IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

(112–19)

HEARING

BEFORE THE

SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

MARCH 29 AND 30, 2011

Printed for the use of the
Committee on Transportation and Infrastructure

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SUBMISSIONS FOR THE RECORD

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U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

John L. Mica
Chairman

Nick J. Rahall, II
Ranking Member

March 28, 2011

James W. Coon II, Chief of Staff

James H. Zoia, Democrat Chief of Staff

MEMORANDUM

TO:	Members of the Subcommittee on Highways and Transit
FROM:	Subcommittee on Highways and Transit Staff
SUBJECT:	Hearing on "Improving and Reforming our Nation's Surface Transportation Programs."

PURPOSE

The Subcommittee on Highways and Transit will meet on Tuesday, March 29, 2011, at 2:30 p.m. and on Wednesday, March 30, 2011, at 10:30 a.m. in Room 2167 of the Rayburn House Office Building to receive testimony related to the reauthorization of the Federal surface transportation programs. This hearing is part of the Committee's effort to reauthorize Federal surface transportation programs under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). These programs expired on September 30, 2009, but have been extended through September 30, 2011. The Committee will hear views and proposals on reauthorization of the Federal surface transportation programs from the surface transportation community.

BACKGROUND

Current Authorization

SAFETEA-LU, enacted in August of 2005, reauthorized Federal surface transportation programs through September 30, 2009. A series of extensions of SAFETEA-LU were enacted to continue funding authority under SAFETEA-LU program structures. The latest extension, the Surface Transportation Extension Act of 2011 (Public Law 112-5), extended these programs through September 30, 2011.

Highway Trust Fund Solvency

Federal surface transportation programs are funded out of the Highway Trust Fund (HTF), which receives over 90 percent of its revenues from the Federal excise tax on gasoline and diesel fuel. The current Federal excise tax on gasoline is 18.4 cents per gallon, 15.44 cents is deposited into the Highway Account, 2.86 cents is deposited into the Mass Transit Account, and 0.1 cent is deposited into the Leaking Underground Storage Tank Trust Fund. Of the 24.4 cents per gallon Federal excise tax on diesel, 21.44 cents is deposited into the Highway Account, 2.86 cents is deposited into the Mass Transit Account, and 0.1 cent is deposited into the Leaking Underground Storage Tank Trust Fund. The latest data show the HTF receipts totaled $35 billion in FY 2010, with $30.1 billion deposited into the Highway Account, and $4.8 billion into the Mass Transit Account.

The cash balance in the Highway Account of the HTF has fallen steadily. The Highway Account had a balance of $22.55 billion at the end of FY 2000. The balance had dropped to $13 billion by the expiration of TEA 21—the previous six-year surface transportation authorization—at the end of FY 2003. In September 2008, the balance in the Highway Account decreased to a level requiring Congress to transfer $8 billion into the HTF from the General Fund. Subsequent General Fund transfers to the HTF in 2009 and 2010 totaled $26.5 billion. Current projections show the cash balance in the Highway Account of the HTF will be depleted sometime in 2013 and the Mass Transit Account will be depleted sometime in 2014.

Innovative Financing

Revenue deposited into the HTF is not keeping up with our highway and transit infrastructure needs. Distinct from the sources of funding, transportation financing tools are used to leverage transportation funding and revenue sources, allowing transportation agencies to raise the resources needed to build projects and expedite the implementation of surface transportation improvements. These financing tools are used to expand upon the existing funding sources. Innovative financing is a broadly defined term that encompasses a combination of specially designed techniques that supplement traditional surface transportation funding and financing methods.

Innovative financing tools and private investment in financing surface transportation projects are methods that the Committee will explore to help the Federal government and states find ways to do more with less and better leverage existing revenue sources. States and localities already using innovative techniques to finance projects, including bonding, loan programs and public private partnerships, can serve as a guide for the Federal role in innovative financing.

Project Delivery

Time delays and inefficiencies in project delivery not only postpone needed improvements in our nation's transportation infrastructure but also result in increases in the cost of projects. According to the American Association of State Highway and Transportation Officials, major highway and transit projects today can take ten to 15 years from the beginning planning stages to completion of construction—with up to six of those years for the environmental review process. As the reauthorization of the Federal surface transportation programs moves forward, the Committee will look at potential reforms to the project delivery process. The Committee will determine what improvements can be made to existing rules and regulations governing project delivery in order to expedite the delivery process for all projects and reduce the cost of transportation projects.

Programmatic Reform

The U.S. Department of Transportation currently administers more than 100 highway, transit, and highway safety programs. Many of these programs serve similar purposes and several of them might not be necessary any longer because the nature of our transportation system has changed over time. During reauthorization of the surface transportation programs, the Committee will review whether or not programs serve duplicative purposes or are no longer needed, and will take steps to consolidate or eliminate those programs.

Performance Standards

Currently, Federal surface transportation programs lack performance metrics and accountability. There are no requirements for State DOTs, localities, or public transit agencies to develop transportation plans with specific performance objectives. The Committee will study performance management approaches that increase the transparency and accountability of how Federal surface transportation funds are used.

WITNESSES

TUESDAY, MARCH 29, 2011

Mr. William Millar
President
American Public Transportation Association

Mr. Larry Hanley
International President
Amalgamated Transit Union

Mr. Dale J. Marsico, CCTM
Executive Director
Community Transportation Association of America

Mr. Jon Martz
Vice President – Government Relations
VPSI, Inc.
On behalf of Association for Commuter Transportation

Mr. Robert McBride
Operator
Metro Taxi, Denver, CO
On behalf of Taxicab, Limousine & Paratransit Association

Ms. Jennifer Dexter
Assistant Vice President, Government Relations
Easter Seals

Ms. Barbara Windsor
President and CEO
Hahn Transportation, Inc.
On behalf of American Trucking Associations

Mr. Kristopher Kane
Truck Driver
Quality Carriers
On behalf of Owner-Operator Independent Drivers Association

Mr. LaMont Byrd
Director
Safety and Health Department
International Brotherhood of Teamsters

Mr. Dave Leach
President and CEO
Greyhound Lines, Inc.

Mr. Peter Pantuso
President and CEO
American Bus Association

Captain Steve Dowling
California Highway Patrol
On behalf of Commercial Vehicle Safety Alliance

Mr. Vernon F. Betkey, Jr.
Director
Maryland Highway Safety Office
On behalf of Governors Highway Safety Association

Ms. Judith Lee Stone
President
Advocates for Highway and Auto Safety

Ms. Jan Withers
Member, National Board of Directors
Mothers Against Drunk Driving

Mr. Robert LeTourneau
New Hampshire Motorcycle Education Specialist
On behalf of Motorcycle Riders Foundation

Mr. Mortimer L. Downey, III
Senior Advisor
Parsons Brinckerhoff
On behalf of Coalition for America's Gateways and Trade Corridors

Mr. Kurt Nagle
CEO and President
American Association of Port Authorities

Mr. Wayne Johnson
Manager, Carrier Relations
Owens Corning
On behalf of National Industrial Transportation League

Ms. Lisa Mullings
President and CEO
National Association of Truck Stop Operators

WEDNESDAY, MARCH 30, 2011

Mr. John Njord, P.E.
Executive Director
Utah Department of Transportation

The Honorable Sherwood Boehlert
Former Congressman
On behalf of Bipartisan Policy Center

Mr. Timothy Ware
Executive Director
Mid-East Commission
Washington, NC
On behalf of National Association of Development Organizations

Ashby Johnson, AICP
Deputy MPO Director
Houston Galveston Regional Council
On behalf of Association of Metropolitan Planning Organizations

Mr. Frank McCartney
Executive Director
Delaware River Joint Toll Bridge Commission
On behalf of International Bridge, Tunnel and Turnpike Association

Mr. Bryan Grote
Co-Founder
Mercator Advisors, LLC
and
Member
National Surface Transportation Infrastructure Financing Commission

Dr. Adrian Moore
Vice President
Reason Foundation
and
Member
National Surface Transportation Infrastructure Financing Commission

Mr. John Robert Smith
President and CEO
Reconnecting America

Ms. Sharon Calvert
Co-Founder
Florida Alliance

Mr. Raymond Poupore
Executive Vice President
National Construction Alliance II

Mr. Greg Cohen
President and CEO
American Highway Users Alliance

Mr. Paul Diederich
President
Industrial Builders
On behalf of Associated General Contractors

Mr. Bill Cox
President
Corman Construction, Inc.
On behalf of American Road and Transportation Builders Association

Mr. Joe Jeffrey
President
Road-Tech Safety Services, Inc.
On behalf of American Traffic Safety Services Association

Mr. David R. Thomey
Executive Vice President
Maryland Materials Inc.
On behalf of National Stone, Sand, and Gravel Association

Mr. Scott Belcher
President
Intelligent Transportation Society of America

Mr. Gerald Stump
Chief Operating Officer
Wilbur Smith Associates
On behalf of American Council of Engineering Companies

Ms. Kathy J. Caldwell, P.E.
President
American Society of Engineers

Mr. John Burke
CEO
Trek Bicycle Corporation
On behalf of Bikes Belong

Mr. Deron Lovaas
Federal Transportation Policy Director
Natural Resources Defense Council

IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

TUESDAY, MARCH 29, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 2:30 p.m., in Room 2167, Rayburn House Office Building, Hon. John J. Duncan, Jr., (Chairman of the subcommittee) presiding.

Mr. DUNCAN. The subcommittee will come to order.

Today the subcommittee is convening a 2-day hearing to receive testimony from the Transportation Committee on their ideas for the reauthorization of the Federal surface transportation programs.

This reauthorization of the highway, transit, and highway safety programs will be more challenging than probably any other in recent memory. Fiscal constraints and calls for Congress to redefine the Federal role in surface transportation will require us to consider dramatic changes to these programs.

One of the key initiatives that the subcommittee will focus on is streamlining the project delivery process. Time delays and inefficiencies in project delivery not only postpone needed improvements in our Nation's transportation infrastructure but also result in increases in the cost of the project.

The subcommittee will also be looking at innovative financing. Bonding, loan programs, and public-private partnerships are just some of the innovative financing techniques that the subcommittee can utilize to leverage the Nation's limited Highway Trust Fund dollars.

Additionally, the subcommittee must take a hard look at the number of Federal surface transportation programs. Today, there are more than 100 highway, transit, and highway safety programs. We don't need that many. We should consolidate duplicative Federal programs to eliminate waste and eliminate programs that do not serve a national need.

I am pleased that we have the Ranking Member of the full committee, Mr. Rahall. I was told that Ms. Richardson was on the way, and I was going to wait on her, but Ranking Member Rahall told us to go ahead.

We are doing this a little differently than we have done before. We have had a few days of Member requests in which we had a great number of witnesses, but we have never had quite this many witnesses for another type of hearing, so we are sort of experimenting here today. I understand that all the witnesses have been told that the goal is to try to limit their statements to 4 minutes each. We realize that we will not be able to exactly do that.

But, at this point, I would like to welcome, as the Ranking Member of the subcommittee for the day, the gentlelady from California, Ms. Richardson.

Ms. RICHARDSON. Thank you, Mr. Duncan. Only for today?

Mr. DUNCAN. As long as you want.

Ms. RICHARDSON. Mr. Chairman, I would like to thank you for convening this hearing to discuss our surface transportation programs.

Our Nation's infrastructure is falling further and further into a state of disrepair every day, and it is our duty as being members of this committee to address it and to get a long-term bill done.

The SAFETEA–LU created commissions that studied the Nation's need to invest in our infrastructure specifically for the purpose of forming on the decision that we are talking about now. Through this process, the National Surface Transportation Policy and Revenue Study Commission concluded that we must invest $225 billion annually from all sources to bring our infrastructure up to a state of good repair.

While the Federal Government is clearly not the sole source and we will be exploring private-public partnerships, one of many, we all know that it is the primary source. And, thus, our investment must be up to scale to meet the Commission's—the charter that they have given us.

Congestion is crippling our major cities. The quality of our transportation system is deteriorating. Almost 61,000 miles, 37 percent of our roads, are in poor or fair condition, and 152,000 bridges are 25 percent structurally deficient. When you consider all of these things, unfortunately the Highway Trust Fund is not collecting a sufficient amount of receipts to be able to enable us to make the repairs that are necessary.

The President has laid out a good start of his bill proposal of $556 billion over 6 years. He also has included in that a national infrastructure bank and other innovative financing ideas to help bring this sort of investment to fruition. We saw with the American Recovery and Reinvestment Act that, through the $64.1 billion, it created 1.8 million jobs and $323 billion in economic activity.

We must think of additional creative ways. I have suggested several that I believe the Chairman and our Ranking Member are both aware of. I won't go too much into detail with them.

However, I will say one thing I think is absolutely necessary, and that is a goods movement trust fund. We have suggested on the table a 12 percent increase, a diesel tax, that has been supported by the industry itself. There are other things that we should consider, such as a TIFIA enhancement, which would enable better financing, and also considering making environmental changes, as well.

Because I do know you, Mr. Duncan, I have actually cut my comments by about 20 percent of what I had here, because I know he likes us to keep it brief. But it would suffice to say, we are looking forward to working in a bipartisan fashion. However, we hope that you will be open to consider innovative financing as a part of that proposal.

I yield back and submit my final statement for the record.

Mr. DUNCAN. Well, thank you very much, Ms. Richardson. You know you are one of my favorite Members, so I appreciate that.

And we will now hear from our distinguished Ranking Member, the gentleman from West Virginia, Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman.

I have no prepared statement, only to commend you for conducting these hearings today.

And I commend all the witnesses, many of whom have traveled from far away to be here. Others, as I recognize, are right here in DC. So, welcome.

I have no further comments.

Mr. DUNCAN. All right. Thank you very much.

Mr. Boswell?

Mr. BOSWELL. No comment.

Mr. DUNCAN. All right.

Another way we are experimenting here today, we have 20 witnesses today and I guess another 20 tomorrow, and then we have other groups that have requested—we had additional witnesses who wanted to testify. We wanted to give everybody a chance to have their say and put their statements in the record and so forth. We will let additional groups put their statements into the record, but we have sort of hit a limit on the number of witnesses that we could accommodate.

But we have asked that the witnesses remain. And if there are any Members present at the end, we will hold questions until the end.

And I ask unanimous consent that members of the Committee on Transportation and Infrastructure who are not on the Subcommittee on Highways and Transit be permitted to sit with the subcommittee at today's hearing, offer testimony and ask questions. Are there any objections?

Hearing none, it will be so ordered.

All right. The first witness will be Mr. William Millar, president of the American Public Transportation Association.

Mr. Millar?

TESTIMONY OF WILLIAM MILLAR, PRESIDENT, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION; LARRY HANLEY, INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION; DALE J. MARSICO, EXECUTIVE DIRECTOR, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA; JON MARTZ, VICE PRESIDENT, GOVERNMENT RELATIONS, VPSI, INC., ON BEHALF OF THE ASSOCIATION FOR COMMUTER TRANSPORTATION; ROBERT MCBRIDE, OPERATOR, METRO TAXI, ON BEHALF OF THE TAXICAB, LIMOUSINE & PARATRANSIT ASSOCIATION; JENNIFER DEXTER, ASSISTANT VICE PRESIDENT, GOVERNMENT RELATIONS, EASTER SEALS; BARBARA WINDSOR, PRESIDENT AND CEO, HAHN TRANSPORTATION, INC., ON BEHALF OF AMERICAN TRUCKING ASSOCIATIONS; KRISTOPHER KANE, PROFESSIONAL TRUCK DRIVER, QUALITY CARRIERS, ON BEHALF OF THE OWNER-OPERATOR INDEPENDENT DRIVERS ASSOCIATION; LAMONT BYRD, DIRECTOR, SAFETY AND HEALTH DEPARTMENT, INTERNATIONAL BROTHERHOOD OF TEAMSTERS; DAVE LEACH, PRESIDENT AND CEO, GREYHOUND LINES, INC.; PETER J. PANTUSO, PRESIDENT AND CEO, AMERICAN BUS ASSOCIATION; CAPTAIN STEVE DOWLING, CALIFORNIA HIGHWAY PATROL, ON BEHALF OF THE COMMERCIAL VEHICLE SAFETY ALLIANCE; VERNON F. BETKEY, JR., DIRECTOR, MARYLAND HIGHWAY SAFETY OFFICE, ON BEHALF OF THE GOVERNORS HIGHWAY SAFETY ASSOCIATION; JUDITH LEE STONE, PRESIDENT, ADVOCATES FOR HIGHWAY AND AUTO SAFETY; JAN WITHERS, MEMBER, NATIONAL BOARD OF DIRECTORS, MOTHERS AGAINST DRUNK DRIVING; ROBERT LETOURNEAU, MOTORCYCLE RIDER EDUCATION SPECIALIST, NEW HAMPSHIRE DEPARTMENT OF SAFETY, ON BEHALF OF THE MOTORCYCLE RIDERS FOUNDATION; MORTIMER L. DOWNEY III, SENIOR ADVISOR, PARSONS BRINCKERHOFF, ON BEHALF OF THE COALITION FOR AMERICA'S GATEWAYS AND TRADE CORRIDORS; KURT J. NAGLE, PRESIDENT AND CEO, AMERICAN ASSOCIATION OF PORT AUTHORITIES; WAYNE JOHNSON, MANAGER, GLOBAL CARRIER RELATIONS, OWENS CORNING, ON BEHALF OF THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE; LISA J. MULLINGS, PRESIDENT AND CEO, NATSO, INC. (NATIONAL ASSOCIATION OF TRUCK STOP OPERATORS)

Mr. MILLAR. Thank you, Mr. Chairman, for the opportunity to testify today.

APTA's 1,500 public and private members provide 90 percent of the Nation's 35 million daily transit trips.

Enacting a well-funded, 6-year, multimodal surface transportation bill is one of the most important actions Congress can take to put our Nation's economic engine into higher gear and prepare the Nation for future population and economic growth. Conversely, further delay in passing a bill will have the opposite effect, forcing businesses to lay off employees and invest overseas, while our Nation's transit systems fall further behind.

In many ways, the current Federal program works well. President Reagan and the Congress created the Mass Transit Account within the Highway Trust Fund in 1983. The steady, predictable funding provided by the trust fund has been essential to the success of the program.

But due to underfunding, problems are becoming evident in deferred maintenance, overage vehicles, and more Americans without service. The U.S. Department of Transportation estimates that more than $78 billion is required to bring transit infrastructure up to a state of good repair, and much more investment is needed on an annual basis to accommodate the growth of the industry. We are pleased that the President's budget proposal begins to address these growing transit needs.

When I talk about new ridership, I am talking not about the far-off future; it is happening today. If regular gas prices average $4 a gallon this year, as many predict, some 2 million new trips per day can be expected on our systems. If pump prices jump to $5 a gallon, at least 5 million more trips per day can be expected, as motorists seek to beat the high cost of gasoline.

Now, turning to our ideas for improving the Federal transit program, let's begin with the New Starts program. New Starts is the main construction program for bus rapid transit, subways, light rail, and new commuter rail systems. But developing a project can take 12 years. We suggest eliminating the duplicative alternatives analysis stage of the program, and about 2 years can be saved. We also propose that the Federal Transit Administration reduce the number of approvals needed for each project. Each pause for Federal approval adds many months to the project schedule.

