So I hope that you will work with me to see that we can get money out to those other tribal roads. And I think one of the ways to do that would be the piece of legislation, SAFETEA-LU, established a Deputy Assistant Secretary for Tribal Government Affairs. I hope that you will fill that position. I don't believe the position has been filled. I think it would help you reach out to tribal communities and bring them together and figure out the best ways to provide transportation on Indian reservations across the Country.

Thank you very much.

Mr. LAHOOD. Well, I take your point, but I would also tell you, Senator, that none of our positions have been filled, so it is not just that one. We are working on it.

[Laughter.]

Senator UDALL. If you send them over here, our Chairman has been great at moving these positions along that she has jurisdiction over.

Senator BOXER. Once they come through here, we will try to do our best.

Mr. Secretary, thank you.

Mr. LAHOOD. Thank you.

Senator BOXER. You have been more than kind.

Mr. LAHOOD. Thank you.

Senator BOXER. I think it has been very important. So thank you so much.

If we can move very quickly, we are going to open it up with Governor Rendell, our long-awaited Governor, and Hon. Kathleen Novak, President of the National League of Cities.

We honor you. We welcome you. And I think the stage has been set now for you to give us that final push forward.

I would ask people to leave very quickly and quietly. Thank you, because we have a vote that starts around the noon hour. We want to get started.

Governor, I am going to give you 7 minutes, and I am going to give Kathleen Novak 7 minutes, so please begin.

STATEMENT OF EDWARD G. RENDELL, GOVERNOR, STATE OF PENNSYLVANIA

Governor RENDELL. Good morning, everyone. It is a pleasure to be here.

I am going to break my testimony into three parts. No. 1, defining the problem. And I think you have all asked that question, what exactly is the problem. No. 2, suggestions on how we can come up with the funds to deal with the level of funding that is needed. And No. 3, how we sell this in a very difficult economic time to the American people.

Let me start out by saying I am here wearing three hats. First, as the Governor of the Commonwealth of Pennsylvania. Senator Udall, you said your State has 100 structurally deficient bridges. We have 6,000, despite the fact that I have tripled State funding on bridge repair in my 6 years as Governor.

I am here wearing a second hat, and that is as one of the co-chairmen of Building America's Future, an organization that is dedicated to revitalizing the American infrastructure, and to having a major infrastructure revitalization program over the next 5 to 10 years. My co-chairs are Governor Schwarzenegger and Mayor Bloomberg.

And third as the President of the National Governors Association. The Governors this year have devoted, as our project for the year, infrastructure revitalization.

Let me start with the first question. When Senator Inhofe said he estimated the Federal gap at $400 billion to $500 billion, he is correct. If you take what the American Society of Civil Engineers says, we have a $2.2 trillion gap just to put what we have in good condition. They say that that needs to be spent over the next 5 years.

If you take State, local and Federal funding, we are destined to spend about $1.1 trillion over the next 5 years. It is about a $1 billion or $1.1 billion gap. But the Federal Government isn't, and shouldn't be, expected to fill all of that. I would say $500 billion is the appropriate Federal share of that gap. There should be State and local funding and private investment filling in that gap.

The second report is your own Surface Transportation Commission, which said you have a $140 million gap each year in just transportation infrastructure. The Society of Civil Engineers was all infrastructure. We are spending as a Nation $80 billion a year, that is Federal, State and local. We should be spending $220 billion a year. So that would be over 5 years just for transportation, a $700 billion gap.

So the definitions of the gap are pretty certain and pretty clear, and I think they are right on.

Now, how do we fund that gap? There are a number of suggestions in the financing report of the Surface Transportation Committee, and they are all good, but they are death by a thousand cuts. There is a little fee here, a little fee there. By the time you are finished, you will have raised about 17 fees and taxes, including the gas tax, as Senator Voinovich recommends.

That doesn't mean they are bad, but I think it is a very difficult way to sustain the dollars that we need. We support many of them as an organization. We support, for example, radically increasing TIFIA, the Transportation Infrastructure Finance and Innovation Act. In the stimulus bill, TIFIA is given $200 million of additional authority to guarantee loans, to do direct loans to projects to fill the bridge. These are projects that have private funding. We think TIFIA should be radically increased. We want to lift the $15 billion cap on private activity bonds.

It is all in here, and they are good suggestions, and they all can total up to a decent figure. But in my judgment, there is only one way that we are going to come to grips with the financing problem that we need for infrastructure in this Country, and that is for the

Federal Government to do exactly what every State does, every city does, and every county does, and have a capital budget. It's as plain and simple as that.

That $500 million share, $500 billion share, Senator Inhofe, you could do that if you have a capital budget for $45 billion a year in debt service. Now, I am not saying $45 billion a year is easy. It isn't. It isn't easy. But it is doable. It is achievable. And that would produce the $500 billion of the billion dollars that needs to be done by State, Federal, local and private sources of income. So I think whether you would do Federal Garvey bonds, or you call it that, or you do an actual capital budget, it is time to do it.

President Clinton convened a Commission on Capital Budget, and Jon Corzine out of Goldman Sachs, and Kathleen Brown, the Treasurer of California, were the co-chairs. I testified before that Commission as the Mayor of Philadelphia and as the head of an organization called Rebuild America. I testified in favor of a capital budget. The Commission took testimony and made a report with no recommendations.

The time has come for us to deal honestly with the problem. Senator Voinovich is right. A gas tax increase on the Federal level would help, but it is not in and of itself the long-term answer.

Third, how do we get public support, particularly in this troubled time? I am sorry Senator Baucus couldn't stay, because I know he has a whole host of other responsibilities, but he couldn't be more wrong about the infrastructure bank. We need something created first of all to deal with multi-State projects. We have no mechanisms for multi-State projects right now. Each State gets its allocation from SAFETEA-LU.

There are earmarks. I am a supporter of earmarks. As Senator Lautenberg knows, he and I have done a few over the years. Most earmarks are good. They are right on the money and they help transportation needs in this Country. But the public hates them, and no matter what you do, no matter how good earmarks are, no matter how many controls you put in, earmarks will be a dirty word in the American political lexicon going forward.

We at Building America's Future took a poll. We had Frank Luntz do the poll. I am sure you are all familiar with Frank. And the poll found that 81 percent of Americans would pay 1 percent more on their Federal income tax, and by the way, the poll was taken in December in the middle of the recession, and 81 percent would pay 1 percent more on their Federal income tax, and that was 90 percent Obama voters. Seventy-five percent of people who voted for John McCain said they would pay more in taxes if they could be assured that the decisions on infrastructure spending were transparent, accountable, and made not through the political system, but made by some balance that took into account cost-benefit analysis, value to the Nation, does it meet other long-term goals like climate change, et cetera.

So I think we need an infrastructure bank. All Federal funding shouldn't funnel through the infrastructure bank. Each State should get their own regular stipend because we don't want to leave out the rural States. But for the major projects, for the projects that are going to change the way this Nation does its infra-

structure, the way we transport goods, the way we move people, we need a facility to make those decisions.

Now, just because it is an infrastructure bank, it doesn't mean that there can't be any input into it by the Congress. You could fashion something that has a certain amount of appointees from the Administration, a certain amount of appointees from each caucus of the Congress. So I think we need something like that for major projects, but most of all we need to be able to sell this to the American people.

And the good news is, last thought, most of these funding sources and the capital budget have relatively moderate impact on the operating Federal budget.

Thank you.

[The prepared statement of Governor Rendell follows:]

TESTIMONY OF GOVERNOR EDWARD G. RENDELL
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
MARCH 25, 2009

Madam Chairman, Ranking Member Inhofe, and Members of the Committee, thank you for the opportunity to testify before you this morning on the vast infrastructure needs of our nation. This hearing could not be more important as I believe this issue is one of the most urgent our country faces.

Because of that urgency, last year I joined with California Governor Arnold Schwarzenegger and New York City Mayor Michael Bloomberg to form Building America's Future. Our bipartisan coalition of state and local elected officials shares a vision for a new era of increased national infrastructure investment that will spur job creation and long-term U.S. economic competitiveness, address global warming and our dependence on fossil fuels, and enhance safety and the quality of life for our citizens and communities.

Transparency, accountability and reform are the pillars which guide us – we pledge to spend public dollars wisely in our states, cities and counties. And we boast a diverse and growing membership from all across the country.

As the current Chair of the National Governors Association, I have also made infrastructure the main focus of my tenure, and the response from my fellow governors has been overwhelming. States across the country are spending an ever-larger portion of

their budgets on infrastructure and they cannot continue, especially in light of the current economic crisis. And investing in infrastructure is an area of broad, bipartisan consensus.

I know I don't need to tell this Committee, which has taken the lead on so many key infrastructure issues, from highways to water to public buildings, about the challenge before us. In January, the American Society of Civil Engineers issued its most recent report card on the state of the Nation's infrastructure and gave it an overall grade of D. ASCE estimated that our Nation needs to invest $2.2 trillion over five years just to get our current infrastructure into "good" condition – an increase of 38 percent from just five years ago. And yet we are currently spending less than $200 billion per year at all levels of government combined on our Nation's infrastructure, leaving a funding gap of over $1.1 trillion over the next five years.