On the formula side of the law, APTA proposes changes to the bus program, simplifying the Fixed Guideway Modernization Program, and consolidating three existing programs into a simplified coordinated mobility program that would allow communities to continue to carry out existing services or make changes they desire but consolidate the administrative and grant-making processes and costs.

Finally, I want to speak about innovative finance. Relying on alternative financing mechanisms to leverage Federal investments makes a great deal of sense to speed up projects, as long as we understand that financing does not replace the need for expanded investment. Our experience is that current financing programs just don't work well for transit projects, but there are ideas to change that.

APTA supports growing the TIFIA program, allowing it to finance a suite of multimodal projects in a region and modifying the so-called "springing lien" provision, which unnecessarily limits some sources of revenue to finance projects.

Now, I don't have time in the short time allotted to go into the details of many of our other proposals, but my written testimony includes many suggestions, including some computer links to very detailed ideas.

APTA certainly looks forward to working with the committee as you wrestle with the issues needed to put together a brand-new, multimodal, 6-year, well-funded surface transportation program.

Thank you, sir.

Mr. DUNCAN. All right. Thank you very much, Mr. Millar. Good suggestions.

And all of the full statements of all the witnesses will be placed in the record and reviewed by the committee leadership and staff.

Our next witness is Mr. Larry Hanley, the international president of the Amalgamated Transit Union.

Mr. Hanley?

Mr. HANLEY. Thank you, Mr. Chairman, for the opportunity.

Our union represents 190,000 members in 46 States and in 9 provinces in Canada.

We are here today, first of all, to agree with much of what Bill Millar said, but also to point out that America is suffering from a transit crisis that is largely being ignored. This is a crisis throughout urban America, where service has been cut, fares have been increased, at a time when the Federal Government has spent more money in the last year on transit than any year in history.

We have experienced not only layoffs of our members but the diminishing of service in cities throughout the country. In Chicago, the Transit Authority has cut 18 percent of its bus service and 9 percent of its rail service. In Cleveland, 12 percent of the service has been cut. Detroit has lost 25 percent of its transit service, while, 2 days ago, in Pittsburgh, despite the fact that there appears to be adequate local funding, the system voted to shut down 15 percent of its transit service.

This comes at a time when we have wars going on around the world in order for us to secure more oil. And we are ignoring—despite the investment we have made, we are ignoring the fact that transit needs operating aid and it needs it now. At a time when local budgets are under strain because of falling tax revenues, we believe the Federal Government should step up and allow flexibility in its funding programs so that our systems can continue to operate.

In my home city of New York, we have seen services that ran for the last 100 years being eliminated on weekends and at nights because of the current funding crisis, despite the fact that there are currently projects going on to build systems even in New York City that won't be available for 5 or 10 years to our riders. This is a short-sighted view that we believe Congress has, and we hope that you will consider taking another look at it.

Additionally, though, you should know that, in the coming days, Tacoma, Washington, is facing a 15 percent cut in service. In Birmingham, Alabama, and Long Island, New York, there are cuts on the table of 50 percent of the bus service that currently operates.

This has to be recognized by Congress as a national crisis. It is not something that is restricted to one local area. And we call upon you to act to allow more flexibility in the existing program so that transit systems can survive this economic crisis.

Additionally, though, I could not speak to a Member of Congress without addressing the fact that there was an accident—there were actually two accidents in New York and New Jersey in the last month involving fatalities in the intercity bus industry. And this is a problem that has come about because of a lack of regulation and also, significantly, a lack of enforcement in the intercity bus industry.

More people are dying every month in America as a consequence of the Federal Government turning a blind eye to fierce, unregulated competition in that industry. And we call upon Congress to act to try and remedy that, and we certainly believe that it is within your reach.

Finally, we have, our workers, America's workers, the people that populate the labor movement and the people that make this country run, have been told over and over again in the last 3 or 4 months that everything we have, everything we bargained for is unsustainable. And this comes at a time when Congress has approved over $1 trillion to be spent in wars in foreign countries.

And I could not sit before a committee of Congress and not raise the specter of that, having heard how limited funding is available to keep our country alive, to keep our country moving, to keep our country working, while we squander our resources, our treasure, and our children on foreign wars.

Thank you very much for the opportunity to be here today.

Mr. DUNCAN. Thank you very much.

Ms. RICHARDSON. Mr. Chairman?

Mr. DUNCAN. Yes?

Ms. RICHARDSON. Could I just clarify what is going to be the process for questions?

Mr. DUNCAN. Earlier, we told all the witnesses that we would hold the questions until all the witnesses have had a chance to testify.

Ms. RICHARDSON. So they are all going to stay even though they will be changing places?

Mr. DUNCAN. Yes, ma'am.

Ms. RICHARDSON. OK. And then could I just ask a clarification, as people say they want flexibility in funding, could they give us a specific example of what do they mean by that, because several——

Mr. DUNCAN. Sure.

Ms. RICHARDSON [continuing]. Are on the table, since we are not going to have an opportunity to interact as they are going through?

Mr. DUNCAN. OK. All right. Thank you very much.

The next witness will be Mr. Dale Marsico, the executive director of the Community Transportation Association of America.

Mr. MARSICO. Good afternoon, Mr. Chairman. And thank you for this opportunity to be here to speak on behalf of the 4,000 members of our association who provide and support mobility across our country.

In my written testimony, I have addressed our goals for reauthorization using four important areas that include: the need for improvements in rural transit, the need for new efforts in our urban transit systems, the need to create a national strategy based on connecting communities, and the need to explore new and innovative instruments for investment in public transit.

Since SAFETEA–LU was enacted, public and community transportation have created an outstanding record of success in responding to our Nation's mobility needs during one of the most challenging economic periods in our Nation's history. Our progress has been built on the unique and historic partnership for transit investment, where Federal, State, and local communities come together to make our dreams and visions for mobility a reality.

Despite our record, our continued progress is threatened by the profound difficulties created by the economic situation that has weakened our traditional partners at the State and local level. Knowing that we face similar challenges at the Federal level, we must explore new ways to help transit during this period of uncertainty.

The challenges that all transit providers face can best be met by allowing these operators greater flexibility to meet the needs for continuing services in the communities and for the passengers they serve.

In urbanized communities, we believe the use of transit funds must be flexible enough to include emergency operating assistance if necessary, to avoid service cuts and fare increases that reduce access to jobs at the time we need that access as part of any economic recovery. As the committee knows, service cuts have dire consequences for people with disabilities and low-income working families, who use transit as their primary means of mobility.

For rural transit, enhanced flexibility is needed to stretch every single State and local dollar in the face of these significant budget challenges.

In both cases, we support providing this help, not as a major change to the existing formula programs, but by waivers made possible by economic triggers to help transit through these difficult times.

Connecting America to jobs and health care is contributing to the growth of transit and transit demand in every community of every size. Connectivity between communities is essential to meeting these transportation challenges, especially for our growing senior populations who must travel greater and greater distances for health care.

To address this challenge, we must begin linking together urban and rural transit today in a cohesive regional and national structure of intercity connections to have the services we need for tomorrow. We think that our Nation's rural transit providers and our colleagues in the intercity bus industry are a cost-effective means of resolving these issues.

Like it or not, we live in a time when investments are necessary for us. By new tools, we need to attract new investment, especially from the private sector. And we support your efforts to make the private sector part of that traditional partnership of Federal, State, and local investment that has made our efforts successful. Our testimony includes ideas about this, ranging from tax credits to other kinds of leveraged investments.

In closing, let me say that the transportation industry owes much of our success to the vision and work of this subcommittee. Based on that history, we know that you will continue to do all that you can to help us move the Nation forward. So I want to thank you for our opportunity to be here today, and I look forward to answering questions but, more importantly, working with you as we continue the progress we have made in this committee, in this Nation, for transit.

Thank you very much, Mr. Chairman.

Mr. DUNCAN. Well, thank you.

And, as I earlier stated, we are doing this in a little different way. We are trying to accommodate as many different groups and witnesses as we can, and so we were going to run through all these witnesses and then get to questions at the end.

But we have been joined by several different Members here. We have been joined by Ms. Napolitano, also Mr. Farenthold, Mr. Barletta, Mr. LoBiondo, and Mr. Bucshon, Dr. Harris. And if any of you have a brief 2-minute opening statement you would like to make, I will be glad to call on you at this time, if any of you wish to say something.

Ms. Napolitano?

Mrs. NAPOLITANO. Thank you, Mr. Chair. And thank you for hosting this hearing. I am glad to hear from all the witnesses.

We have great issues in our respective districts in regard to transportation funding. The more the delay, the more impact it has on communities, whether it is job creation or infrastructure repair. So it is critical that we continue moving the TEA–LU bill and being able to understand how critical this is to our Nation's economy and to all the transportation issues.

So thank you, Mr. Chair.

Mr. DUNCAN. Thank you.

Anybody on the Republican side wish to say anything at this point?

All right, thank you. Thank you very much.

Our next witness will be Mr. Jon Martz, the vice president of government relations for VPSI, Incorporated, on behalf of the Association for Commuter Transportation.

Mr. Martz?

Mr. MARTZ. Mr. Chairman, thank you. I want to extend my gratitude to the committee for the opportunity to speak with you this afternoon.

ACT is an association dedicated to providing commuters with options by engaging in public-private partnerships to encourage carpooling, vanpooling, telework, and transit use. Our members consist of private-sector employers, transportation agencies, transportation management organizations, and universities from across the country.

First, I want to start by thanking you for your commitment to complete a transportation bill this year. Little is more important to our economy than the completion of a 6-year transportation bill.

ACT would also like to commend the Chairman for the goals it has laid out in advance of a transportation bill. We are glad to see the committee recognizes that we must get the most out of our system by doing more with less and that we need to leverage funding from as many sources as possible. And these points form the basis of ACT's reauthorization proposal.

For the purposes of this hearing, I would like to focus on congestion and a handful of simple policy solutions ACT would like to recommend.

According to Inrix, a leading provider of real-time traffic information, a 3 percent drop in vehicle miles traveled resulted in a 30 percent drop in peak period congestion in 2008. Now, a recession is not the way we would like to see demand managed, of course. But the experience shows that a small shift in the number of solo commuters during peak periods can provide a notable reduction in congestion.

A survey conducted by Business Week in 2007 found that when commuters were provided with employer-based transportation options such as vanpooling, transit benefits, alternative work hours, and telework, one in five workers chose an option other than a solo commute during rush hour.

We believe that the Washington State Commute Trip Reduction Program is an excellent model. This statewide program puts the onus on local transportation agencies to work with regional employers to create, manage, and market commute transportation options. Employers in the region have minimal requirements placed on them, such as posting information, and their participation is broadly voluntary. But through this partnership, the program is responsible for taking 28,000 vehicles off the road each day during peak commuting hours, a reduction of 12,900 hours of delay in the Central Puget Sound region in 2009, and saves $99 million for the region in congestion costs due to lost time and wasted fuel.

This program has also leveraged private investment in transportation, as employers voluntarily invested $49.4 million in the Commute Trip Reduction Program—more than $18 for every dollar provided by the State. This is remarkable, considering the State's biennial financial commitment to this program is just $6.3 million.

We believe that the Washington State Commute Trip Reduction Program should serve as a model for Federal policy. And, as such, we support legislation introduced by Congressman Sires called "Commute LESS." It is H.R. 260. This legislation would amend the planning process and help regional agencies develop employer-based commute relief programs. The legislation would accomplish this without adding any mandates to employers and does not require any additional revenue.

Finally, I would be remiss if I did not mention legislation introduced by Congressmen Rogers of Michigan, Young, and Carnahan, H.R. 596. This legislation would tweak a provision in Title 49, making it easier for public-sector agencies to partner with private providers of public transportation.

When gas prices hit $4 a gallon a few years ago, our company's business grew by 37 percent across 40 cities across the U.S., compared to a more traditional public transit growth of 4 percent, which in itself was remarkable. Private providers of public vanpool services like my company, VPSI, and Enterprise stand ready to bear more of the capital investment burden. VPSI already has over $150 million in rolling stock in service, and, with the passage of this legislation, we are willing to do more.

It should also be noted that the vehicles used in this service are only produced by American auto manufacturers. We estimate passage of this provision would generate nearly a thousand manufacturing jobs.

ACT recognizes the policies we mention here are not a silver bullet and that for many Americans driving alone is the most sensible option. But we believe these suggestions will help provide more options for commuters, will leverage public-private partnerships, and will improve our transportation system in a responsible, efficient, and sensible manner.

Thank you for the opportunity, and we will be ready to do questions later on.

Mr. DUNCAN. Thank you very much, Mr. Martz.

The next witness will be Mr. Robert McBride, the operator of the Metro Taxi company in Denver, Colorado, testifying on behalf of the Taxicab, Limousine & Paratransit Association.

Mr. McBride?

Mr. MCBRIDE. Good afternoon, Mr. Chairman and members of the committee. As you said, my name is Robert McBride, and I am also the president of the Taxicab, Limousine & Paratransit Association. Our over 1,000 member companies operate over 100,000 passenger vehicles, transport over 2 million passengers each day and over 900 million passengers each year. And, as you said, I am also the owner of Metro Taxi in Denver, Colorado.

The following is a summary of five of our major issues we would like you to consider in the next Federal transportation reauthorization bill.

Private Operator Rights: We urge you to continue to support all current provisions of the Federal Transit Act pertaining to the rights of private operators to participate to the maximum extent feasible in the planning and provision of public transit services.

Private transportation companies, like my taxicab service in Denver, often provide the first and last segments of a passenger trip, whether it is to or from the nearest transit terminal or airport. I am pleased to report to you that, increasingly, our industry is contracting with public transit authorities to provide cost-effective complimentary ADA paratransit services. This partnership between public and private providers needs to be improved and expanded so that, collectively, we can afford to enhance the general public's mobility options.

Program Consolidation: We support the consolidation of the Elderly and Disabled Specialized Transit Program, the Job Access and Reverse Commute, and the New Freedom Program into the Coordinated Mobility Initiative while maintaining current law pertaining to each program in regard to the funding eligibility, labor protection, and private operator subrecipient eligibility.

The New Freedom Program has been exceptionally valuable for getting wheelchair-accessible vehicles into taxicab fleets. Without this Federal support for these much more costly vehicles, this level of new paratransit taxicab service would not exist today.

Distracted-Driver Legislation: We urge the committee to explicitly recognize in the legislation that State or locally licensed commercial drivers providing for-hire passenger transportation services may continue to have access to their dispatch communication service that is necessary for the ordinary conduct of their business, as DOT has already done for federally licensed drivers or commercial motor vehicles.

RIDE Act Amendment: We request the committee support modifying the law such that an operator of a transportation terminal who is the recipient of Federal funds may not charge a fee to any provider or prearranged transportation service except for a fee that is charged to the general public or a fee that is determined by a DOT rulemaking for the availability of ancillary facilities at the transportation terminal, such as restrooms or vending machines made available to the drivers.

Repeal of Federal Labor Protections: In 1964, Congress enacted Section 13(c), the transit labor protection provision of the Federal Transit Act to maintain employee rights, privileges, and benefits as they existed in the private sector prior to Federal/State assistance and to protect employees against any adverse effects that might result from the initial provision of Federal assistance to public transit.

The goal of Congress in enacting Section 13(c), which is now Section 5333(b), was to protect the rights, privileges, and benefits of employees as they existed prior to receipt of Federal funds, not to create a new series of employee rights, privileges, and benefits. These labor protections are no longer needed and intrude into local decisionmaking and collective bargaining. In nearly every other industry where such labor protections existed, they have been eliminated. It is estimated that transit operating costs would be reduced by hundreds of millions of dollars if this provision is repealed. Section 5333(b) is an unfunded mandate that is too intrusive and too expensive to keep on the books.

Mr. Chairman, thank you very much, the committee, thank you very much, for letting us present our views today.

Mr. DUNCAN. All right. Thank you very much, Mr. McBride.

Our next witness is Ms. Jennifer Dexter, assistant vice president for government relations for the Easter Seals Society.

Thank you very much.

Ms. DEXTER. Thank you, Chairman Duncan and members of the subcommittee. We really appreciate the opportunity to appear before you today.

In addition to my role at Easter Seals, I serve as the co-chair of the Consortium for Citizens with Disabilities Transportation Task Force as well as the Senior Transportation Task Force.

Easter Seals is very proud of our long history working to increase the mobility of people with disabilities and older adults. For many years, we have operated a federally funded Project ACTION, as well as the National Center on Senior Transportation that we operate in cooperation with the National Association of Area Agencies on Aging, both through cooperative agreements with the Federal Transit Administration.

Too often, people with disabilities of all ages lack access to affordable, accessible, and reliable transportation options. The 2010 Harris Poll, funded by the National Organization on Disability, estimated that 34 percent of people with disabilities report having inadequate access to transportation. This is compared to only 16 percent of the general public.

Our specific recommendations are covered in depth in my written testimony, but they include: increasing overall funding for transit and population-specific programs, such as 5310, JARC, and New Freedom, and allowing 5310 funds to be used for operating assistance; making sure that there are protections in place to assure that the needs of specific populations and providers are protected in program consolidation efforts; increasing the input, involvement, and DOT monitoring of stakeholder input into all transportation planning processes; creating a dedicated resource to increase access to mobility management services; and continuing and increasing existing targeted technical assistance and education efforts.

In the short amount of time I have remaining, I would like to provide you with a very brief example of how a relatively small Federal investment can help increase the ability of someone with a disability or an older adult to live, learn, work, and play in their community.

One of the common complaints that people with disabilities and older adults have is that, for some people, the best and often only way to get around during their daily routines if they can no longer drive is a taxi. However, many taxi drivers don't have the awareness that is needed of how to best serve someone with a disability and are either reluctant to pick somebody up or make avoidable mistakes that are detrimental to the rider in some way.

This is exactly the kind of issue that Project ACTION likes to address. In response to this issue, we developed a small pocket guide for drivers. It is designed to be kept on the visor with all the other materials that the driver might need. It has simple guidance on good customer service for someone who needs assistance. We developed it in partnership with our friends, the taxi operators, and made it so it met their needs.

With this simple guide, we have taken the burden off of the individual driver to be an expert on serving people with disabilities and made it easy for them to get the information they need and increase the mobility of people with disabilities. This piece is available for free through our clearinghouse, and we have shipped out thousands of them.

We knew the piece was useful and successful when our CEO heard back from our affiliate in Australia that they had seen the piece in use in taxis over there.

For those who want more guidance, it is part of a full-scale Taxi Toolkit that has all sorts of resources available. And it has also been replicated for both transit providers and motorcoach operators.

I mention this not only because it is a product we are very proud of, which we are, but because it is a great example of where having resources available to help public-private partnerships develop and find solutions on their own, with all of the stakeholders participating, can pay great dividends. It is a process that has been replicated daily in communities throughout the country for a variety of mobility issues.

Addressing our recommendations in the reauthorization will help to assure that resources are available and programs have sufficient flexibility to continue to respond to real people's mobility needs and new approaches can be formulated to meet changing needs.

Thank you for your consideration. I look forward to continuing this dialogue.

Mr. DUNCAN. Thank you very much, Ms. Dexter.

We have now been joined by three additional Members: Mr. Nadler, Mr. Sires, and Mr. Crawford.

Do any of you wish to make any 2-minute statement at this time?

All right. Thank you very much.