And, as Members of Congress, you experience firsthand the demand from your local communities for infrastructure investment. In the Fiscal Year 2009 Omnibus bill that President Obama just signed into law, approximately 70 percent of the earmark dollars were for infrastructure projects. While some earmarking lacks merit, many of the earmarks demonstrate the large and legitimate unmet infrastructure needs our country faces. A well-funded and carefully crafted national infrastructure policy could better address the needs and priorities of our citizens and communities and thereby reduce the impetus for earmarking.

But our constituents will not support increased public investment in transportation unless we make dramatic changes to the current structure of our Federal programs. We cannot

continue to channel billions of dollars through the same old programs which lack innovation, accountability, market discipline and an outcome-driven focus. We must invest more in transportation, but first we should decide what the policy and performance goals for our system should be. We should then target funds at the projects and programs that best achieve those goals. Taxpayer dollars are too precious to spend on projects that fail to achieve national objectives.

Building America's Future and the NGA recently commissioned a national poll by Frank Luntz which found that public support for infrastructure investment is high, but it is predicated on how much confidence the public has that such funds are spent transparently and accountably. The American people will only have confidence in an ambitious infrastructure bill if it provides:

1. An accountable, transparent and merit-based process to decide what is built and to ensure that those projects meet key national goals, incorporate appropriate pricing mechanisms, and provide good value for taxpayers;

2. Responsible maintenance of our extensive existing infrastructure while addressing new needs in an economically efficient way;

3. Jobs for American workers and orders from factories located in the U.S., while enhancing our nation's long-term economic competitiveness; and

4. Environmental sustainability by reducing fossil fuel consumption and carbon emissions, while improving safety and quality of life for our citizens and communities.

If we are to finally step up and fully address the nation's transportation challenges, we need to make a substantial and sustainable financial commitment. There is clearly no silver bullet to accomplish this, but fortunately there is a good menu of financing options available. While we agree that the gas tax is no longer a sustainable way to fully finance surface transportation, it is still a necessary element. And clearly transportation should receive some portion of revenue derived from a cap and trade system for reducing carbon emissions. In addition, collecting revenues based on vehicle miles traveled is a potentially useful ingredient in an overall infrastructure financing system.

Likewise, congestion pricing and increased flexibility with respect to tolling on Federal Interstates are necessary since user charges are needed to attract private capital to certain aspects of infrastructure financing. Finally, just as our nation rebuilt after World War II by issuing war bonds, American Infrastructure Bonds may also offer a viable way to demonstrate public confidence and support to rebuild our nation's assets.

A National Infrastructure Bank can play a role as a financing vehicle for projects that have major national impact or are multi-state. I know that many in Congress are concerned about how an infrastructure bank would work, but I ask you all to keep an open mind. There are models worth studying in other parts of the world, the TIFIA

Program (Transportation Infrastructure Finance and Innovation Act) here in the U.S., and the California Infrastructure and Economic Bank, which has been up and running for nearly a decade and now manages a large portfolio of projects.

I believe a well-crafted National Infrastructure Bank, with direction from Congress and the Administration, can help address the unmet transportation and infrastructure needs in this country – needs that all of us hear about daily from our constituents. An infrastructure bank would choose projects based on merit, which would create a healthy level of competition among states, cities, towns and agencies to develop projects that achieve the best results in the most cost-effective way.

One apt analogy may be the National Institutes of Health. We trust the NIH to conduct and sponsor our nation's most important medical research on cancer, HIV/AIDS and heart disease, for example. Many of those research projects are bid on a competitive basis and the grantees are selected in a rigorous and science-based process. An infrastructure bank could bring that same level of national purpose and professionalism to addressing the U.S.'s top infrastructure priorities.

And an infrastructure bank can help leverage private funds and reduce upfront costs to the Federal budget. The key to making this concept work is to replicate what is in place in many cities and states – a capital budget – where the costs of a valuable asset are accounted for over its useful life of 20 or 30 years instead of all up front. Applying this principle to an infrastructure bank would allow it to get started without a dramatic effect

on the Federal deficit in the short term and to finally begin paying for capital assets over their useful lives.

The challenges we face with regard to our nation's transportation system are great, but they also present great opportunity. It's been over 50 years since President Eisenhower embarked on his vision of connecting our nation by building the Interstate Highway System. Now that this system is complete, we must harness our great resourcefulness and ingenuity as a nation to bring transformational change to our transportation policy.

We must now create a 21st Century transportation policy that fosters good-paying jobs, improves U.S. economic competitiveness, moves people and goods efficiently, enhances quality of life for our citizens and communities, and creates a cleaner, healthier, safer environment for our families. We must not let this once-in-a-decade opportunity slip by – the consequences are too great.

I look forward to working with this Committee and other leaders and stakeholders throughout the country to start the process of investment and reform that will build lasting, productive assets and provide economic dividends for generations to come.

Thank you, Madam Chairman, Ranking Member Inhofe, and Members of the Committee. I welcome your questions.

Senator Tom Carper's Questions

1. Clearly the need for investment in our transportation system is greater than the resources available. But there is some trepidation about spending more on the current program. Are there changes to the program – in other words, the transportation product – that might boost support for increased funding? What changes in policy are needed at the state, local and federal level to produce that?

Answer: Building America's Future believes that the public will only support increased investment if it is coupled with bold reforms to the current surface transportation programs. We cannot continue to channel Federal funds through the same old programs which lack innovation, accountability, transparency and an outcome-driven focus. We must first identify the policy and performance goals for our transportation system. We should then target funds at the projects and programs that best achieve these goals. BAF believes that the American public will only have confidence in an ambitious infrastructure bill if it provides:

a. An accountable, transparent and merit-based process to decide what is built and to ensure that those projects meet key national goals, incorporate appropriate pricing mechanisms, and to provide good value for taxpayers;

b. Responsible maintenance of our extensive existing infrastructure while addressing new needs in an economically efficient way;

c. Jobs for American workers and orders from factories located in the U.S., while enhancing our nation's long-term economic competitiveness; and

d. Environmental sustainability by reducing fossil fuel consumption and carbon emissions, while improving safety and quality of life for our citizens and communities.+

2. Transportation is the fastest growing sector in terms of greenhouse gas emissions, producing 30% today. To address this, we are going to need to make more fuel efficient cars, provide more renewable fuels, and create a more efficient transportation network with greater alternatives to driving. Senator Specter and I have introduced a bill (S.525) to provide proceeds from an auction of carbon credits to fund transportation projects that reduce greenhouse gas emissions. What should we expect the transportation system to contribute to the climate solution? And how should this be addressed in climate change legislation?

Answer: Changes to transportation policy can have a major impact on reducing carbon emissions and BAF believes both issues must be addressed in tandem and we support the goals of S. 525. For example, we should make the carbon impacts an integral part of project evaluation and we must make transit and passenger rail a focal point of the next surface reauthorization bill. The U.S. should develop a high-speed rail network which

would replace short haul flights of 500 miles or less. And we must continue to incentivize more fuel efficient vehicles. Finally, we must introduce better pricing into our roadway system to reduce carbon emissions as well as better manage peak congestion and raise revenue to fund expansion of transit.

3: All the sources of funding for transportation being currently debated require more driving to produce funding – gas tax increase, VMT tax, tolling, etc. Are there any solutions, other than funding from a climate change bill, that could generate funding through anything other than driving and (in the short term) burning of oil?

Answer: A National Infrastructure Bank can play a central role for projects that have major national impact or are multi-state. An infrastructure bank can help leverage private funds and reduce upfront costs to the federal budget. The key to making this concept work is to replicate what is in place in many cities and states – a capital budget – where the costs of a valuable asset are accounted for over its useful life of 20 to 30 years instead of all up front. Applying this principle to an infrastructure bank would allow it to get started without dramatic effect on the federal deficit in the short term and to finally begin paying for assets over their useful lives.

Additionally, Congress should lift the current federal tolling restrictions on interstates so that states and localities have greater flexibility in addressing their infrastructure needs. We built many of the interstates over 50 years ago; many are now in need of major repair and refurbishment and in some areas charging tolls will be an essential funding component and encourage more economically efficient use of the roadways. If the interstate tolling ban had not been in place, I would have been able to move forward in implementing PA State Act 44 and tolling I-80, which would have generated needed revenue without turning to Washington.

Other options to add to the funding mix are greater use of bonding. Just as our nation rebuilt after World War II by issuing bonds, American Infrastructure Bonds may also offer a viable way to demonstrate public confidence and support to rebuild our nation's assets.

Private investment must also play a greater role. Private investment funds are capable of leveraging hundreds of billions of dollars worldwide. Public private partnerships (PPPs) have been used successfully for decades in Europe and Asia. The Indiana Toll Road and the Chicago Skyway are examples of successful PPPs in the US with other projects underway in Texas, Virginia and Florida. We believe PPP deals can be structured to protect the interests of taxpayers and public employees while raising revenue and improving service and operations.