Our next witness is Ms. Barbara Windsor, the president and CEO of Hahn Transportation, Incorporated, testifying on behalf of the American Trucking Associations. And Ms. Richardson pointed out to me that Ms. Windsor is the first woman who has ever been the chairman of the American Trucking Associations. So, certainly, congratulations are in order. And we are pleased to have you with us today.

You may begin your testimony.

Ms. WINDSOR. Thank you, Mr. Chairman.

Mr. Chairman Duncan, Ranking Member Rahall, and members of the subcommittee, thank you so much for inviting me to testify on behalf of the American Trucking Associations. I am Barbara Windsor, president and CEO of Hahn Transportation, based in New Market, Maryland, and I do serve as the ATA chairman, the first female in 77 years.

Mr. Chairman, a safe and efficient system of highways is essential to our country's economic well-being, security, and overall quality of life. Your predecessors recognized this reality by creating the Interstate Highway System, which has served our country well. Every day, freight flows through our ports, across our borders, and on our rail, highway, air, and water systems as part of a global, multimodal transportation logistics system.

Highways are the key to this system. Trucks move 70 percent of our Nation's freight tonnage and earn 82 percent of freight revenue. Unfortunately, our current highway system no longer meets our needs. In 2009, drivers in metropolitan areas wasted 4.8 billion hours sitting in traffic and burning 3.9 billion gallons of excess fuel at a cost of $115 billion. The cost to the trucking industry was $33 billion.

Mr. Chairman, incremental solutions will not allow us to meet the Nation's current and future transportation requirements. While we know that Congress is not receptive to a fuel tax increase, we would like the record to reflect that the trucking industry is willing to accept a fuel tax increase to help fund infrastructure.

Tolls on existing non-tolled Interstate Highways are not the answer. Tolls are a very inefficient means of revenue collection, and they cause diversion of traffic to alternate routes which are usually less safe.

In addition to more revenue, the Federal surface transportation program must be fundamentally reformed to maximize available resources. ATA supports a consolidated highway program with eligibility limited to the National Highway System and other highways with significant passenger and freight traffic.

Funding should also be dedicated toward addressing critical bottlenecks on heavily traveled freight corridors. Furthermore, programs with eligibilities which are clearly not in the national interest must be eliminated or paid for by other sources.

In addition, ATA supports a moratorium on highway earmarks. Project selection must be based on sound economic analysis. We also need to cut government red tape and streamline the project delivery process by reforming rules that extend the timeline for project delivery by 7 to 10 years.

Mr. Chairman, we can also more effectively utilize our highways through the use of more productive trucks. A new Federal-State partnership is necessary to promote truck size and weight reforms that improve safety, lower freight costs, reduce emissions, and protect public investment in our highway infrastructure.

Now, turning to safety, the trucking industry is the safest it has ever been and continues to get even safer. However, we believe that we can do better if we recognize that truck safety is about more than just regulation; it is about understanding the factors that increase crash risk and behaviors and events that cause crashes. Future FMCSA rules and programs will only succeed to the degree that they truly address crash risk and causation.

The most innovative and effective future oversight programs will be those which provide carriers with the tools to support carrier-based safety improvements. Our written statement includes recommendations addressing fatigue, a drug and alcohol clearinghouse, speed, and, perhaps most importantly, active safety technologies that lower risk and prevent crashes. We also have included several hazardous materials program recommendations for the committee's consideration.

Mr. Chairman, thank you for the opportunity to offer our views on how, collectively, we can improve truck and highway mobility and safety.

Mr. DUNCAN. Well, good job. Thank you very much, Ms. Windsor.

And next we are honored to have Mr. Kristopher Kane, a truck driver for Quality Carriers, who is testifying on behalf of the Owner-Operator Independent Drivers Association.

Mr. KANE. Thank you. And I want to clarify that I am not here representing Quality Carriers; I am here representing OOIDA.

My name, once again, is Kristopher Kane. I am involved in the trucking industry now for 25 years, as both an owner-operator as well as a company driver. OOIDA represents the interest of small-business trucking professionals and professional truck drivers.

I will keep my comments brief and sum up our written testimony. In short, truckers are one of the largest contributors to the Highway Trust Fund of our Nation's highway system. Every time we fuel, buy new trucks, trailers, tires, and write a check out for the annual highway heavy-vehicle usage tax, we contribute to that fund. In fact, while heavy-duty trucks only account for 7 percent of our highway's traffic, OOIDA members and other truck companies contribute more than 36 percent of the money going into the Highway Trust Fund each year.

Despite this investment, we continue to see efforts to divert the trust fund dollars away from highways and toward other programs that have little or no connection to improving the flow of interstate commerce. The next highway bill represents an opportunity to halt those diversions and refocus the trust fund investments toward their original purpose: highways.

We are willing to entertain a variety of funding mechanisms to replenish the Highway Trust Fund, providing that those funds are used to maintain our highway infrastructure as well as make the improvements on our Nation's roads and bridges.

As far as improving other programs, we believe the safest trucks on the road are those driven by well-trained, experienced drivers who have the ability to travel at the same rate of speed and traffic flow. In addition, OOIDA does not support any mandates which unfairly burden truckers and compromise their privacy, such as on-board electronic recorders, or EOBRs.

Furthermore, OOIDA believes the most pervasive problem in the trucking industry's impact on drivers' efficiency is excessive detention time. That is long, unpredictable, and often uncompensated time that truck drivers spend on the dock waiting to be loaded and unloaded. Detention time is more than just a mere inconvenience problem for the truckers. We deal with it on a daily basis, and it costs society an estimated $6.5 billion a year.

I personally have been subjected to this detention time throughout my career. One example was one time I was hauling frozen turkeys from Pennsylvania to New Jersey. I arrived at the warehouse for a scheduled appointment on a Wednesday only to find out there was a computer glitch and I had to wait until Friday evening to unload the trailer. I sat there for 3 days and 2 nights.

Because of the warehouse mistake, I wasted time, fuel, and the opportunity to be with my family. I was not compensated for their mistake. The mistake did not cost the warehouse anything. In fact, it worked to their benefit because we were able to keep their product on my refrigerated trailer until they were ready to receive it.

Unfortunately, this example is not an uncommon experience for truck drivers, who are regularly detained by shippers in receivement for hours and even days at a time, essentially because the driver's time is not accounted for in the supply chain. Congress has an opportunity to address this issue. I would like to thank Congressman DeFazio for introducing this bill on this issue.

Thank you.

Mr. DUNCAN. All right. Thank you very much, Mr. Kane.

Our next witness is Mr. LaMont Byrd, the director of the Safety and Health Department for the International Brotherhood of Teamsters.

Mr. Byrd?

Mr. BYRD. Mr. Chairman, Ranking Member, and members of the subcommittee, thank you for the opportunity to appear here today to convey our views on issues that we feel will improve our surface transportation programs, especially those related to motor carrier safety.

While time permits me to discuss only a few of our issues, our written testimony provides a more comprehensive overview.

The International Brotherhood of Teamsters represents approximately 600,000 commercial drivers who are among the safest and most experienced drivers on our Nation's roads. Truck drivers deserve to have a workplace, our Nation's roads, that is as safe as any factory floor. Unfortunately, that is just not the case.

While there appears to be a downward trend in fatalities and injuries involving large trucks during the last few years, it is difficult to determine the exact reasons for these reductions. Certainly, increased roadside inspections, compliance reviews, and enforcement activities and initiatives by the Federal Motor Carrier Safety Administration played a role, but external factors like the recession and the likelihood that there has been a significant reduction in vehicle miles traveled also contributed. Nevertheless, 3,380 fatalities and crashes involving large trucks in 2009 is just unacceptable.

Many trucks operated by teamster members are equipped with speed limiters, and our drivers report no significant problems or safety hazardous as a result of using these devices. Based on our experience, the teamsters could support the use of speed-limiting devices industrywide, provided that these devices allow trucks to attain sufficient speeds to safely merge on to highways, pass slow-moving vehicles, and maintain a safe speed while traveling uphill.

While the Federal Motor Carrier Safety Administration issued a final rule that requires the use of electronic onboard recorders for motor carriers that have had a history of serious noncompliance with the hours-of-service rule, there have been several legislative proposals introduced that will require the use of EOBRs in all interstate commercial motor vehicles.

The teamsters union believes that EOBR technology may be useful in helping to enforce compliance with the hours-of-service regulation, but it does not guarantee compliance with the rule. Drivers will still have to manually input data concerning time spent on duty not driving; thus, cheaters will still have the opportunity to cheat.

We also think that EOBRs must be tamperproof and have the capability to accurately identify drivers who are operating a specific piece of equipment.

We strongly recommend that, as legislation moves forward mandating the use of EOBRs, that they be used only for compliance for hours of service and not to monitor the productivity of drivers.

The teamsters union has a long history of being proactive in deterring the abuse of drugs and alcohol in the trucking industry. For well over 2 decades, the union has negotiated drug and alcohol testing programs with many of our employers in the trucking industry. That said, we are aware of several legislative proposals calling for a national clearinghouse for drug and alcohol testing records.

While we have significant concerns about the creation of a clearinghouse with respect to driver privacy issues, we would prefer a national clearinghouse operated by the Federal Government rather than a database where information is collected on a State-by-State basis and managed by the States.

The clearinghouse must be able to: one, protect the driver's confidentiality; two, provide a reasonable mechanism for drivers to learn of and correct reporting errors; and, three, create a uniform and fair method for expunging the records of drivers who have been successfully rehabbed.

In closing, none of this safety agenda can be accomplished without dedicated resources. The prospect of looming budget cuts with no real increase in the revenue stream may put the United States even further behind other nations in developing a transportation system that allows us to compete in a global market.

Thank you. And I will remain available for any questions that you may have.

Mr. DUNCAN. Thank you very much, Mr. Byrd.

Our next witness is Mr. Dave Leach, president and CEO of Greyhound Bus Lines, Incorporated.

Mr. Leach?

Mr. LEACH. Chairman Duncan and members of the subcommittee, I am pleased to present Greyhound's views on the vital role intercity buses can play in bringing cost-effective improvements to the Nation's surface transportation programs.

Intercity buses are the most energy-efficient, environmentally clean, cost-effective, and flexible passenger transportation mode, yet they are largely off the grid when it comes to Federal, State, and local planning. It is a rare day when intercity buses are integrated into transportation planning in a meaningful way, and far less than 1 percent of Federal public and intercity transportation funding goes to intercity buses.

Here are six steps we recommend that the subcommittee take to enable intercity buses to help meet its objectives of better utilization of underutilized assets, doing more with less, streamlining delivery, and developing public-private partnerships.

Number one, give States more flexibility in implementing the Section 5311(f) intercity bus program by making the FTA's private match pilot program permanent. By allowing States to use all of a private operator's unsubsidized costs as a private match and by letting States use the match for any Section 5311 project, in the pilot program's 3 years, States have been able to provide new intercity service to 240 communities nationwide without a dime of extra Federal expense.

Number two, assuming there is going to be an intercity component to reauthorization, give States the flexibility to provide capital for the development of intercity bus networks. These can provide attractive alternatives to the private auto at a tiny fraction of the capital costs of intercity rail and with no subsidized operating costs. Services like Greyhound's Bolt Bus and Greyhound's Express have demonstrated the popularity of bus services. The industry's problem is a lack of capital for new equipment. In the last 12 years, the annual number of motorcoaches in our industry has fallen by 65 percent.

Number three, continue the Over-the-Road Bus Accessibility Program to help Greyhound and others to meet the continuing Federal mandate for a wheelchair lift on every fixed-route bus it acquires. This mandate adds almost 10 percent to the cost of a new bus. Without this program, Greyhound will have to reduce its bus purchases by 10 percent. A reduction in fleet will mean less or no service on routes with low ridership.

Number four, integrate intercity buses into Federal, State, and local planning so that their transportation and environmental benefits are fully utilized.

Number five, ensure that local and State officials treat privately operated intercity buses the same as public transit buses with regard to access to and charges paid for federally funded HOV and HOT lanes and tolled facilities.

And last but not least, provide incentives for intermodal projects including intercity buses and make those projects easier to plan, fund, and implement.

Greyhound believes that these steps will enable privately operated intercity buses to play a substantial role in creating an improved and more cost-effective surface transportation system.

Thank you.

Mr. DUNCAN. Thank you very much, Mr. Leach.

The next witness is Mr. Peter Pantuso, president and CEO of the American Bus Association. Mr. Pantuso?

Mr. PANTUSO. Thank you, Mr. Chairman.

ABA is the trade association for the private motorcoach over-the-road industry as well as for the tour and travel industry, all of whom have a deep interest in transportation reauthorization. Our motorcoach members represent nearly 60 percent of all motorcoaches on the road today and provide a variety of expanding transportation services to more than 760 million passengers annually.

The private motorcoach industry, which operates with virtually no subsidy, is looking less for funding than it is for opportunities—opportunities to access existing programs and existing funding sources. A full presentation of our reauthorization proposals is appended to my testimony.

Our first proposal is that the private bus industry be fully involved in the planning process. A letter that was recently sent by our vice chairman cites an example in Allentown, Pennsylvania. And it reads, "The city of Allentown Parking Authority planned and built the Allentown Transportation Center, an intermodal facility. Then it asked our company and other bus operators to move into it only after it was built. However, it was in the wrong location, without accommodations needed for intercity regular route service operations and for our passengers. We have seen this happen repeatedly and believe the consultation requirement that currently exists for these projects should be enforced."

We also suggest that a staff position in the Office of the Secretary be created that provides support to and reduces obstacles for private bus transportation service and all private providers. The conversation about public-private partnerships, to date, has focused mostly on construction. We believe that should be expanded so that the dialogue also includes passenger transportation.

Our second proposal is to reverse the trend of rural communities losing their intercity bus service by continuing the rural intercity program that Mr. Leach mentioned, the 5311(f) program, and the private match pilot program.

Third, ABA proposes an Essential Bus Service. The current Essential Air Service program is continually shrinking, yet its costs continue to expand. Congress should require the U.S. Department of Transportation to fund a pilot Essential Bus Service program that also gives operators meaningful access to existing hub airports and ground transportation facilities.

Our fourth proposal is the continuation of the ADA grant program providing wheelchair-lift assistance to comply with the 1998 requirements for intercity coaches. Grants available under the SAFETEA–LU for ADA compliance have been less than one-fourth of the total cost, which, estimated by the Transportation Research Board, exceeds $40 million annually.

And, finally, there is a need for capital to revitalize the industry. Due in part to continuing Federal mandates, the average purchase price of a coach has increased from $340,000 in 2000 to $500,000 today. New safety mandates coming from Congress and from NHTSA will easily increase the cost another $60,000 to $75,000 per coach. Increased costs have driven up the average age of the fleet by nearly 40 percent. And if that continues, we will see a greater loss of these small businesses, our domestic motorcoach manufacturing base, local tourism dollars, and we will see increased congestion as people move from buses to cars. Financial assistance could come through a combination of tax credits, grants, low-interest loans, access to TIFIA funds, and capital under the infrastructure bank.

Mr. Chairman, members of this committee, ABA believes our proposals are workable, reasonable, and necessary to ensure that our transportation system continues to serve our 760 million passengers annually.

Thank you.

Mr. DUNCAN. We are always honored to be joined by the former Chairman of the full committee, the gentleman from Alaska, Mr. Young.

Do you have my statements you wish to make at this time?

Mr. YOUNG. No. Thank you, Mr. Chairman, for asking, but let us hear the witnesses, and I may have a couple questions later on.

Mr. DUNCAN. Thanks very much.

Our next witness is Captain Steve Dowling of the California Highway Patrol on behalf of the Commercial Vehicle Safety Alliance.

Captain Dowling.

Mr. DOWLING. Thank you.

Chairman Duncan, Ranking Member Richardson, and members of the subcommittee, I am Steve Dowling. I am president of the Commercial Vehicle Safety Alliance, and I appreciate the privilege of addressing you this afternoon.

CVSA is an organization of State and provincial officials that are responsible for the administration and enforcement of commercial motor vehicle safety laws for the United States and Mexico.

Our written statement addresses six issues that we submitted, and those include carrier exemptions to the regulations, investment in safety technologies, and registration credentialing and data integrity.

But today I would like to address three of the other topics that were submitted, and the first is the Motor Carrier Safety Grant Program. The core State safety grant program is the Motor Carrier Safety Assistance Program, and since its inception, this program has maintained the same general structure while the approach to enforcement has evolved. CVSA believes that each of the current grant programs contributes to the mission of reducing truck and bus fatalities and collisions, but we also believe that there is a better way to align these programs to allow the States more flexibility in allocating grant moneys to achieve the desired results.

CVSA supports the designation of three umbrella grants identified in FMCSA's fiscal year 2012 budget proposal. We particularly like the idea of the Compliant Safety and Accountability, or CSA, umbrella grant as it allows data to be used for targeted enforcement of motor carriers that have serious safety issues. However, CSA and its implementation has greatly increased data challenges that must be adjudicated by the States. And therefore, when this committee looks at the level of funding, we would request that this issue be taken into consideration.

With respect to the maintenance of effort, or MOE, requirements in the MCSAP, the current method of shifting the time period for which MOE formula is based has become a serious burden for the States. CVSA recommends the MOE formula be tied to a stationary period, specifically the three fiscal periods preceding the enactment of the Motor Carrier Safety Improvement Act of 1999, and then indexed for inflation.

As evidenced by FMCSA's intervention model results, there is a direct correlation between enforcement and safety. Therefore, we urge the committee to, at a minimum, sustain funding of State programs at current authorization levels.

Next I would like to discuss bus safety.

DOT is making reasonable progress, but more needs to be done. One specific step would be to restore the States' ability to conduct en-route bus inspections. Restrictions in the current authorization prohibit en-route bus inspections except in the case of imminent hazard. The same legislation encourages roadside inspection for vehicles carrying freight. CVSA believes this contradiction must be corrected by placing a priority on passenger transportation and lifting the en-route inspection prohibition on buses.

Advancement in crashworthiness and passenger protection systems need to be accelerated into the market. Proven solutions do not need further studies, and seatbelts should be mandatory.

My final topic is truck size and weight. We realize there is an interest in improving truck productivity, and CVSA believes the first step in this process is to conduct a comprehensive truck size and weight study, and safety must be in the forefront of all discussions and analysis. Specifically, performance testing of various vehicle configurations should be conducted to ensure increasing productivity does not come at the expense of safety and bridge and highway infrastructure protection.

Thank you very much for the opportunity to share our recommendations to further improve highway safety.

Mr. DUNCAN. Thank you very much.

I am so pleased that all of the witnesses thus far have said a lot in a short amount of time, and we are moving this hearing along much better than I expected.

Our next witness is Mr. Vernon Betkey, the director of the Maryland Highway Safety Office, testifying on behalf of the Governors Highway Safety Association.

Mr. BETKEY. Thank you, Mr. Chairman and members of the committee, for this opportunity to testify today.

The members of the Governors Highway Safety Association are responsible for administering the State highway safety behavioral programs, and they do this with one formula grant program, seven incentive grant programs, and two penalty transfer programs.

In the past these programs have been authorized in a piecemeal fashion without an overall National Strategic Highway Safety Plan with national goals. The association, along with many of its highway safety partners, is developing a national plan. The vision for this plan is zero motor vehicle fatalities, with an interim goal of halving fatalities by 2030. GHSA recommends that the vision and the goal be incorporated into the next authorization and encourages the States to work toward this goal in their Strategic Highway Safety Plans.