Finally, applying a VMT user charge does not have to require more driving so much as more accurately charging a vehicle for its use of the transportation asset. As vehicles become more fuel efficient and alternative fuels become more readily available, revenue from the gas tax has fallen – despite increases in VMT. We must seriously consider imposing a more realistic user charge which is based on VMT as well as on vehicle

weight and can also include congestion charges and/or fuel efficiency charges. These types of technologies are already available and in use in Germany where trucks are charged a fee based on weight, VMT and by how much carbon dioxide they emit.

Senator James Inhofe's Questions

1. Do you believe that $27.5 billion for highways in the stimulus plan, in any way reduces the importance of re-authorizing a robust multi-year highway bill before it expires on September 30th of this year?

Answer: No. The transportation funding included in the American Recovery and Reinvestment Act is a welcome down payment in addressing our nation's infrastructure needs, but it falls far short of what we need to invest in transportation over the next six-years. While it is crucial that we reauthorize the Federal surface transportation bill, we must implement significant programmatic reforms.

Building America's Future believes that the public will only support increased investment if it is coupled with bold reforms to the current surface transportation programs. We cannot continue to channel billions of dollars through the same old programs which lack innovation, accountability, market discipline and an outcome-driven focus. We must first identify the policy and performance goals for our transportation system. We should then target funds at the projects and programs that best achieve these goals.

2. You have supported a proposal to privatize the Pennsylvania Turnpike and also a proposal to put tolls on Interstate 80. As we move forward, how important do you see public private partnerships as a tool for addressing the funding shortfalls for highway needs?

Answer: Public private partnerships (PPPs) must continue to play a role in financing infrastructure. Private investment funds are capable of leveraging hundreds of billions of dollars worldwide. These funds are simply looking for the right places to invest. PPPs have been used successfully for decades in Europe and Asia. The Indiana Toll Road and the Chicago Skyway are examples of successful PPPs in the US with other projects underway in Texas, Virginia and Florida. We believe PPP deals can be structured to protect the interests of taxpayers and public employees while raising revenue and improving service and operations.

Additionally, Congress should lift the current federal tolling restrictions on interstates so that states and localities have greater flexibility in addressing their infrastructure needs. We built many of the interstates over 50 years ago; many are now in need of major repair and refurbishment and in some areas charging tolls will be an essential funding component and encourage more economically efficient use of the roadways. If the interstate tolling ban had not been in place, I would have been able to move forward in implementing PA State Act 44 and tolling I-80, which would have generated needed revenue without turning to Washington.

3. You have championed a National Infrastructure Bank to finance major infrastructure projects. Who should pay to fund this bank and how would it be

spent? Are you concerned about creating more debt instead of sticking with our traditional "user financed", pay-as-you-go process?

Answer: The truth is we no longer have a "pay-as-you-go" process. SAFETEA-LU authorized a surface transportation program that spent more money than was raised through the Federal gas tax. As a result, the program has spent all the accumulated balances in the Highway Trust Fund and is now relying on general funds, adding to the current Federal deficit. Estimates are now that merely continuing current spending levels for the next transportation bill would require raising the gas tax by 7 to 10 cents a gallon and many of us believe the program needs to grow significantly. So all options on the table before us present us with tough choices and BAF believes an infrastructure bank is one sensible solution given the current economic climate of the nation.

A well-crafted national infrastructure bank, with direction from Congress and the Administration, can play a role for projects that have major national impact or are multi-state or have an important impact in a rural community. An infrastructure bank would choose projects based on merit, which would create a healthy level of competition among states, cities, towns and agencies to develop projects that achieve the best results in the most cost-effective way.

The key to making this concept work is to replicate what is in place in many cities and states – a capital budget – where the costs of a valuable asset are accounted for over its useful life of 20 to 30 years instead of all up front. This is taking on debt, but it is debt for long-term assets, rather like it makes sense to have a mortgage to purchase a home or for a business to borrow money to invest in plants and equipment.

Applying this principle to an infrastructure bank would allow it to get started without dramatic effect on the Federal deficit in the short term and to finally begin paying for assets over their useful lives. For example, if the bank is capitalized with $500 billion in debt financing it would require a federal general fund appropriation of approximately $45 billion per year in debt service. If you couple this approach with improvements in the tax code that make private investment in the bank more attractive, that $500 billion in Federal investment could leverage another $1.5 to $2 trillion in private, state and local investment.

Senator George Voinovich's Question

Q: A recent AASHTO study shows that the worst bottlenecks on Ohio's interstate highways caused up to 2,500 hours of truck delays per day, which wastes fuel, creates more air pollution, and is efficient for shippers. By 2010, these bottlenecks will affect up to $309 billion worth of freight shipments, costing shippers up to $200 per hour of delays. Intermodal transportation could help alleviate these delays. During SAFETEA-LU, I worked on an intermodal project with Norfolk Southern and the Columbus Regional Airport.

Currently, the DOT constrains effective intermodal planning. DOT is focused around functional areas (i.e., freight, metropolitan mobility, etc) rather than modes. Intermodal plans by their nature tend to cut across different modal areas. Funding decisions at DOT are made within agency silos, which impede the effective allocation of resources among different types of transportation assets. I know that NGA has also been a strong proponent of intermodal transportation. What role do you believe the DOT should play in encouraging a better balance of freight between highways and railroads?

Answer: Congress and the State DOTs do have a role to play in fostering intermodalism. The current surface transportation program provides funds through modal categories, focused mainly on highways, with no dedicated funding for freight or passenger rail, for example. If the Federal program would target more of the funding towards achieving programmatic goals, such as improving goods movement, instead of by mode, then states could use the funds to best address their specific transportation challenges. Furthermore, State DOTs can use Federal funds to address some of these challenges. For the first time, the American Recovery and Reinvestment Act allows states to use Surface Transportation Program money for freight and passenger rail projects. If states like Ohio take advantage of this new flexibility, it will help us all make the case for increasing those investments in the future.

Building America's Future believes that major improvements to our nation's freight network must be undertaken for us to remain economically competitive in the global marketplace. As such, there must be a freight component to the next surface transportation bill. Our nation's highways are becoming more congested and goods movement is becoming increasingly constrained. We need to invest more in our freight network and also incorporate more innovative solutions in to addressing this challenge.

Senator BOXER. Thank you, Governor.

The Honorable Kathleen Novak, thank you for being with us.

STATEMENT OF KATHLEEN M. NOVAK, PRESIDENT, NATIONAL LEAGUE OF CITIES; MAYOR, NORTHGLENN, COLORADO

Ms. NOVAK. Thank you, Madam Chair, Ranking Member Inhofe, and members of the Committee.

I am Kathy Novak. I am the Mayor of Northglenn, Colorado and President of the National League of Cities. The National League of Cities is the Nation's oldest and largest organization devoted to promoting cities and towns as centers of opportunity and innovation. We represent over 19,000 cities and towns from New York City, with eight million people, to Taos Ski Valley, New Mexico with 56. So when we come, we speak with a collective voice that represents both urban and rural interests.

You have my written statement, so I would like to just offer a couple of comments based on what I have heard so far today. I am pleased to be here with former Mayors Inhofe, Voinovich, Sanders and Rendell. So often, my citizens come to me and see government as government. They don't really distinguish the Federal, State and local levels. So I am getting questioned every single day: What are you doing about immigration? What are you doing about transportation? What are you doing about homeland security?

And while local governments are certainly partners, we need I think to do a better job of really working together in a seamless manner to serve the people that we all serve.

I was reminded by Senator Baucus's comments about the story, and he was talking about the crisis, and how we respond very well to crisis. There is a story about boiling frogs, that if you throw a frog into a pot of boiling water, he immediately reacts and jumps out. However, if you put a frog in cold water and slowly turn up the heat, he will boil to death because he doesn't realize the crisis that he is getting into.

That is, I think, how we have treated our transportation system. We made great investments in our national highway system, but we have been slowly turning up the heat, not investing the way we need to, and are now at a crisis point.

I think this situation really requires a sustainable revenue source, as you were talking about, Senator Voinovich, one that is really dedicated to meeting our needs. But it is more than just throwing money at the process, just money at the situation. And we really need a collaborative partnership between all levels of government to make this work.

Hometown America is where investments meet Federal, State and local policy goals. For our citizens, transportation is not an end in and of itself, but a means to an end. It is about getting our kids to school. It is about getting to work. It is about providing and accessing the goods and services that we need. It is critical to economic development and quality of life.

Transportation isn't just highways and bridges, but it is rail, and air, roads, pedestrian bikeways, and transit. And all of these must work in a systematic way in sync with our environmental goals, our economic development goals, affordable housing goals, and livable community goals.

According to the Brookings Institute, individual household investment in transportation has risen. It is now the second largest expense for most Americans after housing. As we better understand the impact of transportation systems and the impact that they have on environmental quality, economic strength, housing and public health, all levels of government need to think comprehensively about how we ensure that all transportation investments yield a greater level of return for our residents.

In my region, we often talk about driving until you qualify, that you have to drive further and further away from the Denver metro area in order to qualify and get affordable housing. Well, people are just trading housing costs for transportation costs, and that is in direct conflict with our regional goals of increasing density, reducing congestion, improving our air quality, and discouraging sprawl.

We encourage you, and actually we want to work with Congress to develop a comprehensive national transportation plan that does a number of things: strengthen our cities and towns as centers of economic growth; create economic opportunity for all our residents; recognize the link between energy consumption and transportation; and help us meet our goals for livable, vibrant, health and sustainable communities.

I think this partnership involves breaking down silos not just between governments, but within the different levels of government. For example, metropolitan planning organizations, which play a large role in bringing a variety of communities together in a region, are making transportation decisions. But often the Federal programs aimed at helping communities are too siloed with different rules, different timeframes, different sources of funding, and different regulatory frameworks that don't allow the local officials to integrate these programs efficiently to better serve our communities. And that is just within the transportation programs.

I think Secretary LaHood's creation of the TIGER team to really help break down the bureaucracy, work among the different departments and agencies of the Country, of the Federal Government, will really help local governments.

The National League of Cities applauds last week's announcements by Secretaries LaHood and Donovan to link Federal housing and transportation programs, and we look forward to working with both of these agencies to develop integrated planning and better coordinate these important programs.

This is, I think, the first step to help break down the complexities. It is often overwhelming. I have been in local government as a City Council member and a Mayor for 18 years now. And I still don't understand how it all works.

But when I look at a transportation program, for example in our area we are trying to develop FasTracks, a metro-wide system buildout. And when I look at a project in my area, it could potentially involve affordable housing, senior housing, day care, CDBG, transit funding, transportation enhancement funding, energy efficient street lighting, potentially brownfields sites, issues of access to credit, all with trying to follow the principles of Complete Streets and NEPA requirements.

There is so much there and so much energy, time and resources devoted to dealing with the bureaucracy that I don't think we are really leveraging the dollars as well as we could.

Local government has been partner and has raised taxes in order to deal with our transportation systems and fund them. And we need to continue to invest in both maintaining our current infrastructure, as well as building a real system that works for all Americans.

We look forward to partnering with the Federal Government. Just last week, we had over 2,500 local officials here for our congressional City Conference. Really, I think it launched a renewed intergovernmental partnership, and I am here today to pledge NLC's support, to work with you, to collaborate in developing a forward-looking infrastructure that encourages economic recovery and growth and sets the stage for the future success of our Country.

I appreciate the opportunity to speak with you today. Thank you very much.

[The prepared statement of Ms. Novak follows:]

To strengthen and promote cities as centers of opportunity, leadership, and governance.

National League of Cities

1301 Pennsylvania Ave., N.W.
Washington, D.C. 20004-1763
202-626-3000
Fax: 202-626-3043
www.nlc.org

2009 Officers

President
Kathleen M. Novak
Mayor
Northglenn, Colorado

First Vice President
Ronald O. Loveridge
Mayor
Riverside, California

Second Vice President
James E. Mitchell, Jr.
Council Member
Charlotte, North Carolina

Immediate Past President
James C. Hunt
Councilmember
Clarksburg, West Virginia

Executive Director
Donald J. Borut

Written Testimony of

The Honorable Kathleen Novak
Mayor, Northglenn, Colorado
President, National League of Cities

Before the
U.S. Senate Committee on Environment and Public Works

Washington, DC
Wednesday, March 25, 2009

Past Presidents: **John DeStefano, Jr.**, Mayor, New Haven, Connecticut • **Brian J. O'Neill**, Councilman, Philadelphia, Pennsylvania ***Directors:*** **John S. Brenner**, Mayor, York, Pennsylvania • Ca
Brewer, Mayor, Wichita, Kansas • **William G. "Bill" Brooks**, Mayor, Belle Isle, Florida • **Jim Byard, Jr.**, Mayor, Prattville, Alabama • **Malcom Chapman**, Alderman, Rapid City, South Dakota • **Miguel A**
Chavez, Councilor/Mayor Pro Tem, Santa Fe, New Mexico • **Brad Cole**, Mayor, Carbondale, Illinois • **Mildred C. Crump**, Councilwoman at-Large, Newark, New Jersey • **Joseph A. Curtatone**, Mayo
Somerville, Massachusetts • **Joe Davis, Sr.**, Alderman, Milwaukee, Wisconsin • **Gretchen Driskell**, Mayor, Saline, Michigan • **Doug Echols**, Mayor, Rock Hill, South Carolina • **James J. Finley, Jr**
Executive Director and CEO, Connecticut Conference of Municipalities • **Larry G. Frang**, Executive Director, Illinois Municipal League • **J. David Fraser**, Executive Director, Nevada League of Cities an
Municipalities • **Miriam Hair**, Executive Director, Municipal Association of South Carolina • **Rap Hankins**, Council Member, Trotwood, Ohio • **Deborah A. Hill**, Councilwoman, Warrensville Heights, Ohio
Edna Branch Jackson, Mayor Pro-Tem/Alderman at-Large, Savannah, Georgia • **Bobby G. Kilgore**, Mayor, Monroe, North Carolina • **George Lewis**, Executive Director, Mississippi Municipal League
Sylvia L. Lovely, Executive Director, Kentucky League of Cities, Inc. • **Robin Lowe**, Council Member, Hemet, California • **Myron Lowery**, Council Member, Memphis, Tennessee • **Sam Mamet**, Executiv
Director, Colorado Municipal League • **James F. Miller**, Executive Director, League of Minnesota Cities • **Mark Mitchell**, Council Member, Tempe, Arizona • **Garret L. Nancolas**, Mayor, Caldwell, Idaho
Frank C. Ortis, Mayor, Pembroke Pines, Florida • **Teresa Paras-Caracci**, Council Member, Duarte, California • **Elizabeth C. Paterson**, Mayor, Mansfield Center, Connecticut • **Randall W. B. Purvis**, Coun
Member, Colorado Springs, Colorado • **Debbie W. Quinn**, Councilmember, Fairhope, Alabama • **Sonja Reece**, Mayor Pro Tem, Normal, Illinois • **Ed P. Reyes**, Councilmember, Los Angeles, California
Sergio Rodriguez, Alderman, New Haven, Connecticut • **Steve Salazar**, Councilmember, Dallas, Texas • **Audwin M. Samuel**, Mayor Pro Tem, Beaumont, Texas • **Sharyn T. Tallman**, Councilo
Parkersburg, West Virginia • **James Taylor**, Councilman, Littleton, Colorado

I am Kathleen Novak, Mayor of Northglenn, Colorado and President of the National League of Cities. NLC is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for 19,000 cities, towns and villages, representing more than 218 million Americans.

As majority owners and operators of the nearly four million-mile national roadway network; half of the nation's bridges; managers of 90 percent of the transit systems; funders of 30 percent of the nation's investment in roads, highways, and transit, local governments play a key role in ensuring that transportation investments are implemented along the national transportation goals as laid out by Congress and the Administration.

Local governments have a large stake in this conversation. Hometown America is where investments come together with goals. We are where roads are paved and bridges built. As we look ahead to developing a national transportation system for the 21st century, we need to establish a framework that embraces a new federalism: one that empowers the best of all levels of government in the decision-making process. We need to reinvigorate the intergovernmental partnership to establish national transportation goals and priorities that meet our country's challenges.

Local governments want to work with Congress to develop a comprehensive national transportation plan that (1) strengthens our cities and towns as the centers of economic growth; (2) creates economic opportunity for all of our residents; (3) and recognizes the link between energy consumption and transportation.

As individual household investment in transportation has risen - now the second largest expense for more American households after housing according to the Brookings Institute - and as we better understand the impact transportation systems have on environmental quality, economic strength, housing and public health, all levels of

government need to think comprehensively about how we ensure that all transportation investments yield a greater level of return for our residents.

When we consider future transportation investments, NLC supports federal efforts to break down silos between and within the different levels of government. For example, while Metropolitan Planning Organizations play a large and important role in bringing regions together on transportation decision making, federal programs aimed at helping communities are too often siloed with different rules, time frames, sources of funding and regulatory frameworks, that do not allow local officials to integrate these programs efficiently to better serve their communities.

NLC applauds last week's announcement by Secretaries LaHood and Donovan to link federal housing and transportation programs and looks forward to working with HUD and DOT to develop integrated planning and better coordinate these important programs. These joint efforts will make investment more productive and goals easier to attain.

Our communities will benefit greatly from the down payment Congress and the President supported in the American Recovery and Reinvestment Act. Transportation programs, from airports to transit to high speed rail, not only invest in our infrastructure, but also invest in our human resources through job creation.

NLC believes that transparency and accountability in decision-making can add greatly to our understanding of how best to utilize limited funding resources to meet national goals, local leaders support these principles as part of the recovery package and future surface transportation programs.

As we begin the conversation to develop a new federal transportation program, NLC supports the following principles:

- Transportation drives local economies, which drive the nation. Local leaders must be part of the decision-making process on transportation investments that best serve local needs and meet local goals;

- Federal transportation policy must be coordinated with our country's energy and environmental policies to decrease reliance on foreign oil reduce greenhouse gas emissions, and other adverse public health impacts. Policies should be more environmentally sensitive and allow local elected officials to make the decisions on how federal transportation resources are invested. For example, NLC supports the metropolitan mobility program to reduce energy consumption endorsed by the National Surface Transportation Policy and Revenue Study Commission that encourages public transportation as part of a balanced approach to metropolitan mobility;

- Federal transportation policy that reflects a balanced transportation system approach that does not favor one mode over another but allows local leaders to take a lead role in making transportation decisions that fit regional goals. This would require changes in current federal programs which silo transportation program and bias some transportation modes in favor of others;

- The federal government must provide full funding for federal transportation programs that support bridges, roads, highways, transit and Amtrak, and support funding going directly to local governments, such as funding for transit, transportation enhancements, and the Congestion Management Air Quality Program that helps reduce congestion and protect the environment;.