The association recommends a streamlined approach to the behavioral highway safety funds. We support a single behavioral safety program, excluding the data program, with earmarks for impaired driving, occupant protection and motorcycle safety. The association strongly recommends a single application and a single application deadline, with all funds allocated by October 1. This would make for a more efficient planning process in the States.

GHSA worked with the National Highway Traffic Safety Administration to identify a set of 15 performance measures that States are using right now in their highway safety plans and programs.

The GHSA supports this performance-based approach for behavioral funds and recommends that the reauthorization legislation focus on the most important measures, which is total fatalities, fatality rates, total serious injuries, and using that on a 5-year moving average. In addition, we would recommend a more standardized definition for "serious injuries."

The collection and analysis of data is extremely important to State planning and evaluation, and GHSA recommends an increase in the Section 408 Data Improvement Program. The association supports the requirements for States to develop a Strategic Highway Safety Plan under Section 148 Highway Safety Improvement Program. The process has helped our members strengthen the relationships with other partners in their States and also in local agencies involved in highway safety, and with a more focus on limited resources. GHSA recommends updates to the SHSP at least once between authorizations.

When it comes to the carrot and the stick, the association fully supports the carrot approach and adamantly opposes new sanctions, as States already are sanctioned for failure to enact seven different highway safety laws, and the States are making a lot of progress in some of the other areas such as high BAC laws, texting laws, graduated driver's license laws. And we discourage taking away the Federal funds that could possibly create more jobs.

In summary, GHSA recommends the consolidated and streamlining of the grant process, a National Strategic Highway Safety Plan, and a continuation of the State strategic highway safety planning requirements, more emphasis on performance-based planning, a greater emphasis in data collection and analysis, and no sanctions.

Thank you for the opportunity to testify today, and we will be available for questions.

Mr. DUNCAN. Thank you very much, Mr. Betkey.

Our next witness is Ms. Judith Lee Stone, president of the Advocates for Highway and Auto Safety.

Ms. Stone.

Ms. STONE. Good afternoon, Mr. Chairman and members of the subcommittee. Thank you for inviting me to testify today.

Last year, Advocates for Highway and Auto Safety celebrated its 20th anniversary. As we have done in the past 2 decades, we want to make sure that the transportation reauthorization bill enacted in Congress this year has a strong safety component.

SAFETEA–LU, enacted in 2005, has resulted in the largest surface transportation and infrastructure investment in our Nation's history. Yet during just this authorization timeframe, over 200,000 people will have been killed on our roads and highways and more than 10 million injured, at an economic cost to society of well over $1 trillion.

Let me briefly recommend some key areas where there are tremendous opportunities for safety.

Without adoption of the safety provisions, the next 5 years will likely result in another 200,000 people dying on our highways and millions more injured at a numbing human and economic cost. We can't let this happen, and we don't have to let this happen.

One of the most significant obstacles in reducing highway deaths and injuries is the lack of uniform traffic safety laws among States. Included in my statement are several maps showing that too many States lack some of the most fundamental safety laws. This is where Federal leadership is crucial.

In the past 20 years, when Congress reinforced the need for States to pass life-saving laws by invoking sanctions, States promptly acted. This has been successful in achieving uniform State adoption of a national 21 drinking age, minimum standards for licensing commercial drivers, a zero tolerance law to combat underage drinking and driving, and a .08 BAC law.

It is important to note that every time Congress used a sanction, every State adopted the law. Not one State lost a single dollar of Federal highway funds, and many thousands of lives have been saved.

It is even more important to realize, especially in these days, that highway safety sanctions do not cost any money to implement. States pass the laws, sanctions are not applied, and everyone walks away a winner. It is time for Congress to use this approach to encourage State action on several essential and life-saving laws.

Every State needs a strong and comprehensive teen driving law. Motor vehicle crashes remain the leading cause of death for teenagers in every State. Since 2003, more than 53,000 deaths occurred in motor vehicle crashes involving young drivers. There is a patchwork quilt of teen driving laws across the country that jeopardizes the safety of our children. It makes no sense to allow a system where teens in some States are better protected than in others.

Advocates support the Safe Teen and Uniform Driver Protection, or STANDUP, Act, setting minimum standards for State teen driving laws. The requirements in the bill are based on recommendations by the NTSB, the American Academy of Pediatrics, safety experts, and extensive research and studies. Any doubts about public support for getting these laws on the books in every State are put to rest by recent scientific surveys saying that in large percentages parents want licensing rules that go beyond the STANDUP Act, and 74 percent of teens themselves approve of a single comprehensive law that incorporates the key elements of improved teen driving laws.

Every State needs a primary enforcement seatbelt law. Last year about half of those killed in crashes were unbelted. In SAFETEA–LU, Congress provided $500 million in incentive grant funds to encourage State adoption of more effective belt laws. Only 10 States acted these past 5 years. In fact, in 2010, only one State adopted a primary enforcement seatbelt law, and 19 States still need it.

Every State needs an ignition interlock law to curb drunk driving, and this is an important measure to get tougher on drunk driving, and these devices keep impaired drivers off the road, including first-time offenders.

Every State needs to be ban texting while driving. In 2009, there were an estimated 5,474 fatalities and nearly half a million injuries and crashes where driver distraction was a factor. Adoption of these laws for all drivers sends a message to the public that text messaging while driving is unsafe and illegal.

Every State needs an all-rider motorcycle helmet law. Motorcycling deaths have doubled in recent years. In 2009, over 4,000 motorcyclists were killed and 90,000 were injured. Before 2009, motorcycle fatalities increased every year for more than a decade.

Research conclusively and convincingly shows that all-rider helmet laws save lives, prevent disabling brain injuries and reduce medical costs, but currently only 20 States and DC require all motorcyclists to use a helmet, and these laws are under attack. Last year more laws were introduced in State legislatures to repeal all-rider helmet laws rather than to enact them.

And finally, we need to stop increases in truck sizes and weights. In the decade from 2000 to 2009, an average of over 4,000 people died in truck crashes each year, and more than 1.1 million suffered costly injuries. Oversized, overweight trucks are dangerous and destructive. As trucks get bigger and heavier, they have longer stopping distances, they are more difficult to maneuver in the traffic stream, they have an increased risk of rollover, and they destroy roads and bridges.

Unfortunately, trucking and shipping interests are already prodding Congress to increase Federal truck size and weight laws, to relax the 1991 freeze on large double and triple trailer trucks, to set up pilot programs and give special weight exemptions and options to States. It is time to stop this deadly race, and we are in support of enacting the Safe Highways and Infrastructure Preservation Act.

I just want to close by saying that the quality of life for all Americans depends on a safe and reliable, economical and environmentally sound surface transportation system. There are no acceptable excuses for putting the brakes on adopting proven safety measures that will significantly reduce our Nation's death and injury toll and health care costs as well.

Thank you.

Mr. DUNCAN. Very good suggestions, Ms. Stone, particularly on the texting while driving. I don't know, it is awfully hard to stop, I suppose, but certainly people shouldn't be doing that.

Our next witness is Ms. Jan Withers, a member of the national board of directors of the Mothers Against Drunk Driving, and is here to testify on their behalf.

Ms. Withers.

Ms. WITHERS. Thank you, Chairman Duncan and Ranking Member Richardson, for allowing me the opportunity to speak on behalf of Mothers Against Drunk Driving.

Drunk driving continues to be the leading cause of death on our Nation's roads. In 2009, 10,839 people were killed in drunk driving crashes. As a Nation, we should find these numbers inexcusable.

The statistics we hear are not just numbers to me. My 15-year-old daughter Alisa was killed by a drunk driver. She was my child, not a number. And she is why I am here representing MADD today.in 2006, following research and strategies proven to work, MADD announced its Campaign to Eliminate Drunk Driving, which, first, supports more resources for high-visibility law enforcement; second, requires all convicted drunk drivers to install an ignition interlock device; and lastly, turns cars into the cure through the development of advanced in-vehicle technology.

An ignition interlock is a breath-test device linked to the vehicle's ignition system. The interlock allows a DUI offender to continue to drive wherever they need to go. They just can't drive drunk. The research on interlocks is crystal clear. Since New Mexico and Arizona have implemented all offender interlock laws, DUI fatalities in those States have been reduced by over 30 and 40 percent respectively.

But MADD is now hitting roadblocks from the alcohol industry and DUI defense attorneys as we try to pass this law in State legislatures. In my own home State of Maryland, we have one particular DUI defense attorney who chairs the Judiciary Committee, where for the last 3 years he has refused to hold a vote on meaningful ignition interlock legislation. I have submitted a Washington Post editorial on the subject for the record. We need this committee's help to work to find ways in the reauthorization bill to increase the number of DUI offenders required to use the ignition interlock device.

While interlocks are currently the most proven technology available to stop drunk driving, a program is under way to provide an advanced in-vehicle option for consumers, which could potentially eliminate drunk driving.

The Driver Alcohol Detection System for Safety, or DADSS, is a result of a research agreement between NHTSA and many of the world's leading auto manufacturers. The purpose of this project is to research, develop and demonstrate noninvasive in-vehicle alcohol detection technologies that can very quickly and accurately measure the driver's blood alcohol content. If a driver's BAC is at or about the illegal limit of .08, the car will not start. The Insurance Institute for Highway Safety estimates that over 8,000 lives could be saved if the technology is widely deployed in the U.S.

MADD asks this committee to authorize $10 million per year to continue the existing DADSS research program. It is our hope that one day consumers will be able to purchase this technology as an option for their car.

Turning to the grant programs, it is critical that dollars are spent on programs that work. SAFETEA–LU traffic safety grants represent the majority of funds that States spend on drunk driving prevention. You will note in my testimony submitted for the record that MADD is offering more specific recommendations regarding performance measures and accountability.

With this committee's leadership, we will eliminate drunk driving. MADD asks the committee to consider ways to make ignition interlocks an important part of the next reauthorization bill. We ask for the Congress to turn cars into the cure for drunk driving by passing the ROADS SAFE Act. And by revamping highway safety grants programs, changes can be made to ensure States receive critical funding and spend it on activities that will save the most lives and prevent the most injuries.

Thank you for your leadership and having this hearing.

Mr. DUNCAN. Thank you very much, Ms. Withers.

Certainly the worst thing that can happen to anyone is to outlive a child, and certainly you have the sympathy of all of the Members in that regard.

I am told by staff that just last night you were elected as the new incoming chairman or president of the Mothers Against Drunk Driving, so congratulations, and we wish you the best in that work, very important work.

Our next witness is Mr. Robert Letourneau of the New Hampshire Motorcycle Education, a New Hampshire motorcycle education specialist, who is here to testify on behalf of the Motorcycle Riders Foundation.

Mr. Letourneau.

Mr. LETOURNEAU. Thank you, Mr. Duncan, and Ms. Richardson and members of the transit subcommittee. Thank you for inviting me today to testify on behalf of American motorcyclists. My name is Robert Letourneau, and I am here representing the Motorcycle Riders Foundation, which is a coalition of State motorcycle rights organizations and individual members representing 275,000 motorcyclists.

I have served on the New Hampshire House Transportation for 8 years and chairman of the New Hampshire Senate Transportation for three terms. Currently I am serving as a motorcycle rider education specialist for the New Hampshire Department of Safety, and additionally, I have been a motorcyclist myself for 34 years.

I appreciate the opportunity to provide your subcommittee with some thoughts the MRF has on highway safety programs administrated by the National Highway Traffic Safety Administration. The members of the MRF are appreciative that SAFETEA–LU legislation section 2010 provided $25 million specifically for motorcycle safety rider education and motorist awareness of motorcycles. That program has reached 48 States and has been extended for 2 years.

Funding shortfalls for motorcycle safety are present across the country. During this time of economic challenge and budget shortfalls, many Governors are raiding the dedicated safety funds generated by licensing fees from motorcyclists to pay for nontransportation programs. When States are running a deficit, they turn to the motorcycle programs as a piggy bank. We pray that the next reauthorization will not only keep the Federal motorcycle safety grant program as a priority, but will also keep in place the safeguards that protect those funds from being used for any other purpose.

Many nonprofit State motorcycle rights organizations have implemented "share the road" programs and impaired riding reduction programs with private funding sources. These 2010 funds could be made available to the nonprofit world to help them continue these life-saving endeavors.

It is important to note that, due in large part of this program, motorcycle fatalities dropped for the first time in 11 years during the 2008–2009 time period. The decrease in fatalities from 2008 and 2009 was by 10 percent. That same report stated that an explosion of motorcycle sales, from 356,000 in 1997 to 1.1 million today, is crippling the rider education programs across the country. Twenty-nine States have capacity problems and often have waiting times for training for over 12 weeks. This is another reason why Congress needs to invest more money in motorcycle rider education via the 2010 funds.

We ask that Congress continue this process set in the SAFETEA–LU legislation. Consider this: That under SAFETEA–LU law the Federal Government spends $1 per motorcyclist per year, and ask yourself if you think that is enough.

Lastly, as a personal observation from myself, who actually sees how these grants positively impact the rider training program in my State of New Hampshire, I can say categorically that without these grants, it would not have been possible to expand our program that will reach many more riders, and the outcome will be lives saved because of proper training.

One area of concern that we are working on right now is—to expand is the returning rider, the baby boomers, if you will. Our data shows an increase in fatal crashes in this area, and we are looking to create a new curriculum to address this issue. With the regard of value for the rider education, consider this example: During the first 10 years of our motorcycle education program, having trained over 23,000 riders, only 1 of those riders was involved in a fatality, and we believe that that rider had a medical event.

Education is the key to successfully reducing motorcycle fatalities. Our experience is proof positive. On behalf of the MRF and the American motorcyclists, I thank you for this opportunity to present our concerns and views as you consider safety issues and development of a new highway program. And I will also stay to answer questions after the hearing. Thank you.

Mr. DUNCAN. Well, thank you very much, Mr. Letourneau.

That is a fascinating statistic that 23,000 riders were trained, and only 1 of those has been involved or has been killed. That is amazing. That is great.

Our next witness is Mr. Mortimer L. Downey III, senior adviser of Parsons Brinckerhoff, who is here to testify on behalf of the Coalition for America's Gateways and Trade Corridors.

I am going to turn the chair over to the Vice Chairman of the subcommittee Mr. Hanna, who will preside from here on. And I will be here a few minutes more, but I have some other meetings. Mr. Downey, you may begin.

Mr. DOWNEY. Thank you, Mr. Chairman, Ms. Richardson. It is my privilege to be here to talk about the issue of goods movement, which is the concern of our coalition. We think this is a real opportunity as you are drafting the new legislation to not only fulfill constitutional requirements with respect to interstate commerce, but to make significant investments that will pay off to the economy through the efficient, safe movement of goods.

Our longer statement identifies a number of positions that we believe would be useful in legislation, but let me just touch on three key points.

First, we think you should create a new U.S. Department of Transportation Office of Multimodal Freight. Such an office could really be the focal point within the Department on an unbiased basis to develop the data, the policies, and the strategies that are really needed to tune up our freight system and make it an efficient part of the economy.

Second, we believe that in addition to freight-friendly positions throughout all elements of the bill, that there should be a dedicated freight program to make investments that are national in scope and nature, that can be very beneficial to the operation of the system, that should be selected on an objective and merit-based set of criteria, and that can be developed in a partnership with the private sector. Those are the kinds of projects that have been done in the past. There have been some real success stories, the Alameda Corridor in California being one of them. But there are many other such opportunities, and we should provide the basis by which those can be moved forward.

Finally, I believe there should be in the bill and on the freight side a real opportunity for partnership with the private sector. There are private operators throughout the system; the truckers, the railroads, the barge operators. There are private beneficiaries in the movement of freight. They are looking for bottom-line improvements to their businesses. We have even heard today that some of them are willing to pay to see those bottom-line improvements be put into place. They are willing to be participants in the financing of projects, but they like to be part of the process in identifying the system that works and identifying the projects that make sense.

To achieve that, there needs to be an ongoing dialogue with these private-sector companies on how the program works, on how the system is developing, and we believe there should be a private-sector freight advisory committee for the Department of Transportation to provide input on their strategic planning, to help in the criteria for project selection, but primarily to be a forum on how we make the system work better and how we create the data that will be needed to make good decisions within that system.

So we look forward to working with you on the committee as legislation is drafted, and certainly we will be here to answer any questions this afternoon. But we will be ready to work with you throughout the year on this very important effort.

Mr. HANNA. [presiding.] Thank you very much.

Our next witness, Mr. Kirk Nagle, CEO and president of the American Association of Port Authorities. You are recognized, sir.

Mr. NAGLE. Thank you, Mr. Chairman and Ranking Member Richardson, for the opportunity to testify before your subcommittee this afternoon.

The American Association of Port Authorities, representing our U.S. public port agencies, has submitted a number of policy recommendations for reauthorization with our written testimony. I would like to touch on just several of those issues of particular importance to ports in my oral testimony this afternoon.

In these challenging Federal budget times, it is particularly important to focus and prioritize on core Federal missions and which have a sizable impact on our economy, employment, and our international competitiveness. Transportation infrastructure, particularly that connecting the U.S. to the world, has consistently been identified as strongly in the Federal interests since our Nation's founding. This infrastructure is even more important than ever with over 25 percent of our Nation's gross domestic product accounted for by international trade.

America's ports are doing their share. They are investing over $2 billion a year in their infrastructure to accommodate increases in trade. However, the constraints and bottlenecks are often on the connections to our ports on both the land and the water side.

AAPA believes that it is important in this reauthorization to elevate freight transportation, including the connections into and out of intermodal facilities like ports, to a higher level of focus and priority.

Among our specific recommendations: to reform and consolidate the over 100 existing programs, Mr. Chairman, that you mentioned in your opening remarks with one of those consolidated programs focusing on freight transportation; as well as the multimodal freight office that Mr. Downey referenced in his testimony for CAGTC. We think it is very important to implement a national freight policy with funding targeted at both the Federal and State levels to freight, including projects in corridors of regional and national significance. These multistate projects now are difficult to advance when much of the cost may be in one State and/or in multistate or multijurisdictions, but the benefits are widely disbursed both regionally and ultimately nationally.

We also think it is vital that the intermodal connections into and out of ports, the so-called last, or, we think, more appropriately, first mile, are absolutely critical links. And this is often where we see bottlenecks when goods are either moving to or away from our America's ports. A Federal Highway Administration study found these intermodal connectors to be in worse condition and received less funding than their other counterparts in the National Highway System.

Currently it is difficult for these projects to compete in the local planning process, which is most often focused more on moving people, automobiles, rather than freight. But these are absolutely vital to our economy, they are vital to employment, and they are vital to our international competitiveness.

In addition, AAPA urges that in reauthorization there be an authorization for a National Infrastructure Investments style program, as there is no other general funding source right now for port infrastructure.

And we believe that there should be incentives to encourage more short sea shipping and marine highway-type utilization to better utilize our Nation's water assets. We have the benefit of being a maritime Nation and having water essentially on all four of our coasts, including the Great Lakes, and we think we should look and incentivize ways of better utilizing that to lessen the pressure on our highway system.

Finally, we endorsed the other notion that you mentioned in your opening, Mr. Chairman, about the desire to improve project delivery and the permitting process. We support Chairman Mica's 437-day plan to eliminate redundancies, provide concurrent rather than consecutive reviews, streamline processes, and delegate NEPA responsibility where appropriate to appropriate State agencies.