- While most pressing, the shortfalls in the Highway Trust Fund are only one piece of the resource constraints faced at the federal, state and local levels to fund transportation programs. NLC supports creative, new approaches to transportation financing to reinvigorate our nation's investment in transportation

infrastructure. For example, in the Denver region, our local governments supported an increase in the gas tax to fund our transportation initiatives;

- The federal government must partner with local governments to meet America's pressing infrastructure needs and to ensure we have the transportation systems that will allow us to achieve our goals for our hometowns and our nation; and

- The federal discussion must recognize the central role of transportation to metropolitan economies by taking a holistic approach to transportation decisions, such as including the local voice in planning and project selection and choosing the best mix of transportation options to fit the needs of the region.

Last week, NLC hosted local leaders from across the nation in Washington to launch a renewed intergovernmental partnership. As a symbol of that partnership, I am here today to pledge NLC's support to collaborate with you in developing a forward looking infrastructure plan that encourages economic recovery and growth. Our members are committed to working with you to help make that reality.

We are optimistic that a growing consensus of Americans have recognized it is time for a new, updated approach to our national transportation system that takes a comprehensive approach, one that recognizes the crucial impact on the environment and energy consumption while aligning transportation with other national goals. This approach must recognize the vital role of local leadership in helping to define the federal role and implement it in a way that encourages continued economic growth and vitality.

We look forward to working with the Committee as you develop a new transportation program for the 21st Century.

Thank you.

Senator Thomas R. Carper

1. Clearly, the need for investment in our transportation system is greater than the resources available. But there is some trepidation about spending more on the current program. Are there changes to the program - in other words, the transportation product that might boost support for increased funding? What changes in policy are needed at the state, local and federal level to produce that?

We would agree that the current program needs major reforms before investing new funding. The current transportation program lacks vision and does not address our transportation or other needs in a comprehensive manner. The challenges of congestion, energy costs, environmental impacts and sprawl threaten the economic, social and environmental future of our cities and nation.

Sustainability is a defining issue of our time, with challenges including the threat of climate change, increased demand for energy and diminishing natural resources. Local governments have a central role to play in developing solutions to meet these challenges. We must accomplish the difficult task of expanding the transportation network's capacity to serve a growing population and an expanding economy while simultaneously reducing the carbon footprint of the system.

With the transportation sector accounting for approximately 28 percent of U.S. greenhouse gas emissions, federal transportation policy must be coordinated with our country's energy and environmental policies to decrease reliance on foreign oil, reduce greenhouse gas emissions, and mitigate adverse public health impacts. NLC supports pursuing a strategic, national transportation plan that includes a multimodal network that promotes the environmental, social, and economic development of our country.

Our transportation system must recognize and reward the linkage between efficient transportation systems, expanding transit, passenger and freight rail and encouraging other healthy transportation alternatives. A system that depends on burning oil to generate revenue works against the goals of livability and healthy alternative for our citizens. In addition, NLC is pleased with the joint DOT-HUD initiative on livable communities and looks forward to working with you to help translate these ideas into solutions for our communities.

We would like to see more authority and decision making ability to be placed at the metropolitan level, where transportation planning, land use planning and all the other elements of community development can be coordinated. Right now, federal program aimed at helping communities come with different rules, time frames, sources of funding and regulatory framework that do not allow local officials to integrate these programs efficiently to better serve their communities.

2. Transportation is the fastest growing sector in terms of greenhouse gas emissions, producing 30% today. To address this, we are going to need to make more fuel efficient cars, provide more renewable fuels, and create a more efficient transportation network with greater alternatives to driving. Sen. Specter and I have introduced a bill (S. 525) to provide proceeds from an auction of carbon credits to fund transportation projects that reduce greenhouse gas emissions. What should we expect the transportation system to contribute to the climate solution? And how should this be addressed in climate change legislation?

NLC supports your CLEAN-TEA legislation and legislation providing incentives for communities to better coordinate emissions, land use and transportation. With the transportation sector accounting for approximately 28 percent of U.S. greenhouse gas emissions, federal transportation policy must be coordinated with our country's energy and environmental policies to decrease reliance on foreign oil, reduce greenhouse gas emissions, and mitigate adverse public health impacts. NLC supports pursuing a strategic, national transportation plan that includes a multimodal network that promotes the environmental, social, and economic development of our country.

NLC supports dedicating a portion of the funds generated from a carbon emissions auction system toward energy efficient transportation solutions, including transit operation and capital, passenger and freight rail, and biking and pedestrian improvements. Funding dedicated toward these transportation programs will enable local governments to make critical enhancements to the livability of our communities

3. All the sources of funding for transportation being currently debated require more driving to produce funding - gas tax increase, VMT tax, tolling, etc. Are there any solutions, other than funding from a climate change bill, that could generate funding through anything other than driving and (in the short run) burning of oil?

As an organization, NLC has not developed a position on alternatives to financing transportation but communities across the nation have been exploring these alternatives. We would be happy to work with you on highlighting some of these options. NLC does support an increase in the gas tax until other options such as the VMT become available.

Local governments use a variety of taxes and fees and financing options to fund their transportation programs and NLC is working with the appropriate committees in the House and Senate to ensure their affordability in light of problems in the credit markets.

Senator James M. Inhofe

1. Do you believe that $27.5 billion for highways in the stimulus plan, in any way reduces the importance of re-authorizing a robust multi-year highway bill before it expires on September 30th of this year?

NLC applauds Congress and the President for their leadership in providing funding for the range of transportation projects provided to state and local governments under the stimulus plan, including the $27.5 billion for highways. We believe this investment will generate hundreds of thousands of jobs in communities across the nation, providing the foundation for future economic growth. This funding, however, is a down payment on the infrastructure needs of the nation.

According to a recent report released by AASHTO and APTA, in 2006, federal, state, and local governments spent $79 billion on highways and bridges but an investment of $166 billion a year is required to keep up with increased traffic and freight delivery. In addition, the report finds that another $13 billion would be needed annually for areas such as environmental mitigation, highway operations, safety programs, and security.

The report last January released by the Congressionally mandated National Surface Transportation and Revenue Commission called for a continued strong federal role in the national surface transportation system, warning that deferred maintenance and necessary expansions for anticipated population and economic growth will require an additional $200 billion investment from federal, state and local entities every year until 2020.

2. As I said in my statement, in light of insufficient resources to fund all transportation needs, we are going to need to prioritize spending to deal with vast and unmet national and regional infrastructure needs. As we move forward with re-authorization of the highway bill how do you suggest we indentify the appropriate federal role in addressing mobility needs of cities without spending limited Highway Trust Fund resources on minor, local projects with limited national or even regional benefits?

Recognizing the many infrastructure concerns the nation faces, NLC believes that the safe and efficient movement of people and goods via an array of transportation modes must be the prime objective of transportation infrastructure policy at all levels of government. Our nation's infrastructure network – transportation infrastructure, water and sewer systems and communications – form the backbone of the U.S. economy. Proper maintenance and investment in infrastructure will ensure the long-term vitality of

our local, regional and national economics, while strengthening the nation's competitive position in world trade. NLC wants to work with you to ensure equity and connectivity among transportation operations – from transit and air to railways, roads and waters – as a means to reduce congestion, protect the environment, and stimulate economic development.

There is no quick fix to disrepair suffered by many of the country's roads and bridges due to lack of investment. Our nation's 100 largest metropolitan areas produce two-thirds of the jobs and three-quarters of the economic output of the nation, according the Brookings Institution. These metropolitan areas are home to two-thirds of Americans. NLC believes that infrastructure investments made in these areas are an investment in the economic health and competiveness of the entire nation.

3. In your testimony you indicate National League of Cities' (NLC) desire to be more environmentally sensitive in making transportation choices and to be creative in how we fund transportation yet you list Denver's increase of their gas tax to fund transportation initiatives as an example of this creativity. Could you explain how that is a new approach to transportation financing? If we move away from the use of fossil based fuels is that not inherently inconsistent with depending on a gas tax to fund transportation?

Does NLC have in mind a different funding stream, other than the gas tax, to fund transportation?

NLC has not backed specific alternatives to the gas tax and recognizes that supporting our goals of reducing the environmental impact of transportation is not consistent with funding transportation infrastructure that depends on people continuing to drive. Any new transportation revenue system must be equitable, must integrate privacy protections, should improve administrative effectiveness and efficiency and needs to generate sufficient income to fund the diverse and growing transportation infrastructure needs o the nation. We also are very concerned over the access to credit for municipalities. The increased cost of getting credit has raised the cost of financing infrastructure for many of our communities. NLC looks forward to working with Congress to develop alternative financing options that provide a reliable revenue stream for funding our infrastructure needs.