Again, I very much appreciate the opportunity to testify and would be happy to answer questions at the proper time. Thank you.

Mr. HANNA. Thank you Mr. Nagle.

Mr. Johnson, manager, carrier relations, Owens Corning, on behalf of National Industrial Transportation League. You are recognized, sir.

Mr. JOHNSON. Thank you, Mr. Chairman.

Good afternoon. My name is Wayne Johnson. I am the manager of global carrier relations at Owens Corning in Toledo, Ohio. Today I am here representing the members of the National Industrial Transportation League as its chairman of the transportation committee itself. I appreciate the opportunity to testify.

Like most of you, I drove to work today. And I am here today to talk about industrial perspectives in the transportation market.

Owens Corning depends heavily on transportation infrastructure and moves over 570,000 loads a year using all modes of transportation. Trucking represents 495,000 loads of that total of shipments, and over 145 million highway miles traveled every year on an annual basis at a cost of $345 million that we spend on transportation on the highway side alone.

These are not trivial numbers, and we are only one company out of the many members we have. Like so many businesses, we depend upon a transportation system that allows us to reach suppliers and customers in a timely and efficient manner. Congestion on our highways and our ports, intermodal connections creates inefficiencies, long transit times, missed schedules, production interruptions. All of these are uncompensated costs that harm profitability, inhibit our ability to grow and add new workers.

Most of our witnesses are probably in broad agreement with the nature of this problem. It is time for solutions, and we are enlightened by Chairman Mica's statement there will be no more short-term extensions of the surface transportation authorization.

America is underinvesting in our freight transportation system. We are failing to recognize how it supports our economy interests and creates an environment for sustained economic growth. Further delay in enacting a new authorization and continued neglect of our existing highway investments will compromise American industrial competitiveness. Companies that export, like Owens Corning, will fall behind overseas competitors. The competition is global and relentless. For major importers and retailers, it will mean the costs will soar on consumers. And for exporters, importers, and companies that do all of their business in the United States, the result is the same: We will not be able to add jobs.

The great recession masked the problems that we have seen in the full recovery takes place, but they will come again. The chokepoints, backups, delays, and other indicators of deteriorating freight transportation systems that were cited daily before the recession will abate somewhat, but as we resume normal production and consumption cycles, the underlying problems of infrastructure neglect and deferred investments will again make themselves known.

For all of our past efforts, we have never seriously considered or attempted to put in place the national transportation system policy. I recognize the full integrated system, comprehensive, multiyear surface transportation authorization bill is imperative, and we need it now.

There are some proposals now in the line with the Highway Transportation Fund into a transportation trust fund. Without more details, especially on funding, we will reserve judgment. However, we are concerned in that the attempt to address many shortcomings of our transportation system, there will be unwarranted claims on this fund for purposes unrelated to transportation. Users of Federal highways should see their taxes, tolls, and other fees paid for maintaining and improving and expanding capacity on their highways and bridges and system connections and not for nontransportation purposes. The industry understands that difficulties in advancing this in the fiscal year and political environment that we are in today.

We strongly support the use of—reform of vehicle weight limits and trucks to give the States an option to allow six-axle tractors weighing up to 97,000 pounds on interstate highways as one solution. These six-axle vehicles will, of course, be required to meet the safety concerns of lighter trucks today.

We respectfully urge the committee to identify and promote incentives for moving traffic in off-peak times. It is not easy to accomplish, but we think it can be accomplished by this committee.

In my submitted testimony I have also offered other recommendations to improve the Nation's freight transportation contained in a 10-point platform of principles developed by the Freight Stakeholders Coalition, which the league is a member.

Mr. Chairman, I am here to answer any questions afterwards.

Mr. HANNA. Thank you very much.

Ms. Mullings, president and CEO, National Association of Truck Stop Operators, you are recognized.

Ms. MULLINGS. Thank you, Mr. Chairman and members of the subcommittee.

Today I respectfully urge Congress to reject any proposal that would jeopardize the jobs of nearly 2 million Americans who are employed by travel plazas, truck stops, restaurants, and convenience stores located near interstate exits.

Some States want to lease out interstate rest areas so they can collect fees from a vendor, who will in turn sell food and gas to highway motorists. Federal law does not currently allow these types of sales at any rest area built after January 1, 1960. If the law were to be changed, the State would save on the maintenance fees, and the business would generate a profit.

It might seem odd that someone who represents business could be opposed to this idea. After all, this sounds like a great way to reduce the size of government by privatizing government services. In fact, it does just the opposite. The government is not in the business of selling food and fuel to motorists. The private sector is already meeting the needs of highway users at interchanges throughout this country. Allowing commercial rest areas would actually expand the role and size of government at a cost to businesses and the people who work there.

We already have commercial rest areas in more than a dozen States, and we can see for ourselves that they stifle competition and business development. On the highways that have commercial rest areas, there are 50 percent fewer businesses at the interchanges than along highways with no commercial rest areas.

Last year I received a call from NATSO member Roger Cole, one of the owners of four travel plaza locations along the east coast. He told me that one day he became puzzled by the sales data from one of his travel center locations. He double-checked the numbers with his accountant, who confirmed they were indeed accurate.

Roger called the general manager of this particular travel center, which is located in Maryland. He asked the general manager of that location how his sales could have possibly jumped this much. I mean, that would have been significant. A 30 percent increase is how it increased, and that would have been significant under any sort of scenario, but this was in the fall, or early fall, of 2009 at a time where businesses all over the country were suffering from the effects of the recession.

When Roger asked him what he had done, he said he was stumped. After about a week of record sales numbers, however, he realized something. Just across the Maryland-Delaware line, there is a commercial rest area called the Delaware House, and it was undergoing major reconstruction. The State rest area located on the right-of-way of Interstate 95 closed on the very day that Roger's numbers improved so dramatically. The Delaware House sells food and fuel as well as convenience items to interstate users. Months later the general manager's hunch was indeed confirmed. On the day of the grand reopening of the Delaware House, sales for the Maryland location dropped 30 percent, down to the same level where they were prior to the closure of the Delaware House.

This is not a story of businesses fearing competition. Our members face competition every hour of every day that they are in operation. They face competition from those across the street or next door to them. It is because of the rest areas' ideal location on the shoulder or the median of the highway that makes this a difficult proposition. A vendor can charge virtually whatever they want to charge at this rest area because they are operating as a monopoly.

For example, if you stop at the Delaware House, you can buy a fast-food hamburger from HMSHost that leases and operates franchise restaurants there. If you drive 6 miles down the road, however, and get off at an exit, right there is a fast food restaurant, the same fast food restaurant, and you can buy that same exact hamburger for $1 less.

Part of that extra dollar goes to the State. It is effectively a tax on the public. The remainder of the dollar goes into the pocket of the business that was able to bid on the rest area successfully and locate there.

Another one of my members told me that he will pay more than $600,000 this year in taxes to Rockbridge County, Virginia, where his business is located. If a commercial rest area forces his business to close, more than 140 people will lose their jobs there. The county will also lose their tax revenue, and truckers will lose the hundreds of parking spaces that he right now provides for free at his location.

During his State of the Union address earlier this year, President Obama said American jobs created by transportation projects, quote, “didn’t just come from laying down infrastructure or pavement. They came from businesses that opened near a town’s new train station or the new off ramp.”

The competitive interstate business community owes its very existence to the visionary leaders who enacted the Interstate Highway Act. As you work to reauthorize the Federal transportation program, we are looking forward to working with you to continue this competitive environment.thank you for allowing me to address you today.

Mr. HANNA. Thank you.

Now we are going to move to questions and answers. I will recognize each Member for 5 minutes, starting with Mr. Young from Alaska.

Mr. YOUNG. I have only one question for Mr. Martz, Jon Martz. Is he in the audience? Jon?

And I do apologize for not being here. I understand you were supposed to mention my name in your testimony, and that depends on what type question I ask you.

Mr. MARTZ. I did, and it was in a good context.

Mr. YOUNG. OK. Good. Is this simple. Because car pooling and van pooling and things, that is the thing that I am interested in especially relieving traffic congestion.

Can you tell me about the market for van pools over the past few years, the history, and the correlation between rising fuel prices and the van pool usage?

Mr. MARTZ. Certainly.

First off, Chairman Young, let me start by thanking you for your interest in this. You have been very involved in your State in local van pool programs in both Anchorage and Fairbanks, and I want to thank you for that and your leadership over the years.

To answer your question directly, the demand for van pooling nationwide has increased significantly. With $4-a-gallon gasoline, our company alone grew by 37 percent 2 years ago. We held, too. One of the things I remember hearing was APTA touted that they grew by 4 percent during that time period, but then when gas prices fell, their ridership dropped quite a bit. We held, and we continued to grow.

Just since gas prices started increasing in rural and urban areas both, we are getting calls from large generators, whether they are military bases, nuclear power plants, things like that that are kind of not-in-your-backyard type of facilities, that they are concerned about how their employees are going to get to and from work, and if gas prices continue. And accordingly, we are ginning up some business.

The bad news is gas prices are going up, and it affects the economy; the good news for our business is we are able to serve more people because we are able to satisfy that demand. But that is from Alaska, Idaho, New Mexico and growing metropolitan areas like Honolulu, the space coast, and large metros like Los Angeles, we are continuing to grow, and this demand could be met even better by using Federal transit funds to leverage private-sector investment in public transportation.

Van pooling is not a panacea. We are not a silver bullet, but we do serve a certain market niche and very effectively.

Mr. YOUNG. One of the things I know—you are right about Alaska. In 2005, we had 24 van operations in Anchorage alone, and now we have about, I believe, 57 vans. So it does work. We are finding out—we pay—right now we are paying about $4.50 a gallon in Alaska even with all of the oil we have. And for those in the audience, we will hit $5 a gallon for gasoline probably by the first of June. And this is going to affect the economy. But more than that, just how do people make up for their ability to go to work? They will be using pools, buses and transit, which makes it work a lot better.

And for those in the audience, if you have got any influence, we have to start producing our fuels in this Nation. The idea we are going to buy them from Brazil just makes me want to throw up. And I think I love this pooling because it gets people off the road, and that is very, very important.

Mr. Martz, thank you, and again I am quite interested in this program, and I hope people understand the importance of it. And I do thank you for your testifying today.

And that is all the questions, Mr. Chairman.

Mr. HANNA. Thank you, Mr. Young.

I would like to recognize Ms. Richardson from California.

Ms. RICHARDSON. Thank you, Mr. Chairman.

Ms. Windsor, Mr. Byrd, and Mr. Downey, if you could make your way up to the front. I only have a few minutes, so I am going to ask the questions quick, and hopefully I can get a quick response.

Ms. Windsor, you talked about ATA and your willingness to tax yourselves, basically the industry, under the commitment that obviously that the funds would be utilized would be done in an area to help you do your work better. Fuel tax hasn't been increased since 1993, and, as you know, we have a bill addressing that.

Could you just restate for the record why you have that commitment, because it is very important.

Ms. WINDSOR. We believe that, yes, our Nation's highways are offices. We do believe that it is time for a fuel tax increase provided it is used for our Nation's highways. And when we speak of fuel taxes, we speak of all fuel taxes. We are paying a higher fuel tax for diesel federally than we do for gasoline, but we believe as users of our Nation's highways we should also invest in them. So, yes, we believe in the fuel tax increase.

Ms. RICHARDSON. And, Mr. Byrd, we have had—in the last Congress we had several hearings about size and weight of trucks as well as drug testing, and I found it was interesting that you said that you—teamsters are open to nationwide testing as long as it is a national program.

Do you want to allude further on that? And if you have any thoughts about the size and weight.

Mr. BYRD. Talking about the national clearinghouse for alcohol and drug testing results?

Ms. RICHARDSON. Yes.

Mr. BYRD. Yes. We are open to establishment of that type of clearing house. We would just prefer that it would be maintained by the Federal Government rather than on a State-by-State basis.

It is my understanding that a State like North Carolina currently collects this type of data and has their own database. We think it would be more efficient and it would be more protective for our driver members if it was maintained—if data were collected by the Federal Government and maintained by the Federal Government.

Ms. RICHARDSON. And your testimony for the most part was on safety. Was there anything other that you wanted to share that you didn't have an opportunity to cover?

Mr. BYRD. Basically I am a safety and health director, but, yeah, in terms of size and weight, we have—the Teamsters Union has opposed any increases in size and weight of commercial motor vehicles because we don't think that the country's infrastructure, the road infrastructure, is actually suitable to accommodate the added weights.

Ms. RICHARDSON. And, Mr. Downey, you brought up something near and dear to my heart, which was freight planning, and it is unfortunate that the actual chairman is not here present.

Could you just reiterate why you believe that an Office of Freight Planning, or multimodal, I think, is the term that you used—we have a bill that is really pushing that.

Mr. DOWNEY. I am familiar with your bill, and there is a lot in there that we think is important. I spent a number of years at the Department of Transportation, and even today it tends to be an organization of silos, some call them "cylinders of excellence." But they keep people focused on the mode of transportation and not the function, and I think in terms of goods movement, it is the function that counts. Most effective goods movement is, in fact, multimodal. Things come off of the ships and containers; they go on to a rail line, they go into trucks.

We really need to be looking at the most efficient way and the facilities that will be needed to carry out that efficient way of movement. We believe that could best be achieved with a single office within DOT. At one time there was such an office, it was called the intermodal office, reporting to the Secretary. It has been pushed further down in the organization. We would like to see something like that back in a prominent role.

Ms. RICHARDSON. And, Mr. Pantuso and Mr. McBride, if you would hop up real quick. I have got 55 seconds.

Mr. Pantuso, there has been much discussion today about transit. I found that that was pretty interesting. Other than the grants and things that are in place, is there any other one thing that you think would be so important that could help transit to be able to survive, particularly in the rural communities?

Mr. PANTUSO. Well, again, we represent primarily the private bus sector, and I think grants are certainly very, very important, but not new moneys. Really access to existing funds and existing information.

The motor coach industry is relatively small, but we are very, very independent, small-minded businesses that move 760 million passengers. And just having access to some of the available moneys that are currently in place for public systems, I think a lot of our members can operate much more efficiently and environmentally friendlier.

Ms. RICHARDSON. And I apologize. As you can see, I have got a binder this thick. Did you already tell us what specifically those pools of funds were?

Mr. PANTUSO. There are a number of resources. There are certainly some existing transit funds. There is access to funding through TIFIA, and then if there is a bank, if you will, an infrastructure bank, access to those moneys as well.

Ms. RICHARDSON. And then finally, Mr. McBride—and the Chair has been kind enough to give me a few last seconds—it is my understanding in working on some legislation with your limousine folks that there are different rules for taxis versus limousines, and access to airports and all of that. Is there anything as we are looking at this overall bill that we could do to help your particular industry?

Mr. MCBRIDE. The limousine and the taxi industry feel they are being charged unfairly at airports when making pickups. We are either a great resource to bring you to the airport or make a pickup on the last leg of your trip, and we are being charged fees by airport authorities that were paid to be built by taxpayer dollars. And it is costing us a lot of grief and affecting our bottom line to provide services.

Ms. RICHARDSON. So you are talking about the queued area where you are waiting?

Mr. MCBRIDE. Yes. Yes.

Ms. RICHARDSON. Thank you, Mr. Chairman.

Mr. HANNA. I would like to recognize Mr. Sires from New Jersey.

Mr. SIRES. Thank you, Mr. Chairman.

Mr. Martz, would you please take the stand, please.Mr. Martz, you mentioned that transportation management associations are part of your organization. Can you just give me an explanation of what they are, and how can this committee be helpful to that association?

Mr. MARTZ. Transportation management associations, or TMAs, are typically like small little chambers of commerce, business service associations that focus on transportation issues for the employees in a close geographic location. They work together. They leverage their assets, their funds, to make more things happen in their general area. New Jersey has a more of a statewide network of that than probably any other State other than maybe Washington, and it is a very effective one.

TMAs typically run things like last-mile shuttles. They may provide collectively a way to administer the commute-to-work benefit for transit and van pool purposes. They may provide real-time transit information in the lobbies of their businesses, things like that. And all these things focus on ways to get their employees to and from work in a more expedient and a more efficient manner.

Your bill, by the way, is an excellent example of how a small amount of Federal dollars could leverage more private investment to get them both at the planning table where the funding decisions are made, where they are really not now, but also to look at the market-driven approach that these employers are more focused upon: How do we get these people to and from work? And not necessarily how the planners think it should be done. They are right on the ground. They are right in their face.

So, yeah, we really appreciate your bill. We think it is a great thing.

Mr. SIRES. Mr. Martz, if you come from a district like I come from, you realize why we have to do something soon, because it is just impossible to get around some of the area. We need to put something together to get these people back and forth to work.

Mr. SIRES. Thank you, Mr. Hanley.

Mr. Hanley, I know that transit funding is very important to Amalgamated Transit Unions, and it is very important to my constituents in my district. So would you support a 6-year authorization if there was a cut of 20 percent in transit funding?

Mr. HANLEY. Not only would we not support it, we think that would be a criminal act against the people of our cities. You know, most of the people in America live in cities, and urban America is losing its mobility every day as a consequence of some bad Federal policy that exists. But the notion that we would, in the midst of this crisis, actually cut the funding to the systems that move our people around our cities is unconscionable.

Mr. SIRES. Well, I couldn't agree with you more. You know, my district is one of those districts where you have to move people to work. Especially in New York City—I represent that district that faces New York City, and we have to get people to where the jobs are created. And New York City is really a job-creating engine in the region. So to have a deduction of 20 percent, 30 percent, it would be devastating for areas like that. And I am sure there are other areas like my area in the country where it would be devastating. So——

Mr. HANLEY. Well, Congressman, we have seen massive service cuts—historic, by the way; more deep service cuts and fare increases that at any time at least since World War II—over the course of the last year and a half. And the consequences are far-reaching. It is not just a matter of people who work in transit being impacted, but our cities, as I said, are losing mobility.

I was in Chicago recently speaking to some of the representatives of the people who do building service in Chicago. People from unions out there, SEIU in particular, who told me in great detail about members of their unions who work in building service who finish their jobs and have to stay in the buildings that they clean for hours waiting for the next bus to come, as a consequence of the bus cuts that have happened in Chicago.

But also, you know, what happened in 2008 when fuel hit $4 a gallon was that ridership was higher than at any time, again, since World War II on our transit systems. In places like Chicago, the transit systems had no way to respond to that. Our systems were strangling as a consequence of paying, themselves, the higher cost of fuel and not having funding to pay for it. And in Chicago the solution was to begin to rip out the seats in subway cars to herd people on like cattle.

These are taxpayers, they are workers. They don't deserve to be treated like that. And Federal policy has been blind over the course of the last 2 years to that. And the notion that we would then take this a step further and, you know, create a further attack on the people who live in our cities who have to get to work every day and cut the funding, the Federal funding, that makes those systems run, that is just incredible. I can't believe that anyone would suggest that.

Mr. SIRES. In my district, we have the Lincoln Tunnel. There is a billboard before you enter the Lincoln Tunnel. It says, "Lincoln: Great President, Lousy Tunnel," about moving people around.

Thank you, Mr. Chairman.

Mr. HANNA. I would like to recognize Mr. Nadler from New York.

Mr. NADLER. Thank you.

I would like to start by reminding Mr. Sires that the Lincoln Tunnel is in my district, too.