Senator George V. Voinovich

State and Local Input

1. Ms. Novak, in your testimony you call for a national transportation system that gives all levels of government a roll in the decision making process, and breaks down "silos" between different levels of government. As a former Governor, and Mayor, I believe strongly that the perspectives of state and local officials should have a substantive role in formulating federal policy, and further, that states and localities should have maximum flexibility to use their highway dollars to meet their own unique transportation needs. I am interested in hearing your thoughts on how best to go about breaking down those "silos" between levels of government, and providing local officials with a larger role in the decision making process?

Regional planning agencies provide a tremendous opportunity to bring a needed comprehensive approach to solving problems. For example, as I mentioned in my remarks, while Metropolitan Planning Organizations play a large and important role in bringing regions together on transportation decision making, federal programs aimed at helping communities are too often siloed with different rules, time frames, sources of funding and regulatory frameworks, that do not allow local officials to integrate these programs efficiently to better serve their communities. And that is just within the transportation programs. NLC looks forward to the join HUD-DOT initiative to link federal housing and transportation programs to help coordinate.

There are many examples around the country on ways that cities and MPOs might more effectively use dollars more efficiently and serve there communities. One example of innovation is Kansas City's effort to use their economic recovery money to transform a low income neighborhood by creating a Green Impact Zone coordinated by the Mid-America Regional Council. While not popular in other communities, this initiative plans to weatherize homes, provide job training, improve transit and build a green sewer demonstration project using ARRA dollars. Taking advantage of this opportunity to target funds in a concentrated way, ARRA has provided an incentive for all these programs to work together to maximize benefits to the community.

In Denver, we are combining multiple sources of funding to create a transportation oriented development project around our regional FasTrak that could potentially involve affordable & senior housing, daycare facilities, CDBD, transit funding, transportation enhancements, energy efficient street lighting, potentially brownfields, access to credit, trying to follow the principles of Complete Streets and then NEPA requirements.

Funding from different pots with different requirements, incentives and timelines limits the creativity and adds layers of difficulty in meeting different requirements.

NLC supports funding and decision making authority to metropolitan regions to address their transportation and development issues, while requiring performance and democratic representation in decision-making bodies. The development of strategic regional plans meeting federally specified outcomes for large metropolitan regions, with the ability of smaller regions to opt-in, these communities should receive a direct sub allocation of multimodal transportation dollars and have selection authority over projects. State planning expertise should be developed to helping those smaller regions in need of planning support.

The transportation planning necessary to meet our current challenges and coordinate the multiple responsibilities to serve our citizens cannot be effective without control over the resources to implement those plans. Greater authority for MPOs would allow them to consolidate planning, focus on environmental challenges, allow for transportation alternatives as appropriate and help address the needs of senior citizens and others needing special services and more effectively target federal resources.

As a strong proponent of local governments since your service as a Mayor and looks forward to working with you to develop a comprehensive national transportation plan that (1) strengthens our cities and towns as the centers of economic growth; (2) creates economic opportunity for all of our residents; (3) recognizes the link between energy consumption and transportation; and (4) helps us meet our goals for livable, vibrant and healthy communities.

New Funding Sources

2. In your testimony you mentioned the shortfalls in the Highway Trust Fund, and called for new approaches to transportation financing. You specifically used increases in the gas tax as an example. Realizing that raising the gas tax may not be a viable option, what other financing mechanisms that you think might be worthy of exploring?

Regulation of municipal bonds, immune from federal government taxation, municipal revenue authority remain intact. Finance mechanisms lie?? municipal bonds are of

critical important to municipalities and directly support the building of local infrastructure. Concerns over access to credit markets in this economic downturn that has made financing inaccessible to some and has raised the cost of infrastructure projects. NLC has not identified specific alternatives to the gas tax although our members believe Congress should consider alternatives such as Vehicle Miles Traveled (VMT). Our member cities rely on property, sales taxes and a variety of user fees to fund transportation programs in their communities.

Our members also take advantage of a variety of financing options such as tax increment financing and public private financing. ARRA enacted a series of new tools for local governments, such as the Build America Bonds and Recovery Zone Economic Development Bonds. We would look forward to working with Congress to understand the impact of these initiatives. The creation of a National Infrastructure Bank and other such proposals for financing large regional projects are additional ideas we think worth exploring.

Senator Christopher S. Bond

1. Can you expand on your work with Metropolitan Planning Organizations and touch on ways we can improve the link between MPOs and other levels of government?

As the economic engines of the nation, regional planning organizations can play an important role in addressing issues of connectivity, access and mobility and our national environmental and health goals. NLC believes that metropolitan regions play a key role in the nation's transportation programs and need to have greater authority to make investment decisions and accountability for the system's performance.

While MPOs have the lead in regional transportation planning, federal law does provide MPOs with the funding or authority to carry out those plans. That authority is left to the state and MPOs may not have any say over how other federal resources in the region are allocated. In many cases, the state makes the decision on what share of federal resources on programs and the priority for projects selected by MPOs. With funding rescissions to MPOs many planning functions also have been curtailed due to limited resources. MPO capacity varies from area to area in their responsibilities and capabilities.

Institutional change is needed to make the process more effective and meet our ongoing challenges. Separate processes for allocating federal highway and transit dollars hinder our ability to address energy concerns, public health, economic development and environmental protection. By strengthening regional planning bodies more authority to develop transportation investment plans, select projects and make funding decisions in a comprehensive manner for their region, project delivery and project quality will be strengthened.

NLC supports funding and decision making authority to metropolitan regions to address their transportation and development issues, while requiring performance and democratic representation in decision-making bodies. The development of strategic regional plans meeting federally specified outcomes for large metropolitan regions, with the ability of smaller regions to opt-in, these communities should receive a direct sub allocation of multimodal transportation dollars and have selection authority over projects. State planning expertise should be developed to helping those smaller regions

in need of planning support according to federally-adopted standards that specify outcomes rather than processes.

The transportation planning necessary to meet our current challenges and coordinate the multiple responsibilities to serve our citizens cannot be effective without control over the resources to implement those plans. Greater authority for MPOs would allow them to consolidate planning, focus on environmental challenges, allow for transportation alternatives as appropriate and help address the needs of senior citizens and others needing special services and more effectively target federal resources.

We applaud innovative efforts such as the Kansas City Green Impact Zone which targets ARRA funds to help transform a neighborhood. Federal authority would allow MPOs to reinvent themselves to focus on transportation and other planning solutions facing metropolitan and rural communities to leverage federal, state and local programs, empower local officials to develop cooperative and collaborative and innovative responses to transportation, housing, land use and environmental challenges of their region.

Senator BOXER. Thank you very much.

Here is what we are going to do. I have a question for Governor Rendell. Each of us will have 4 minutes. I need to leave to do a presentation in 5 minutes, so I will hand over the gavel to Tom Udall, and he will close us down about 12:15, whenever we have to vote.

I want to talk to you, Governor, because I am of a mind that pay as you go is really a good thing. And I like the stream of funding that goes into the Highway Trust Fund, that people say, OK, I am paying this tax and I know where it goes and I know what it is for.

So I hope that as the four of us continue to meet, the Big Four on this Committee, we are going to be able to take from the potpourri of ideas that you held up, because there are ways to generate some significant funding.

Now, the one thing Senator Inhofe and I agreed on is, and I am not speaking for him. I will speak for myself. I think he agrees, but I will speak for myself. The idea of vehicle miles traveled is very attractive because, after all, I happen to drive a car that is a hybrid so I don't fill up very much. I am not paying my fair share, frankly, you know, of the taxes here, and I am going on the road a lot. But I get 50 miles to the gallon and I am not filling up.

That is a good thing, but at the same time, the Highway Trust Fund now goes down. So a way to go is for me, how many miles do I travel? The one thing I know we agree on is we don't like the intrusiveness of that type of system on, you know, a family. So that is a problem for us.

We are going to look at some other ways to get at that, but that is the one area where I think we don't like the Big Brother aspect of that situation.

Now, in commercial vehicles, my staff says they already have these mechanisms inside the vehicle and they have to be used. So that may give us an opening there.

The point I am making is, to throw up our hands on getting a pay as you go system an go to essentially borrowing, which is what you are recommending, gives me a little bit of trouble because I like the notion of pay as you go. So let me ask you this, you did mention, sir, at the end of your remarks, almost in an offhand way, in an offhand way, maybe using the infrastructure bank for major projects.

So I am thinking as I look ahead, in the last bill, SAFETEA-LU, we had a new item. It was called projects of major significance. So to say we can't do big projects in the highway bill frankly doesn't hold up because we have done them and it is not really a problem. But if we were to look at how to go about this, maybe for certain projects of major significance, those projects would be funded through that mechanism.

Is that something that you think we ought to take a look at? Instead of throwing out the whole notion of pay as you go, just saying maybe for these big projects that, you know, are very visionary and will take years and so on and so forth, a new mechanism for that. What is your feeling on that?

Governor RENDELL. Three quick points. One on vehicle miles traveled, I think it is inevitable that we go to that. But you are not

going to be able to do that in this bill. What I would do is put some money in for a pilot project to do VMT, so the next time you look at this, VMT has a real chance. No. 1.

No. 2, I am for all of these pay as you go things. Right now you limit tolling on Federal interstates for the States to go in and toll Federal interstates, to three States. We wanted to toll I–80. We couldn't get permission. We were turned down by the Federal Highway Administration.

If we really want pay as you go user fees, let the States toll the infrastructure all throughout the Country. That is a very important component. It would be very helpful to the States.

And you are absolutely right. You can craft this any way you want. You could take the infrastructure bank, give it the power to do Federal Garvey bonds or a capital budget, and make the capital budget much smaller. For $15 billion, you get $180 billion of money for major projects.

But let me make one point, and you should check with your Governors, every one of your Governors. We can't do major projects anymore off of SAFETEA-LU. We cannot, because construction costs, and I think Senator Inhofe or one of the Senators said it, construction costs for building roads in Pennsylvania have gone up 38 percent in the last 3 years. The Federal money that you give us now, it is impossible to do basically anything other than fix and repair and maintain, which is not bad, by the way. We ought to be doing that, I think Senator Klobuchar said that. But there hasn't been a new project started in Pennsylvania for 2 years because we simply don't get the Federal money we used to get.

Earmarks. You know, earmarks are watched more closely than ever before. Do you think there will ever be a Big Dig earmark again? I need to double deck the Schuykill Expressway coming in from the northwest suburbs into Philadelphia. That is a $2 billion project. Will I ever see that type of Federal money to do the Schuykill Expressway? Of course not.

So I think your suggestion is a good one. Just like I said, all of the Federal money shouldn't go through the infrastructure bank. We can pay for the basic Federal SAFETEA-LU money, user fees, you know, gas tax. I am for all of those things that are included in here. We have to make the tax code more attractive so that private investors can get in and we can do more projects with private money.

And then last, you are going to have to do major projects. Let's just think for a moment. We all agree that a passenger rail system linking the big cities of this Country would be a great idea. You go to Europe and Asia, nobody flies 500 miles or less. It is all high speed rail.

How are we going to finance a high speed rail system? Building a high speed rail system, that is like when Dwight Eisenhower decided he was going to build the interstate road system. How are we going to finance a high speed rail system today without some form of capital funding? You simply can't do it.

So I think you are absolutely right, Madam Chairman. We need an amalgam of different things. And they can go through different flows, as well.

Senator BOXER. Thank you very much.

Mayor Novak, you have to leave soon to catch a flight. What time do you have to leave?

Ms. NOVAK. Probably about 5 minutes, unfortunately.

Senator BOXER. Ouch.

[Laughter.]

Senator INHOFE. Let me ask a question.

Senator BOXER. All right. Here is what we are going to do. We are going to have Senator Inhofe take his 4 minutes. I am giving the gavel to Senator Udall and we will continue until we have a vote.

And thank you very much.

Senator INHOFE. OK. Let me start.

Thank you, Madam Chairman.

Mayor Novak, I am not going to ask you to answer this question because it would be too long, but I am going to ask you to answer it for the record, which means you will submit it in writing and we will have a chance to look at it. And that is, after your experience today in watching the trauma that we are going through right now and the challenges that are almost insurmountable, how do you suggest that we identify the appropriate Federal role in addressing mobility needs of cities without spending limited Highway Trust Fund dollars on local projects and limited national or regional benefits?

So that is something for the record.

Now, Governor Rendell, let me make a couple of comments on your comments. First of all, when I became Mayor of Tulsa, we didn't have a capital budget. We had to build one. That was what we did to overcome the problems we had. So I understand where you are coming from.

Second, on earmarks, I have always said if you define earmarks appropriately, then I would go along with all the hysteria on earmarks, and that should be an appropriation that is not authorized. We on this Committee, we set up criteria on a formula basis, about 30 criteria that these projects have to meet that criteria. And then they go into the appropriations. I think that is an appropriate way to do it, but I just would like to get that definition cleared up.

Now, last, I noticed that when I was talking to the Secretary about using the States as our test tubes because so many good things are happening. You were smiling and nodding at that time. And I notice that you have really done a lot of things in Pennsylvania in terms of, you mentioned trying to, supporting the proposals to put tolls on Interstate 80. But you have also supported some of the privatization on the turnpike.

Would you take whatever time we have here and elaborate a little bit on that?

Governor RENDELL. Well, again, I think we have to look at every possible funding source.

Senator INHOFE. I agree.

Governor RENDELL. And there is private capital. Even now, there are funds, billions of dollars of funds being formed right now, even with all the problems of getting money out into the market. And we have to have access to that private capital.

Now, there are two ways to do it. No. 1 is to let them come in, lease major toll roads or new concepts like the additional lane on

I–95 in Miami, and toll that. There has to be revenue streams from there, for transportation to get private capital interested, and let them actually run it, but with appropriate government controls.

We were going to control when tolls could go up, if the turnpike had been leased successfully, and maintenance schedules, the two most important things. With appropriate government oversight, leasing can work. It has worked in Chicago. You should certainly hear from Governor Mitch Daniels. He has made it work in Indiana. Everyone said that people hate it in Indiana and there was a fiasco. Well, it has turned out to be a great success, and Governor Daniels got 58 percent of the vote last year in reelection, even though President Obama carried his State. So apparently people didn't hate it as much as everyone thought they did.

So there are instances where it has worked very effectively. It has to be part of what we do. But that is one level of private investment. Level two is just make it easier for institutional and individual investors to invest in infrastructure. Tax credit bonds, tax credit Federal bonds for infrastructure is an easy way to get individuals who are looking for a relatively safe return on their money to contribute to helping build our infrastructure. There are Flower bonds, Patriot bonds, all sorts of things that we can do, and we can improve them using the tax code, to get the American people to pay for infrastructure repair and revitalization themselves.

So there are many great ideas out there. I don't think it is insurmountable. Particularly, I want to say how great it was hearing you and Senator Voinovich talk about your commitment to this, because this can only be done in a bipartisan way. If this becomes a political issue, we are sunk. So your leadership and Senator Voinovich's leadership is absolutely essential.

I think we can do it. I understand that you all don't like capital budgeting. I know the OMB has always hated capital budgeting. I don't know why, but they do. Well, let's do a limited capital budget for something like the infrastructure bank, and let's do the same SAFETEA-LU formula so that every State gets something, so the rural States are not left out. And let's continue earmarks, but have controls over earmarks.

I agree with you. The problem is perception governs reality so much in our Country, with our 24/7 media. And I don't think earmarks will ever regain the type of public support that they need. And that is why I am saying we have to find a different way to fund major projects. There is never going to be another earmark for the Big Dig. It is never going to happen. And every State, could New Jersey use Big Dig-type money, Senator? Of course you could. I have five projects in Pennsylvania I could use Big Dig-type Federal money and use it well, but that is not happening. I think we have to realize that.

Senator INHOFE. Yes, thank you. Let me just thank you very much. I know how valuable your time is. You have given us some great ideas. Thank you.

Senator UDALL [presiding]. Thank you.

Senator Lautenberg, we are trying to get three more Senators in here in a limited time.

Senator LAUTENBERG. I will be real short because Governor Rendell and I are neighbors, practically speaking. I just wanted to

say, and I will be informal, Ed, the one thing I respect is your leadership. You are willing to step up to the tough problems. That is what made you so popular in Pennsylvania. And everything you did wasn't popular, but the total sum of things made you a reliable, strong defender of the public interest, and my hat is off to you.

And just one thing that I had my staff produce for me, 25 percent of domestic flights are 250 miles or less; 2.3 million flights a year are less than 250 miles; 6,300 flights every day are 250 miles or less. What would a reasonably speedy train do for that?

Governor RENDELL. Oh, it would be unbelievable. Philadelphia Airport, Newark Airport, and BWI have some of the worst waiting times and congestion anywhere. It is because of the New York to Washington shuttle. If Amtrak had the proper track bed, Amtrak now takes 2:40 or 2:37 to go from New York to Washington. Amtrak could go, the Acela could go, with the proper track bed, New York to Washington in 1 hour and 30 minutes. If the Acela could go in 1 hour and 30 minutes——

Senator LAUTENBERG. It could go in 2 hours.

Governor RENDELL. Would anybody fly? Would anybody fly? You would end the shuttle. And by ending the shuttle, you would end congestion in major eastern airports. We should have high speed rail. And this is the time to do it, because people know the problems, know what we are confronting, and I think people support things that they can see.

I forget who said it, but one of the Senators said, I think we were talking about Sputnik, you can see it. Well, you can see the building out of a high speed rail system around this Country.

And by the way, not just for urban areas. Someone from Wyoming might go to Chicago and then take that train from Chicago to Pittsburgh.

Senator UDALL. Thank you.

Senator Voinovich.

Senator VOINOVICH. The National Governors Association, when I was involved we had the big seven. And what we would do, and I have talked to Ray Scheppach about this, that if the Governors got together with the National League of Cities and the Conference of Mayors and the legislators group, and came down here kind of united on what it was that you wanted, you could have a major, major impact on what we are doing. And I would suggest that you go back and talk to your colleagues. You have great ideas. You are also building America's future. If you could say that the Governors are building America's future, and the other local governments on a bipartisan basis are coming here and saying these are the things that we need to do, and are forthright about the fact that, you know, we know we are going to have to pay for them. We may have a gas tax. We may have the bank. The idea is, please do that, will you? We really need your help.