Mr. Downey and Mr. Hanley—it connects us.

Mr. Downey, first of all, if projects of regional national significance created by SAFETEA–LU were structured in a more targeted, competitive program, as it was originally designed to be in the original draft of the bill, could such a program, in your opinion, sufficiently fund the large-scale national and regional projects that our surface transportation system needs?

Mr. DOWNEY. It could certainly make a good start at that if it could be managed in a cost-effective way, in a merit-based way. One of the failings within projects of regional and national significance was more than half those projects never got started, while others were ready to go and couldn't get the funding they needed. So——

Mr. NADLER. As they said it in the original draft of the bill——

Mr. DOWNEY. I recall the original draft, yes.

Mr. NADLER. OK, thank you.

And secondly, some people have talked about having a transit bill or, rather, a transportation bill coming in less over a 6-period than SAFETEA–LU did, which would be the case if we were limited to the existing gasoline tax, no other revenue source and no increase in the gasoline tax. And they say we should do more with less.

Do you believe we can keep pace and extend and maintain our system by doing more with less? Can you think of any other country where an underinvestment strategy has resulted in economic growth? And what impact would such underinvestment have on goods movement and economic competitiveness?

Mr. DOWNEY. I think, across the board, if we do not keep pace with needs, we will feel the impact of that, whether it is moving people in public transport, whether it is the highway system, or whether it is goods movement.

I think in goods movement there is a particular issue, that a more efficient goods movement can, in fact, stimulate a more effective economy, where actually it would be creating the revenues that would pay for the investment.

So I don't think we should shortchange that element of the system. I would be concerned about shortchanging any element of the system. Where one doesn't invest, eventually you pay the price, in terms of service declining, physical conditions declining, safety declining.

You and I remember what the New York City Subway system used to be like. And I now sit on the board of the Washington Metro system, and we would not like to see that turn into what New York had been. We would need to continue simply to maintain the services we have effectively.

Mr. NADLER. Well, because we underinvested in New York, the mean distance between failures in the late 1970s was 6,500 miles. It is now over 200,000 miles.

Mr. Hanley, some people have suggested that the trust fund should be devoted only to highways, that transit should be funded out of other mechanisms, such as general fund appropriations.

What impact do you think solely funding transit out of the general fund would have on transit agencies around the country?

Mr. HANLEY. Well, without dedicated funding for transit, we would likely have a continuation of the current crisis. It might get worse.

But, also, you know, the notion that transit is somehow—the impact of transit is not felt on our highways is misconceived. The fact of the matter is that when we fund adequately mass transit—and, also, by the way, intercity transit is part of that notion—we get people out of their cars, which helps free up the movement for efficient movement of goods and efficient movement of people.

So the idea that we should somehow segregate transit and say that it is not part of the solution to highway problems I think is wrong. And I think that the Highway Trust Fund is an appropriate vehicle for funding it, although we would welcome additional funds from the general fund. And we do think it is appropriate, at this time.

Mr. NADLER. Thank you. So I assume that you would support an increased Federal investment in transit as a way to help people who are struggling with near-record-high gas prices.

Mr. HANLEY. Well, I would. And I also want to point out that for some strange reason in this country we feel that foreign oil producers are the only people allowed to raise the tax on our gas by raising the cost of oil. And that——

Mr. NADLER. Thank you.

Mr. HANLEY [continuing]. Somehow it wouldn't be appropriate for us, that is mindless.

Mr. NADLER. Thank you.

One final question for Mr. Downey. There has been a lot of discussion about an infrastructure bank, which I think is basically a good idea in many ways. But one of the arguments for the infrastructure—or for some proponents of the infrastructure bank is that some elite board of experts would make all investment decisions based on some criteria rather than having Congress make investment decisions. Because, after all, Congress is political and might not use the criteria that some elite board would use.

When we talked a moment ago about merit-based criteria in the projects of national and regional significance section of a bill, or, for that matter, in an infrastructure bank, do you think that Congress cannot make such decisions, that only some sort of elite board should make such decisions because, otherwise, it cannot be merit-based?

Mr. DOWNEY. It has been my experience that one can work with the Congress in arriving at those merit-based decisions.

One of the models has been the New Starts program in transit, where extensive study, sometimes too extensive, but extensive, solid study arrives at a point where a recommendation can be made. Congress' view is sought at that point, in terms of moving the project forward. Once there is agreement, then the project sponsors seek the funding through an annual appropriations process. But the congressional involvement, in that program at least, in my view, has been very positive. And I would look for something similar to that in any freight program.

Mr. NADLER. Thank you.

Mr. HANNA. I would like to recognize Ms.—thank you for your patience—Ms. Napolitano from California.

Mrs. NAPOLITANO. Thank you so very much, sir.

I appreciate your time. I would also like to have Mr. Nagle and Mr. Millar join you up at the desk.

But for Mr. Downey, should the bill create a freight program to address thenegative impact that freight causes in urban communities? Should there be a user fee attached to a freight program? And do you have any recommendations?

This comes out of the fact that I have the whole Alameda Corridor going through my district, and it impacts it, yet railroads only put in 3 percent, maybe 2 percent, in kind for the construction of a $50 million, $60 million, $80 million project.

Mr. DOWNEY. I think there is room—there should be room to consider all of the impacts of goods movement and really incorporate those externalities into the pricing in one way or another.

The program, the concept that our coalition has put forward has, in fact, been vetted with Environmental Defense Fund. And we are very much in sync, in terms of how a good program could work, not only for the benefit of freight efficiency but for the communities that are involved.

Mrs. NAPOLITANO. Well, it is a corridor of national significance that brings about 45, 55 percent of the Nation's goods to this area—to the rest of the Nation, and yet we are struggling to have some of those paid for.

One of the things to Captain Dowling, California Highway Patrol—I have always been a strong supporter of the Highway Patrol ever since I was in the statehouse. But would you please talk to us about the importance of the grade crossing safety programs and the construction of grade separation projects? Do you think Congress should continue to fund railroad/highway grade crossing safety programs? Most of the time, or at least in this subcommittee when we have had the railroads testify, they have indicated usually they are volunteer safety programs from their end.

And should we allow an increase in truck size on the freeways? And what impact would that have on the safety that you see?

Mr. DOWLING. Well, in regards to the railroad crossing, as far as CVSA and us taking a particular position on that, we are obviously concerned with the overall highway safety in that. I don't know that we have really evaluated specifically the funding and volunteer versus specific funding in that.

In regards to the truck size and weight, I think one of the biggest concerns that we have is there really hasn't been substantial studies that have looked at all the different impacts that that could potentially have. For example, even though there have been some advances in technology that may say that stopping distances may only minimally be increased, one of the concerns that we have is, what potential impact does that increased size have in crush factors and collisions? And, therefore, it may impact the amount of fatalities versus injuries that would occur in a collision.

Those are the type of safety analysis that I think needs to be done to make sure that whatever decisions are made, as we try to become more productive and to balance that economics versus safety, that we are truly having the safety conversation involved in that discussion.

Mr. NADLER. Is anything being done at the State level?

Mr. DOWLING. Yeah, actually, there are some analyses that are going on, including that we are using some computer modeling to try to determine some of this. We are hoping to be able to bring that. And it is also something that our Size and Weight Committee of CVSA is actively engaged in and that we hope to have some more information——

Mrs. NAPOLITANO. Well, I would hope that you would send some of those findings to this subcommittee so that we have an idea what some of that impact will be.

To Mr. Millar and Mr. Hanley, some of the witnesses are testifying today and probably tomorrow calling for the mass transit account to be removed from the Highway Trust, something that Mr. Nadler just addressed. To me, in my area, we are 13 million people in L.A. County, and it takes mass transit. You put a bus, there is a freeway accident, it gets hung up just like anybody else.

What other mass transit—what is the impact it would have on transit if we were to look for other alternatives? And, of course, folding into that the public-private partnerships that everybody is talking about, where we don't know how to find them yet.

Mr. MILLAR. We would strongly oppose the separation of mass transit from highways. We think President Reagan got it right in 1983 when he agreed with the Congress to put them together. We think it gives the Congress—and this committee is certainly the evidence of it—it certainly gives the Congress to consider the tradeoffs between highways and transit in a comprehensive way. So we can see no good reason for taking public transit out of there.

The number-two beneficiary of the transit investment in America is the urban motorist, who, according to Texas A&M University, receives over $19 billion a year benefit in reduced urban congestion from the fact that transit operates in America.

Mr. NADLER. Thank you.

Mr. Hanley?

Mr. HANLEY. Well, along the lines of the question about the use of buses on highways that are already clogged, you know, there is an innovation that has been used all around the world—we are lagging behind many other countries, including in Latin America—and that is using bus rapid transit, which dedicates not only highway lanes but also gives a bus the ability to change the signals along the way to move the buses more quickly. There are many things that are also involved in that, but that is something that we have fallen far behind the rest of the world in.

We had a very slight experiment with this in my hometown, in Staten Island, New York. The consequence of adding bus lanes and getting bigger buses was that our ridership went up in a year and a half about 120 percent on these routes. And, also, the people not only got to work faster, in a more reliable fashion, but the cost per rider goes down when you give buses the right of way to move.

And, you know, certainly, you wouldn't allow a cow to sit on the railroad tracks. And that is essentially what we are doing with our bus system by not being more forward-thinking and building more BRTs.

Mrs. NAPOLITANO. Thank you.

With the indulgence of the Chair, Mr. Nagle, the port congestion is a great issue for us. And it hurts our economy. Like I said, a lot of it comes through my district. How can we mitigate the congestion to create more rapid and efficient goods and people movement throughout the country?

Mr. NAGLE. I think one of the things that should be a focus is the intermodal connector side of the national highway system. A lot of the ports, whether it is southern California or throughout the country, that bottleneck and where you see the congestion are on those connections between the port facility and the highway.

And so we think there should be a specific part of the freight program that is addressing the intermodal connectors that can help essentially that last-mile or first-mile connection into and out of ports. We think that is an absolutely critical link and is often where those bottlenecks are.

I think it also can get toward some of the things you raised with Captain Dowling, in terms of the grade separations, et cetera. That can also help, and that can also then help in terms of both the rail in and out of ports and also the truck traffic in and out of ports.

Mrs. NAPOLITANO. But you have also heard that sometimes they build it and then they ask the partners to come in, which may be deciding a problem. I know it happened in one of the ports, I don't remember if it was in Long Beach or L.A. And so, is that an issue also that should be addressed? In other words, working with the partners prior to the construction of any of those new systems.

Mr. NAGLE. What our policy position states essentially is that there should, in that type of a scenario, there should be a public-private, essentially, partnership where the private benefits are identified and, in that case, the private rail company would pay for those aspects of the benefits, and then the public benefits would be——

Mr. NADLER. But you don't want Congress mandating it.

Thank you, Mr. Chair.

Mr. HANNA. You are welcome.

I would like to thank everyone for their testimony today. Your comments and insights have been very helpful. The witnesses are dismissed.

I would like to thank the audience and everyone, all the stakeholders and participants and citizens for being here.

If there are no Members that have anything to add, this subcommittee stands in recess until tomorrow, Wednesday, March 30th, at 10:30 a.m. Thank you.

[Whereupon, at 4:44 p.m., the subcommittee was adjourned, to reconvene at 10:30 a.m., Wednesday, March 30, 2011.]

[Prepared statements and submissions supplied for the record follow:]

The following is the statement of Highways and Transit Subcommittee Chairman John J. Duncan, Jr. (R-TN) from today's hearing:

"Today the Subcommittee is convening a two-day hearing to receive testimony from the transportation community on their ideas for the reauthorization of the federal surface transportation programs.

"This reauthorization of the highway, transit, and highway safety programs will be more challenging than any other in recent memory. Fiscal constraints and calls for Congress to redefine the federal role in surface transportation will require us to consider dramatic changes to these programs.

"One of the key initiatives that the Subcommittee will focus on is streamlining the project delivery process. Time delays and inefficiencies in project delivery not only postpone needed improvements in our Nation's transportation infrastructure but also result in increases in the cost of projects.

"The Subcommittee will also be looking at innovative financing. Bonding, loan programs and public private partnerships are just some of the innovative financing techniques that the Subcommittee can utilize to leverage the Nation's limited Highway Trust Fund dollars.

"Additionally, the Subcommittee must take a hard look at the number of federal surface transportation programs. Today, there are more than 100 highway, transit and highway safety programs. We should consolidate duplicative federal programs to eliminate waste and eliminate programs that do not serve a national need.

"I want to thank the witnesses for being here today. I believe that they will provide us with valuable information that will help us move in the right direction."

Laura Richardson

Congresswoman Laura Richardson

Statement at Hearing Entitled "Improving and Reforming our Nation's Surface Transportation Programs."

2167 Rayburn House Office Building

Tuesday, March 29th,

2:30 PM

Mr. Chairman, I want to thank you for convening this hearing to discuss our surface transportation programs.

Our nation infrastructure is falling further and further into a state of disrepair every day, and it is our duty as a committee to pass a long term reauthorization bill that will adequately address this issue.

SAFETEA-LU created commissions that studied the nation's need to invest in our infrastructure specifically for the purpose of informing the decision we need to make now. Through this process, the National Surface Transportation Policy and Revenue Study Commission concluded that we must invest $225 billion annually from all sources to bring our infrastructure up to a state of good repair.

While the federal government is not the sole source for these funds, we all know it is the primary source, and thus our investment must be up to the scale the commission has told us is necessary.

And the case for investment is clear:

- Congestion is crippling our major cities and even our small towns, at a cost of more than $78 billion a year, causing hardship for drivers and increasing costs and inefficiencies for America's businesses.
- Accidents and traffic delays cost Americans more than $365 billion a year or $1,200 for every man, woman, and child in the nation.
- The quality of our transportation system is deteriorating: almost 61,000 miles (37%) of roads are in poor or fair condition; more than 152,000 bridges (25%) are structurally deficient or functionally obsolete; and more than 32,500 public transit buses and vans have exceeded their useful life.
- The nation's largest public transit agencies face an $80 billion maintenance backlog to bring their rail systems to a state of good repair and, within the next six years, almost every transit vehicle (55,000 vehicles) in rural America will need to be replaced.

Unfortunately, Highway Trust Fund receipts totaled only $35 billion in FY 2010, a far cry from what we need to invest, showing clearly that Congress needs to reexamine how we fund our transportation systems. Doing more with less is something we all can agree on, but there are limits with what you can build with limited money, that is just basic logic and there is no way around it. And it is clear that basing our spending on the highway trust fund receipts will not be sufficient.

The President laid out a good start to the conversation with his budget proposal of $556 billion over 6 years. He also included a national infrastructure bank and other innovative financing ideas to help bring the type of investment. These proposals will not only improve our infrastructure, but they will create jobs in a sector that has been particularly hard hit by our current economic climate. This particularly includes the President's proposal, which I strongly endorse, to invest an additional $50 billion upfront as a stimulus to help get our economy going and put people back to work.

As we saw with the America Recovery and Reinvestment Act, transportation is an excellent way to invest and stimulate the economy. Our investment in infrastructure through the recovery act, $64.1 billion, created more than 1.8 million jobs and $323 billion in economic activity. By passing a bold surface transportation reauthorization bill we can again realize the job creation we saw in the Recovery Act, which we can all agree upon is still badly needed across the country.

We all must think creatively to come up with the funding we need for our infrastructure. I have just recently reintroduced my Freight FOCUS bill (H.R. 1122). The bill has many provisions and improvement in how we plan and invest in our freight infrastructure. I represent a district that has 40% of the nation's goods going through it, and also has bridges that have diapers on them because of the heavy truck traffic and I have highways hazardously over packed and congested with freight, and thus I know firsthand the need to invest in our freight infrastructure.

Included in the bill is a Goods Movement Trust fund, which is based largely on a 12 cent increase in the diesel tax paid by trucks. These funds will go back to our nation's freight infrastructure, and the goods movement industry **has strongly supported this legislation which taxes them, because they understand the need and the benefits they will derive.**

I believe this is a prime example of working with the private sector and coming up with new ways to properly invest in our infrastructure, and I hope to work with my colleagues on this proposal.

I have also reintroduced the TIFIA Enhancement Act (H.R. 1123). This bill more than triples the size of this wildly successful program and contains several provisions to increase the program's effectiveness. I urge all those here to work with me on expanding a program that has been proven to leverage funding at a time when dollars are difficult to come by.

Finally, I am working on reintroducing a bill I introduced last Congress, the Jobs through Environmental Safeguarding and Streamlining Act, (JESSA). This bill builds upon the very successful pilot program in SAFETEA-LU which allowed states to take on some of the NEPA responsibilities from the federal government which has been shown to decrease project delivery times by approximately two years.

Thank you Mr. Chairman for the attention you are giving to reauthorizing our surface transportation systems, and I look forward to working with you in a bipartisan manner, as has been the custom of this committee, to come up with a bill that will give Americans the world class infrastructure that they deserve.

Thank you, I yield the balance of my time.

Governors Highway Safety Association®
The States' Voice on Highway Safety

Statement of Vernon F. Betkey, Jr.
Chairman, Governors Highway Safety Association (GHSA)
Before the House Subcommittee on Highways and Transit
House Transportation and Infrastructure Committee
March 29, 2011

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I. Introduction

Good afternoon. My name is Vernon Betkey, and I am Chairman of the Governors Highway Safety Association (GHSA) and the Director of the Maryland Highway Safety Office. GHSA is a nonprofit association that represents state highway safety agencies. Its State Highway Safety Office (SHSO) members administer federal behavioral highway safety grant programs. Areas of focus include: impaired driving; inadequate occupant protection; speeding and aggressive driving; distracted driving; younger and older drivers; bicycle, motorcycle and pedestrian safety; traffic records and highway safety workforce development.

As you know, traffic-related fatalities and injuries continue to be a major public health and public safety problem in this country. Although we have made some progress, there were still more than 33,000 fatalities and 2.2 million injuries in 2009 – the last year for which complete statistics are available. Traffic crashes not only cause devastation to families and individuals, but they also cost the nation an estimated $230 billion annually. Unfortunately, these crashes happen in one's and two's, so there is little public awareness about them and even less public outcry against them.

To address this problem, GHSA recommends that the federal government makes the reduction of highway fatalities and injuries a national priority and play a strong role in developing highway safety policies and programs. As the Congress develops the highway safety programs under the next reauthorization, it is important to maintain this strong federal role. Just as the federal government deems it important to prevent tobacco and drug use, underage drinking or obesity, it must also protect the public on the roadways. Without federal assistance and leadership, especially in these difficult economic times, it is unlikely that states would be able to sustain the necessary resources necessary to enhance roadway safety and prevent tragic injuries and fatalities.

II. Recommendations for Reauthorization

Establish a National Goal

The federal behavioral highway safety program has grown since the Highway Safety Act was first enacted in 1966. New programs have been added, others dropped. Under the Transportation Equity Act of the 21st Century (TEA-21), five new incentive programs and two penalty transfer programs were added to the existing Section 402 program and the Section 410 (23 U.S.C. 402 and 410) impaired driving incentive grant program. Under the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), four of those incentive programs were dropped and five new incentive programs were added. In effect, the federal highway safety program has been developed in a piecemeal fashion, without an overall plan.