The other thing is that you ought to be in touch with the national Chamber of Commerce and other groups out there. They are your allies. If you would come down here and be united, I think we would get this thing done and it would really be something great for our Country.

Thank you for your work already.

Governor RENDELL. Well, interestingly, Senator, I have spoken, Mr. Engler and I have spoken to people in the Chamber and NAM as well. Both of them are very high on infrastructure, and know we have to invest. And I have spoken to each one of the Big Seven, and we have had joint meetings on this. And we are signing up members of the Big Seven as members of Building America's Future.

I have said that we need sometime before SAFETEA-LU gets reauthorized, we need to have hundreds and hundreds, maybe thousands of Mayors and County Commissioners and Governors and people like that here in Washington, with the Chamber, supporting and telling the American people the truth.

You know, it is funny, I tell the American people all the time, I said, you know, you spend $10,000 or a car and you get a car that is serviceable. You spend $28,000 for a car, and you expect to get a better car. Right? You get what you pay for.

Well, the same thing is true in government. What you have the right to do is demand that government spend your dollars wisely, but they have to spend them for certain things that are crucial to our future, and infrastructure is that. I think the American people understand that.

I would like to submit to the Chairwoman, and I hope she will give every member of the Committee the Luntz poll. It is very, very revealing. It is very, very revealing. The American people do like and understand infrastructure. Interestingly, the No. 1 thing that concerns them even more than highways and roads was energy infrastructure. People are very concerned about energy right now, as well. And energy infrastructure is building out the grid. I mean, give President Obama a lot of credit for having the foresight. We should have been building out our electrical grid 10 years ago, 10 years ago. We are late to the game. We are late to the game. But we need to do that, and we need to get on the stick. And there is no way out but to pay for it.

Do I think we need an increase in the gas tax? Sure we do. It can't be the only thing we do, but we need an increase in the gas tax and we have to talk directly to the American people. And you are right, if you think the Grover Norquist people are damaging here, you should come to State capitals. It is brutal in State capitals. I once said that if I had a cure for cancer and I said if you guys give me an appropriation of $100 million, we can end cancer tomorrow, I would have one-fourth of my legislature voting against it.

Senator VOINOVICH. Well, someday you and I will talk about that.

[Laughter.]

Governor RENDELL. Absolutely.

But don't stop. I think the American people will support common sense infrastructure investment.

You know, I was on a TV show last night and they were mocking President Obama for saying——

Senator VOINOVICH. Sorry. I have to go vote.

Governor RENDELL. They were mocking President Obama for saying investment instead of spending. But that is what it is. We

are investing in our infrastructure. We are investing in our Country's future.

Senator UDALL. Governor, you have enlightened us today. You have been a great leader on these transportation issues. And I think because of your testimony, we are going to be able to do a lot better job when we craft this bill.

So we very much thank you for your testimony here today. We are all going to now run for a vote, but thank you for your service.

I ask unanimous consent to submit testimony for the record from the American Society of Civil Engineers, the authors of the 2009 Report Card for America's Infrastructure.

[The referenced document follows:]

ASCE®

American Society of Civil Engineers

Washington Office
101 Constitution Ave., N.W.
Suite 375 East
Washington, DC 20001
(202) 789-7850
Fax: (202) 789-7859
Web: http://www.asce.org

Statement of

The American Society of Civil Engineers

The Need for Transportation Investment

United States Senate

Committee on Environment and Public Works

March 25, 2009

The American Society of Civil Engineers (ASCE)[1] is pleased to submit this Statement for the Record of the March 25, 2009 hearing held by the United States Senate Committee on Environment and Public Works: *The Need for Transportation Investment.*

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 C-, the same as in 2005. These grades are a clear indication that not only is the nation's infrastructure deteriorating, but it is worsening with each passing day.

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

While we appreciate that the Environment and Public Works Committee 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 Committee, 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 are seeing 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;

[1] ASCE 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.

* 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 in our country is now 43 years old. According to the U.S. department of Transportation, of the 600,905 bridges across the country as of December 2008, 72,868 (12.1%) were categorized as structurally deficient and 89,024 (14.8%) 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 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% 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% in 1995 to 31.6% in 2004, with congestion in large urban areas exceeding 40%. 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, while the percentage of vehicle miles traveled (VMT) occurring on roads classified as having "good" ride quality has steadily improved, the percentage of "acceptable" ride quality steadily declined from 86.6% in 1995 to 84.9% in 2004, with the lowest acceptable ride quality found among urbanized roads at 72.4%. 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% and truck VMT increased 105%, highway lane-miles grew by only 3.5%. From 1994–2004, ton miles of freight moved by truck grew 33%. The increase in freight traffic is of particular concern because of the increased dependency of commerce upon the efficiency of the roadways and the added wear and tear caused by trucks. 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. The failure to adequately invest in the nation's highways and roads will lead to increased congestion and delays for motorists and the further deterioration of pavement conditions and will pose increased safety concerns. An overstressed infrastructure will also 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. We cannot continue to rely upon gasoline and diesel taxes to generate the HTF revenues when national policy demands a reduction in both our reliance upon foreign sources of energy and our nation's carbon footprint. An increase in the gas tax is necessary in the short term, but our national policy must move toward a system that more directly aligns fees that a user is charged with the benefits that the user derives.

Finally, the legislation must encourage innovative thinking and solutions from all sectors: public, private, and academia.

Transit

In recent years, transit use has increased more rapidly than any other mode of transportation. Ridership increased by 25% 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% are taken by individuals commuting to and from work, 11% by individuals traveling to and from school, and 9% 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%, track mileage grew by 3%, and the number of stations grew by 4.8%. Also during that time, the number of passenger miles traveled by all transit passengers increased at an annual rate of 1.3%. Passenger growth on transit rail lines grew at an even greater rate, 4.3%.

SAFETEA-LU, which will expire on September 30, 2009, 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 Highway Trust Fund (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% of American households have access to bus and rail transit and only 25% 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 four 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% of stations are in adequate or good repair and 51% are in substandard or worse condition. In 2000, 84% of stations were rated as adequate or better. The Federal Highway Administration 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% were in adequate or better condition in 2004 compared to 77% in 2000.

Funding increased modestly between 2000 and 2004. Indicating an increase in service demand, 23 of 32 (72%) 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% 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%, $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% of all intercity freight in the United States travels via rail, including 70% of domestically manufactured automobiles and 70% 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% 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% 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% increase from fiscal year 2007. Further, the 2007 ridership represented a 20% increase from the previous five 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.

Amtrak anticipates reaching and exceeding capacity in the near future on some routes. For example, approximately half of trains traveling on one northeast regional line were 85% full and 62% were at least 75% full during one week in July 2008. Even though the current economic downturn has dampened growth, trains will soon reach capacity as the economy rebounds and the growth patterns of recent years are reestablished, and the fleet of cars and locomotives continues to age.

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 an additional $132.3 billion must be invested between 2031 and 2050 to achieve the ideal intercity network proposed by the 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.

Rail is increasingly seen as a way to alleviate growing freight and passenger congestion experienced by other modes of transportation. In addition, rail is a fuel efficient alternative for moving freight long distances. Anticipated growth over the coming decades, as well as demographic shifts, will tax a rail system that is already reaching capacity in some critical bottlenecks. A substantial investment in rail infrastructure will 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 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 towards 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 towards restoring and upgrading the nation's surface transportation system. This much needed down-payment represents a significant first step towards 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. However, ASCE opposes the Office of Management and Budget (OMB) proposal in the Administration's FY 2010 budget blueprint which would undermine the very fabric of transportation financing mechanisms by eliminating mandatory contract authority.

Currently, the highway, transit and airport grant programs are funded by contract authority, a form of mandatory budget authority derived from the Highway Trust Fund and Aviation Trust Fund. OMB proposes to no longer score contract authority as budget authority, but rather to score the obligation limitations that are imposed on these programs in the annual appropriations acts as discretionary budget authority. If enacted, long term transportation investment needs would become subject to the vagaries of the annual appropriations process creating a high level of uncertainty.

Contract authority in current law allows for the obligation of transportation funds without a separate appropriation bill. The multi-year commitments represented by contract authority allow states to embark on the process of environmental review, permitting, design and construction of a transportation improvement. Contract authority is also critical for the required state and regional transportation planning processes, which require revenue forecasts well beyond a given fiscal year. As such, the Administration's proposal to remove long-term commitments associated with contract authority would severely disrupt transportation improvements on both a planning and project basis.

The proposal also fails to recognize the fundamental reality that the federal transportation programs are not general fund activities, but rather user fee funded programs with dedicated revenue sources. Elimination of contract authority would undermine the budgetary firewalls that have been essential in facilitating the transportation infrastructure improvements of the last decade.

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 our quality of life and raise our 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 surface transportation system 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 Committee as it develops a progressive surface transportation authorization bill which is founded on a strong national vision, adequate funding and new technology, which creates an integrated, multi-modal national transportation system second to none.

# # #

Senator UDALL. The Committee is now adjourned.
[Whereupon, at 12:12 p.m. the Committee was adjourned.]

○