As the National Surface Transportation and Revenue Policy Study Commission recommended, it is time to develop a National Highway Safety Strategic Plan with national highway safety goals. Other countries, such as Canada and Australia, have developed national strategic highway safety plans that involved all levels of government and the private sector in the development process. Each state has its own Strategic Highway Safety Plans (SHSP), as required by Section 148 of SAFETEA-LU. The missing component is a national plan. **GHSA supports the development of a comprehensive national strategic highway safety plan involving all levels of government and the private sector.**

The Association is working cooperatively with the American Association of State Highway and Transportation (AASHTO) and five other national organizations representing state-level safety-related agencies to develop a National Strategic Highway Safety Plan. The Plan will support the long-term goal of zero deaths and has been called the "Toward Zero Deaths (TZD) plan. As the GHSA Chairman, I serve as the vice-chairman of the TZD Committee. GHSA also supports an interim goal of **halving fatalities by 2030.** To accomplish this goal, it requires annual reductions of 1,000 fatalities per year. In 2007, 2008, and 2009, the country achieved reductions of at least 1,000 annually, demonstrating that yearly reductions of this magnitude are, indeed, possible.

GHSA recommends that the next reauthorization incorporate halving fatalities by 2030 as a national goal. States, through their Strategic Highway Safety Plans (SHSP) should be required to indicate how their Plans will contribute to the attainment of the national goal.

Performance-Based Planning
The Government Accountability Office (GAO), the U.S. Department of Transportation Inspector General (IG) and the National Surface Transportation Study Commission all recommended the federal behavioral highway safety programs become more performance-based. States already set performance goals in their annual Highway Safety Plans (HSP) (required by Section 402) and report on their progress toward these goals in their Annual Report (AR) to the National Highway Traffic Safety Administration (NHTSA).

In 2008, the National Highway Traffic Safety Administration (NHTSA) and GHSA proactively embarked on a process of identifying, by consensus, a common set of performance measures that all could use in their annual behavioral highway safety planning processes. Currently, there are ten outcome measures, three activity measures and two behavioral measures on which there is agreement. States began using 14 of these measures with their FY 2010 Highway Safety Plans. The fifteenth measure was added in the FY 2011 annual HSPs. **GHSA recommends that Congress focus on the most important performance measures – total fatalities, fatality rates and serious injuries** and request that states submit data on these measures using a five-year running average.

In addition, GHSA recommends that a portion of the Section 403 Research and Demonstration funding (23 U.S.C. 403) be earmarked to develop, by consensus, a more accurate and standardized definition of serious motor vehicle crash injuries.

Currently, law enforcement officials at the scene of a crash use an injury scale that is very imprecise and subjective. As a result, state definitions of serious injury vary somewhat from one state to another. There is unanimity in the highway safety community that there is a need for greater standardization of the definition of serious injuries.

New methods of collecting injury data should be explored that do not put the burden on law enforcement officials. Research should be undertaken to:

1) Develop better, more objective, descriptive and standardized definitions of injury and more efficient ways to collect injury data;
2) Determine the feasibility of collecting serious injury data through a census process (such as the one used for FARS);
3) Explore whether there are better injury measurement scales that could be used by states and determine the feasibility of implementation;
4) Identify methods for improving the linkage of injury data collected at the scene of a crash to emergency medical services (EMS) and emergency department (ED) databases so that a more precise understanding of injury outcomes can be obtained;
5) Examine the feasibility of using unique identifiers so that crash victims can be traced more easily from one data base to another.

To address the issue of under-performing states, the 2009 House Transportation and Infrastructure Committee proposed that the Department of Transportation (DOT) should be granted the authority to reprogram a state's funds. There is already a process for DOT to review a state's performance annually and recommend improvements. This process, known as the Special Management Review (SMR) process, is a collaborative one between the underperforming state and the NHTSA Regional Office. The decision to reprogram funds should be a mutual decision between the state and federal agency. The House proposal also continued, but reduced the size of the penalties authorized under the Highway Safety Act of 1966 for states failing to submit an adequate plan. It is unclear when those penalties would ever be used against an under-performing state if its funds are reprogrammed and a revised Highway Safety Plan is submitted. **GHSA recommends that the penalties should be repealed.**

Consolidation and Streamlining

Another concern is the proliferation of incentive grant programs. Currently there are six: Section 405 Occupant Protection grants, Section 406 Safety Belt Performance grants, Section 410 Impaired Driving Countermeasure grants, Section 2010 Motorcyclist Safety grants, Section 2011 Child Safety and Booster Seat grants, and the Section 1906 Incentive Grants to Prohibit Racial Profiling. (The last grant program is authorized in Title I of SAFETEA but administered by NHTSA. The funds are allocated to eligible SHSO's.) Additional federal incentives have been proposed for teen empowerment programs, teen graduated licensing programs and ignition interlock programs. The difficulty is that the funding streams are stove-piped which causes fragmentation and impedes comprehensive, performance-based approaches to highway safety. States are not authorized to move funding from one incentive program to another, so resources are not appropriately matched to state behavioral highway safety problems and needs.

In addition, there are different applications and application deadlines for each incentive program. One application is due in February, one in June, three in July, two in August and one in September. Some of the applications are for funding in the current fiscal year, others for funding in the upcoming fiscal year. Half of the incentive funding isn't given out until the end of the fiscal year – sometimes three or four days before the end of the fiscal year. States are forced to carry over funding until the next fiscal year, yet they are criticized for having too much carryover money. Such a fragmented approach makes it extremely difficult for states to plan their annual programs in a rational, effective manner. **GHSA recommends that Congress consolidate programs to the extent practicable, streamline the administration of those programs and give states more flexibility on the use of the funding.**

GHSA further recommends states should be given the authority to pool their behavioral grant funds. Currently, states are not allowed to pool any NHTSA-administered state grants. When an initiative is undertaken on a regional basis with 402 funds (such as the Smooth Operator program in Pennsylvania, DC, northern Virginia and the Maryland suburbs), the participating states must go through a cumbersome process of transferring funds from one jurisdiction to another. A mechanism should be set up to allow states to work together regionally on law enforcement activities, paid media campaigns, safety research projects and data improvement projects. There may be substantial savings by allowing states to pool their funds in this way.

Additionally, GHSA recommends that Congress consider altering the current Maintenance of Effort (MOE) requirements in order to provide relief to economically distressed states. For many states, the MOE requirement has become increasingly burdensome. The Association understands and fully supports the need for a federal MOE requirement; however, it is also necessary to acknowledge that most states are in terrible financial health because of the recession, and they may not recover for several years. One approach is to base the compliance period at a past point when states were receiving fewer federal behavioral grant funds. Another approach may be to establish a waiver procedure with specific criteria that states would have to meet.

GHSA requests that Congress consider developing a new MOE requirement that carefully balances the federal government's interest in protecting its investments with the economic needs of the states. Once the MOE requirements are changed, then the impact of the change should be evaluated and reported to Congress for further action if necessary.

III. Funding Allocation Criteria and Eligible Uses

In the last Congress, the House Transportation and Infrastructure Committee proposal consolidated behavioral grant programs (except the Section 408 program) into a single program with three separate earmarks for impaired driving, occupant protection and motorcycle safety. If this Congress continues that approach, then refinements should be made in the way funds are allocated in each of the earmarked programs and in their eligible uses.

While the Section 410 program has been a valuable tool for enhancing state resources to address impaired driving, some of the 410 criteria have proven too difficult to implement (e.g. the BAC testing requirement), and others (e.g. the self-sufficiency requirement) have not successfully motivated the states to action. GHSA recommends that federal impaired driving funding should be refocused on those countermeasures that are known to be effective (e.g., high visibility enforcement, DUI courts and judicial education) or those that have the potential to be extremely effective (e.g., interlocks for all convicted offenders). States should be allowed to use these funds for any impaired driving purpose, including implementation of statewide ignition interlock programs. GHSA would oppose, however, the use of impaired driving funding for treatment and rehabilitation since there are other, significant federal funding sources for that purpose.

Occupant protection funds should be allocated to states based on a number of criteria such as seat belt and child restraint use rates, fatality rates of unbelted drivers, and primary seat belt and booster seat law enactment. Funding should be used to support a range of occupant protection activities, such as: seat belt high visibility and sustained enforcement, paid media, education programs, seat belt and child restraint usage surveys, child passenger technician training and fitting stations.

With respect to motorcycle safety funding, a more comprehensive approach should be taken. NHTSA's National Agenda for Motorcycle Safety (NAMS) has shown that the best way to advance motorcycle safety is to address the problem by focusing on such areas as licensing, education and training, protective gear, roadway safety, public information programs on speeding and impairment, conspicuity, enforcement, vehicle improvements and sharing the road. States should be allowed to use federal motorcycle funding for additional purposes such as licensing improvements, helmet education and enforcement programs, and impaired motorcycling programs. States should also be required to designate a lead state motorcycle safety agency and prepare a motorcycle safety strategic plan.

IV. Program Accountability, Research and Training

SAFETEA-LU authorized NHTSA to conduct management reviews (MR) of states every three years and annual programmatic management reviews of underperforming states. NHTSA initiated these processes in 2005 and has been reviewing state programs since then. The Management Reviews and Special Management Reviews (SMR) -- the programmatic review -- have been helpful to states and have identified issues that need to be addressed by the state highway safety offices.

In 2007, however, GHSA grew concerned about the consistency of the reviews from state-to-state. The Association hired a contractor to review the MR's and identify areas of inconsistency. In June of 2007, representatives from NHTSA and GHSA met to develop a more standardized approach to the MR's. The next year, a meeting was held to develop a more standardized approach to the SMR's. Both NHTSA and GHSA have established their own quality control task forces to review the MR's and SMR's and ensure that the 2007 and 2008 agreements are being followed.

GHSA recommends that the Section 412 NHTSA accountability requirements should be continued. A joint NHTSA-GHSA annual review of MR's and SMR's should be authorized to ensure that they are being implemented consistently and effectively.

SAFETEA-LU also authorized funding for research in 23 U.S.C. 403. However, the amount of funding devoted solely to behavioral research is small – only about $7 million a year – and partially earmarked for specific research projects. NHTSA's behavioral research budget has remained unchanged for many years. This means that research on the effectiveness of specific highway safety countermeasures can be undertaken only if and when such research reaches the top of NHTSA's priority research list. In fact, a National Cooperative Highway Research Program (NCHRP) study on the cost-effectiveness of 104 behavioral highway safety countermeasures found that only 23 were proven effective and had sufficient research with which to be able to determine cost-effectiveness. Without sufficient research to indicate what works and what doesn't, states are forced to implement best practices rather than appropriate research-based programs. **GHSA recommends that funding for federal behavioral research should be increased.**

V. Strategic Highway Safety Plans

Section 148 of SAFETEA-LU requires states to develop Strategic Highway Safety Plans (SHSP). State Departments of Transportation are required to take the lead on plan development but involve a number of constituencies, including the state highway safety office. Every state has completed an SHSP, and state highway safety offices have been actively involved in the development of nearly all of them. GHSA supports continuation of and improvement in the Strategic Highway Safety Plan requirements. GHSA members report that the requirements have helped strengthen relationships with other state and local agencies involved in highway safety and focused limited resources where they are most needed. Since no single agency has ownership of highway safety, the SHSP requirements have encouraged all the relevant agencies to work together more productively.

The Association recommends that states should be required to set performance targets in their SHSPs, update their SHSPs at least once during the reauthorization period, and report on progress in reaching their targets. GHSA wants to ensure that the SHSP is a "living" document that reflects the latest issues, data, and accomplishments - and not a report that sits on a shelf.

GHSA also recommends that the Safe Routes to School (SRTS) program (or its successor) should be more closely aligned with the SHSP planning process. SRTS coordinators should be part of the SHSP update process, and the SRTS plans should be coordinated with the SHSP. Conversely, where pedestrian safety is an issue in a state, the SRTS plans should influence the pedestrian policies reflected in the SHSP.

GHSA also strongly recommends that the flexibility provision in the Section 148 Highway Safety Improvement Program (HSIP) must be altered. Under the current provision, states may flex up to 10% of their Section 148 funding to carry out safety projects in any other safety program, provided that the state certifies that there are no unmet rail-grade crossing needs or safety infrastructure needs. The certification has proven to be an insurmountable barrier for most states and a source of frustration for those involved in the state SHSPs. In the most recent fiscal year, about a dozen states have flexed a portion of their HSIP for programs other than safety infrastructure improvements. States should be allowed to flex their HSIP money to other safety programs if they have a demonstrated need to use the funding in those areas. Since the majority of crashes are caused by driver behavior, and since such programs typically have a big and immediate payoff, GHSA would expect to see more funding being flexed into behavioral programs if the changes were made.

Further, **GHSA recommends that states should be prohibited from flexing Section 148 funding into other core highway programs.** About another dozen states have done so in the last fiscal year. If reduction of fatalities and injuries is indeed a priority, then states should be required to spend Section 148 funding solely for safety purposes.

VI. Sanctions

In general, GHSA does not support sanctions. The Association believes they are untargeted and counterproductive. Furthermore, states are already subject to seven safety-related sanctions (National Minimum Drinking Age, drug offenders, use of seat belts, zero tolerance for minors, open container, repeat offender and .08 BAC). Evidence on the effectiveness of past sanctions is mixed. Sanctions involving impaired driving have been successful, while those involving motorcycles and the National Maximum Speed Limit have not. Additionally, with states in such dire shape economically, now is not the time to consider financial penalties that would reduce infrastructure funding and eliminate opportunities for job creation in those states. **GHSA believes that incentives are a more effective way to encourage changes in state policies and programs.**

Finally, GHSA notes that an administrative problem with the current penalty transfer provisions also needs correction. Currently, states in non-compliance with the Section 154 open container and 164 repeat offender requirements (23 U.S.C. 154 and 164) have 3% of their Interstate Maintenance, Surface Transportation Program and National Highway System funding transferred into the state's 402 program. The states' SHSO and DOT jointly determine if they would like to spend the transferred funds for impaired driving or Hazard Elimination program purposes (now part of the Section 148 program). There is no actual transfer of funding to the state DOT if a state chooses to spend the money for Hazard Elimination purposes. Instead, the state highway safety office must subcontract with its state department of transportation to expend the funds.

Since the Section 154 and 164 penalty funds are not actually transferred to the state DOT, the SHSO bears the administrative responsibility for the transfer funds. The SHSO must track the expenditures in the federal grant tracking system and ensure that funds are being spent for the purposes authorized. Further, because of the slow spend-out rate for Hazard Elimination funding, most of the state highway safety offices have substantial amounts of Section 154 and164 carryover money. It is impossible for the SHSO's to reduce their Hazard Elimination 154 and 164 carryover funds since they have no control over that funding. In effect, the SHSO has all the administrative burdens of the Section 154 and 164 funds but none of the benefits of that funding. A simple statutory fix is needed. If a state chooses to use its Section 154 or 164 funding for Hazard Elimination purposes, then the funding should be transferred to the state DOT and that agency should be administratively responsible for the funds.

This concludes the GHSA statement. Thank you for the opportunity to appear before the House Subcommittee on Highways and Transit as it begins drafting the next surface transportation reauthorization. GHSA looks forward to working with the Committee on the upcoming surface transportation legislation.

Subcommittee on Highways and Transit

Hearing on Improving and Reforming the Nation's Surface Transportation Programs

March 29, 2011

Question for Mr. Vernon Betkey:

What would a 35% funding cut mean for the ability of States to carry out highway safety programs? Do you have any estimates for the number of jobs that will likely be lost in the event of such cuts?

Answer:

A 35% cut would be devastating to the states' highway safety programs. States receive a small amount of federal highway safety grant funding relative to highway and transit funding. Despite that, the grant programs have been among the most effective of any federal program. In the years since SAFETEA-LU was authorized, fatalities have dropped from 43,443 in 2005 to 33,808 in 2009. Some of that decrease can be attributed to the federal highway safety grant programs.

State Highway Safety Offices (SHSO) are quite small – about 8 or 9 people on average – and some offices have as few as two or three persons. A 35% cut would most likely require every SHSO to eliminate one or more positions (which would have particularly devastating effects on the smallest offices) and/or make up some of the deficit with furlough days. In consequence, states would have less ability to effectively manage their federally-supported highway safety programs, including a weakened ability to monitor grants and ensure that grantees are following federal rules and procedures.

Nearly all states have Law Enforcement Liaisons, Traffic Safety Resource Prosecutors or Judicial Liaisons who work directly with law enforcement agencies, judges and prosecutors and ensure that traffic safety laws are properly enforced and adjudicated. One or more of these positions would likely be eliminated or funded at much reduced levels.

In addition to staffing, states primarily spend their federal highway safety dollars on enforcement, educational campaigns (including paid media) and equipment purchases (such as breathalyzers, laptops for law enforcement, in-car video cameras for law enforcement, RADAR, LIDAR, etc.). At least 40% of Section 402 dollars (23 U.S.C. 402) must be spent on local projects, and much of that funding is for local traffic safety enforcement and enforcement-related equipment purchases.

In all likelihood, a 35% reduction would mean that states are forced to curtail enforcement during the national mobilizations. Currently, there are two national mobilizations (one in May for occupant protection and one in August for impaired driving). In addition, nearly all states conduct a third intensive impaired driving enforcement in December. Substantially reduced resources would mean that states cut back on the number of weeks high visibility enforcement is conducted during the national mobilizations, or they may eliminate the third mobilization altogether. In addition, states would reduce the amount of enforcement conducted in between mobilizations, making it very difficult to sustain the deterrent effect that is produced by enforcement of traffic safety laws. Cities and counties would certainly feel the pinch of fewer dollars for their highway safety enforcement efforts.

States also use their federal funding to purchase paid media to inform the public about the enforcement activities during national mobilizations. (Research has shown that enforcement, coupled with paid media about the enforcement, is a highly effective countermeasure.) They may be forced to forego paid media purchases altogether since such purchases are costly. The effectiveness of the national mobilizations would undoubtedly be affected.

States would have to curtail the number and scope of educational campaigns, including campaigns to inform parents about the proper use of child restraints, reduce distracted driving, enhance pedestrian and bicycle safety, or inform motorists on how to share the road with motorcycles.

States would also have to defer equipment purchases. This means that law enforcement would be less able to collect crash and injury data, detect impaired drivers or intercept speeders or other traffic violators. Since enforcement is a cornerstone of every state's traffic safety program, and the equipment purchases help support law enforcement, the effectiveness of law enforcement activities would be very negatively impacted.

States would have to forego or drastically reduce expenditures for highway safety problems other than those for impaired driving, inadequate occupant protection or speeding – the three major contributing factors to traffic crashes. Bicycle and pedestrian safety programs, child passenger safety efforts, teen driving programs (such as those that focus on graduated driver licensing implementation), community traffic safety programs and similar efforts would have to be significantly reduced or foregone altogether.

States receive an average of $150,000 for motorcycle training and education programs. A 35% reduction would mean that states would receive less than $100,000 for that purpose. With such limited funding (and with very few activities allowed under the Section 2010 program), states could do very little to enhance motorcycle safety.

In addition, states would have to defer improvements to their traffic records systems. Under the Section 408 program (23 U.S.C. 408), states receive, on average, $500,000 for data improvements. A 35% reduction would mean a loss of $175,000 per state. Consequently, states would only be able to support their Traffic Records Coordinating Committee or update their data improvement strategic plan. Very few funds would be available to make actual improvements to crash or other traffic records data systems since such improvements are complex and very costly. As a result, State Highway Safety Offices would have few resources to assist state and local law enforcement agencies achieve real-time traffic records information systems, move from paper to electronic data collection systems, improve the collection of EMS data, establish DUI tracking systems that track an offender from arrest to the disposition of an offender's case, or link data systems together electronically. States' ability to report progress on performance would be adversely impacted.

In summary, a 35% reduction would adversely affect the essential highway safety activities that State Highway Safety Offices conduct with their federal highway safety behavioral grant funds. It is very likely that motor vehicle-related fatalities and injuries would increase as a result and reverse the significant reductions that have been achieved over the past few years.

States are on a quest toward zero deaths, and this would significantly impact that goal. In Maryland, a fatal crash has an economic impact of more than $6.4 million per occurrence. Multiply that figure with national reductions of 10,000 over the past five years and it's clear that the adverse economic impact and the lives lost would exceed the benefits of a 35% reduction in funding.

The International Brotherhood of Teamsters

TESTIMONY
OF
LaMONT BYRD

Director
Safety and Health Department

Before the

Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit

"Improving and Reforming the Nation's Surface Transportation Programs"

March 29, 2011

International Brotherhood of Teamsters
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Mr. Chairman, Ranking Member DeFazio and Members of the Subcommittee:

Thank you for the opportunity to appear here today and convey our views on issues that we feel will improve our surface transportation programs, especially those related to motor carrier safety. For the most part, our Teamster members are some of the most experienced and safe drivers on our nation's highways. Good union wages and benefits have helped create a stable workforce that has a tendency to stay with a union employer. But of our 1.4 million Teamster members, 600,000 members turn a key in a truck to start their workday and deserve their workplace (our nation's highways) to be as safe as any factory floor. Unfortunately, that's not the case.

While there appears to be a downward trend in fatalities and injuries involving large trucks (gross vehicle weight rating greater than 10,000 pounds) in the last few years for which data is available (2007-2009), it is difficult to determine the exact causes of those reductions. Certainly, increased roadside inspections, compliance reviews and enforcement activities by the Federal Motor Carrier Safety Administration (FMCSA) can play a role. And initiatives like the distracted driver campaign and the Pre-employment Screening Program can help. But external factors like the recession have led to a severe downturn in the trucking industry. We know first hand that more than 20% of our members in the Less-than-Truckload (LTL) sector of the industry were unemployed at the height of the recession. Hopefully, some of them will get back to work soon. And while Vehicle Miles Traveled (VMTs) data for large trucks is not available for 2009 and 2010, we would presume that those figures are down significantly from previous years. Therefore the recession could certainly be factor in the reduction of fatalities in the last two years. Nevertheless, 3,380 fatalities in crashes involving large trucks in 2009 is unacceptable, and if someone told you that over 5,000 workers would die on the job in a certain industry in a ten-year period, you would probably say that is intolerable. According to NTHSA, an average of 93 people died each day in motor vehicle crashes in 2009 – an average of one every 16 minutes. Clearly, more needs to be done to reduce all traffic accidents and fatalities on our highways, not just those involving large trucks.

Speed Limiters

NHTSA data indicates that speeding was a contributing factor in 31 percent of all fatal crashes in 2009, and that percentage has not changed more than a percent or two in the last 10 years. Many commercial motor vehicles (CMVs) operated by Teamster members are currently equipped with speed limiting devices, and our drivers report no significant problems or safety hazards associated with the use of such equipment. However, in some instances, the union and motor carriers negotiated contract language that requires the vehicles to be able to reach an agreed to speed to ensure that the vehicles can be safely operated on highways and throughways. For our LTL sector, limiters are set at 62mph. The union is particularly concerned that the vehicles be able to attain sufficient speeds to safely merge onto highways and pass other vehicles, if necessary. Further, CMVs should also be able to maintain safe speeds while traveling up hills and inclines. The Teamsters Union could support the industry-wide use of speed limiters under those conditions.

Electronic On-Board Recorders (EOBRs)

While the FMCSA has proposed the use of EOBRs for motor carriers that have had a history of serious non-compliance with the hours-of-service rules, there have been several legislative proposals introduced recently that would require the use of EOBRs on all interstate commercial motor vehicles. The Teamsters Union believes that EOBR technology may have utility in ensuring compliance with the Hours of Service (HOS) regulations. Fatigue is often an under-reported cause of crashes involving large trucks. However, in our view, the use of the technology is not a panacea relative to compliance with the HOS regulation. EOBRs are designed to automatically capture information regarding the time during which a CMV is operating, however, recording devices will not automatically capture data concerning "on duty, not driving" time. The driver will have to manually input this information, thus allowing an unscrupulous individual the opportunity to input erroneous information. Further, we have concerns about how drivers will be identified as actually being the operator of the EOBR-equipped CMV. While there has been discussion about methods that could be employed to identify drivers, it is possible that some methods could be defeated, thus allowing a driver who has no available driving hours to operate while using another driver's identity. In addition, we have serious concerns about other information that can be collected by the "black box" technology. Our experience has been that carriers utilizing this type of technology want to combine it with Global Position Satellite (GPS) technology and collect information on the "real time" position of the vehicle, in addition to information on various operational criteria (engine speed, braking operations, etc.) Some carriers have attempted to use this information to critique the driving patterns of drivers, including forcing drivers to drive faster and make fewer and shorter stops and pressuring drivers to maintain the posted speed limit in a particular area, although there may be weather or traffic conditions that preclude the driver from doing so. In extreme situations, motor carriers have attempted to use the information to implement disciplinary actions against drivers for failure to follow a management directive. This practice has contributed to job stress (which may contribute to driver fatigue), overall job dissatisfaction, and in some instances has an adverse impact on safety. We would strongly recommend that as legislation moves forward mandating the use of EOBRs, that the use of EOBRs be used for HOS compliance only and not to monitor or measure the "productivity" of the driver.

Drug and Alcohol Clearinghouse

The Teamsters Union has a long history of being proactive in our efforts to deter the abuse of controlled substances and alcohol in the trucking industry. For well over two decades, the International Brotherhood of Teamsters (IBT) has negotiated drug and alcohol testing programs with virtually all of our larger employers in the trucking industry. Our collective bargaining agreements (CBAs) provide our employers with a strict set of rules to ensure that the implementation of the testing programs comply with both provisions of the agreements and governing regulations as promulgated by the FMCSA and its precursors. In addition, the CBAs provide the signatory parties with instruction on how to adjudicate disciplinary issues for which the regulations are "silent" and also provide guidance as to the process that must be followed to allow workers who have substance abuse issues the opportunity to obtain treatment and rehabilitation prior to returning to work in safety-sensitive functions.

Drug and alcohol use among truck drivers has decreased steadily over the years and has actually caused the FMCSA to reduce the rate of random testing for alcohol. The IBT reviewed the random drug testing results for large LTL carriers for the period of 2003-2006. During this period, the LTL companies conducted 64,477 random drug tests of which 395 were validated by Medical Review Officers as being positive, resulting in a positive test rate of 0.6%. That would allow us to conclude that there is no significant drug use problem among commercial drivers indicating violations of the FMCSA regulations.

That said, we do know that there are instances where prospective drivers who fail a drug test at one trucking company wait a requisite number of days and apply for a job at another company – trying to test drug free. As a result, there have been several legislative proposals calling for a national clearinghouse for records relating to alcohol and controlled substances testing. While we have significant concerns about the creation of a clearinghouse with respect to driver privacy issues, because certain states, such as North Carolina, have moved forward in collecting the data, we would prefer a national clearinghouse, operated by the Federal Government, rather than data being collected on a state-by-state basis.

The IBT does not want its members sharing the road with impaired drivers and could support the implementation of a centralized reporting and inquiry system. We believe such a system could have positive safety benefits; provided, however, that such a requirement should only be imposed if and when the FMCSA is able to devise a system that would: 1) adequately protect the drivers' confidentiality; 2) provide a reasonable mechanism for drivers to learn of and correct reporting errors; and 3) devise a uniform and fair method for expunging the records of drivers that have undergone treatment and are rehabilitated.

Current regulations require prospective employers to obtain written authorization from drivers before contacting former employers about previous drug results. Employers should still be required to obtain such authorization before obtaining information from the national clearinghouse. Further, a system must be devised for the government to verify with reasonable certainty that the driver has consented before it releases the information. Drivers should be permitted to access their own records to ensure that there is no incorrect information. Drivers should be notified if an inquiry produces a report of a verified positive drug test. The driver should be permitted to dispute any inaccuracies and have the record corrected. In addition, records should be expunged after three years, consistent with the current inquiry requirement. At the maximum, records should only be available for five years, which is the existing time frame for employers and Medical Review Officers to maintain records. If records are maintained in the database longer than the underlying records are required to be kept, there will be no way to correct errors or verify disputed information after that period. Information that cannot be verified or challenged cannot reasonably be used against the driver.

Hair Testing

The method of drug and alcohol testing using hair presents some interesting challenges for the trucking industry. While not necessarily linking the use of drugs and alcohol to impairment, it does give a prospective employer the opportunity to identify those prospective drivers that may show a proclivity to abuse drugs. For that reason, we could support the use of hair testing for drug use in pre-employment testing if the science supports this method of testing and is certified by the Department of Health and Human Services. Since there are numerous questions about racial bias, hair color bias, privacy issues and certain patented processes for testing, we would strongly oppose any end-around approval of this method of testing by Congressional action, without the express approval of this method by the agencies designated to properly review and evaluate this testing procedure through the regulatory process.

Distracted Driving

Distracted driving continues to be a major factor in motor vehicle crashes on our nation's highways. Any activity that distracts the driver or competes for their attention while driving has the potential to degrade driver performance and have serious consequences for road safety. The issue of driver distraction, from sources both inside and outside the vehicle, has received increasing attention from the public, government, industry and safety agencies. Twenty percent of injury crashes in 2009 involved reports of distracted driving (NHTSA). In that same year 5,474 people were killed and 448,000 were injured in motor vehicle crashes that were reported to have involved distracted driving (FARS). Much has been done by the Department of Transportation, and especially Secretary LaHood, in the last two years to focus on this problem and take steps to change driver behavior. Certainly, the ban on texting by CMV drivers is a good start, and texting while driving is prohibited in 30 states and the District of Columbia. Eight states and the District ban the use of hand-held cell phones. But more needs to be done. It's not enough to prohibit texting by CMV drivers. While it's certainly dangerous to be distracted driving an 80,000 lb. truck or a busload of passengers, a distracted passenger vehicle driver can easily cause accidents involving those vehicles or cause an equal amount of damage. The IBT supports legislation that would prohibit texting by all motorists, and we would support initiatives by DOT that would encourage the states to take further action to reduce distracted driving.

Detention

While detention has not been as prevalent in the LTL sector as in the truckload sector of the industry, our Teamster drivers are reporting more instances of waiting time for loading and unloading than ever before. While our members are paid for all time spent not driving, they revert to an hourly wage rate in a detention situation. We know that it is a very serious problem in the ports, where drivers can be lined up for hours waiting to pick up a container. In that sector, drivers are severely financially disadvantaged because they are paid by the number of containers that they can haul out of the ports in a day. Waiting for two, three or four hours in line is not uncommon for these low-paid workers, and it significantly reduces their opportunity to earn enough to even cover their expenses for the day. We strongly believe that in those types of situations, there is a strong incentive for drivers to violate the hours-of-service regulations. Wait time can take a big chuck out of driving time and on-duty time. The GAO report, requested by Rep. DeFazio, confirms much of what goes on in the industry. Therefore, while the need for further study of this issue will delay a solution, we support his legislation directing the Secretary to issue regulations for the maximum amount of time a driver can be detained before receiving compensation. We would hope that this legislation would be included in the larger surface transportation reauthorization.

Hours of Service

We believe that fatigue continues to be a factor in the safe operation of CMVs and a contributor of large truck crashes and resulting fatalities. The trucking industry, conversely, has made claims that the decline in truck crash and fatality statistics proves that the current hours-of-service regulations, allowing for the 11-hour driving limit and the 34-hour restart, are safe. However, there is no evidence to demonstrate any link or scientific relationship between reduced fatality rates and any hours-of-service regulation. Large truck crash fatalities declined four years in a row before FMCSA issued its new HOS rule, according to FMCSA data. Truck crashes involving fatalities actually increased three years in a row, 2003-05, the last two years after the new HOS rule took effect, according to NHTSA. In addition, the large truck fatality rate actually increased in both 2004 and 2005, after the new HOS rule went into effect. It is clear that other safety factors are at work in influencing these statistics. What cannot be argued is the fact that the U.S. Court of Appeals twice struck down the current HOS rule, questioning, "the exponential increase in crash risk that comes with driving greater numbers of hours." FMCSA admitted that studies showed that driver performance began to degrade after the 8th hour and increases geometrically during the 10th and 11th hours. In the 2007 court ruling, it questioned the agency's failure to address cumulative fatigue and characterized as "problematic" the fact that the agency justification for the 34-hour restart provision "did not even acknowledge, much less justify, that the rule dramatically increases the maximum permissible hours drivers may work each week." The current HOS rulemaking should be allowed to proceed without Congressional interference. A third lawsuit is being held in abeyance while FMCSA develops a new rule. Under the terms of the settlement between the plaintiffs and DOT, FMCSA has issued an NPRM, has taken comments through March 4th and will issue a final rule by August 2011. Arguments by the industry that a new rule will undermine the economic recovery and actually be a step back on the safety front are unfounded. It is estimated that the new rule will actually create 44,000 jobs (2010-2011 HOS Rule/Regulatory Input Analysis/RIN 2126-AB26) at a time when our economy is desperate for job growth. Also, it's implausible that reducing the time a driver is behind the wheel is any "step back" on safety. Congress should not inject itself into the current HOS rulemaking process, nor should a surface transportation bill be a magnet for special interest exemptions from the HOS regulations. There is a process for petitioners to obtain an exemption from safety regulations and that process should not be short-circuited by Congress.

Truck Size and Weight

As this Committee considers ways to improve safety, meet the challenges of rebuilding our deteriorating highway and bridge infrastructure, and meet the transportation needs of the future, the issues of truck size and weight play a central role in that decision making process. Proponents of heavier trucks claim that adding a sixth axle will mitigate highway pavement damage. While that may be true, a sixth axle will do nothing to alleviate the increased weight on our nation's bridges, half of which are more than 40 years old and one in four of which are structurally deficient or functionally obsolete. The claim that increasing truck weights will result in fewer trucks on the road is unfounded. Every time there has been an increase in truck weights, truck traffic has grown, as shippers take advantage of cheaper rates. Our current highway system is not designed for heavier trucks. Longer stopping distances and greater distances to merge for bigger trucks create unsafe conditions on overtaxed and congested highways.

The trucking industry has used its influence to pressure states to increase both truck weights and trailer lengths on non-federal highways. That in turn has led to demands to increase truck size and weight on the interstate system, so that big truck traffic can be diverted from state roads that aren't equipped to handle it.

The Teamsters Union supports the *Safe Highways and Infrastructure Preservation Act*, or SHIPA, and encourages you to include it as part of your surface transportation bill. SHIPA extends the current state and federal weight limits on the Interstate system to the non-Interstate highways on the National Highway System and prohibits any further increases. The legislation recognizes and protects the states' existing grandfathered rights to allow certain differences in truck axle and gross weights than the maximum weight figure in federal law. It essentially takes a "snapshot" of what states currently permit and freezes those weights and lengths. We believe this action will improve safety and protect our infrastructure investment.

Mexican Conviction Data Base

The Teamsters Union has serious safety concerns about the Administration's pending Mexican Cross-Border Trucking Program. We hope that the Committee will soon hold a hearing so that we will have an opportunity to expand upon those issues. However, there is one issue that we would like to bring to the Committee's attention that left unattended, could have very detrimental effects on highway safety. The Mexican Conviction Data Base (MCDB) was put in use until Mexico's Licencia Federal Information System (LIFIS) is fully developed and operational to track Mexican Federal CDL holders. States were asked to report two categories of convictions: traffic convictions of Mexican Federal CDL holders operating commercial and non-commercial vehicles; and traffic convictions in a commercial vehicle when the driver used a Mexican personal or Mexican state-issued CDL. The audit report of the DOT Inspector General (Report Number MH-2009-068) issued August 17, 2009, found that states were not consistently reporting the traffic convictions that FMCSA had requested. The MCDB is not required by statute, and the states are not required to report convictions. The IG found that one border state hadn't reported convictions for two years. This lack of reporting and conviction data could allow Mexican Federal CDL holders that should have been disqualified to continue to drive in the United States. These Mexican drivers could also incur convictions under personal or a Mexican state-issued CDL that are not recorded in the MCDB. These are not Mexican drivers participating in any pilot program at this time; these are drivers who are currently permitted to operate in the commercial zones. Obviously, if and when a pilot long-haul program is initiated, this will become an even greater safety issue. U.S. truck drivers have only one license that covers their driving both commercial and non-commercial vehicles. It isn't fair to them to allow Mexican drivers who should be disqualified to continue driving on our highways. We urge you to include language in your bill that will address this matter.

National Registry of Medical Examiners

While the Teamsters could support a National Registry of Medical Examiners, we are concerned that the certification process not be burdensome to the extent that a sufficient number not participate in the program, making it difficult for drivers to be examined in a timely manner. We are also leery of a process that would require medical examiners to submit results of a medical exam directly to the state licensing agency. If there is a dispute between the examining doctor and the driver's personal physician, the dispute should be resolved prior to the medical examiner submitting the exam results to the licensing agency. It this is not done prior to submission, it could create problems for the driver to correct his file. The driver should also receive notification of the information that has been placed into his driver qualification record.

Vehicle Stability Systems/Advanced Safety Technologies

Equipping trucks with the latest safety technologies will eventually help reduce truck crashes. Brake Stroke Monitoring Systems, Vehicle Stability Systems, Lane Departure Warning Systems and Collision Warning Systems are all devices that can help drivers avoid accidents. However, it is important to provide the proper training so that these systems are not a distraction to the driver, that the driver understands the warning signal(s), knows what evasive action to take, and the driver does not overcompensate or defeat the assistance of the device. These systems must be used for the purpose for which they are designed and not as a tool to harass the driver.

Conclusion

Surface transportation in the United States is at a crossroads. Structurally deficient roads and bridges pose a significant safety hazard to users and a challenge to meet the transportation needs of the country. Increasing traffic and more congested highways demand that we find ways to utilize multimodal systems to move freight efficiently throughout the country. At the same time, we have to develop programs that reduce the risk of accidents across the surface transportation modes to ensure that we move people and products safely. This Committee can help lead the way as you develop transportation policy that recognizes and addresses the challenges ahead. The Teamsters Union looks forward to working with you to help grow a transportation network that will meet the future needs of this country.

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U.S. House of Representatives Transportation and Infrastructure Committee Subcommittee on Highways and Transit Hearing on

"Improving and Reforming the Nation's Surface Transportation Programs"

Testimony of

Jennifer Dexter
Assistant Vice President, Government Relations
Easter Seals

March 29, 2011

Good afternoon Chairman Duncan, Ranking Member DeFazio and members of the Subcommittee. Thank you for this opportunity to appear before you today to outline our recommendations for increasing mobility for people with disabilities and older adults in the reauthorization of the Safe, Accountable, Flexible, Efficient Transportation Act – A Legacy for Users or SAFETEA-LU. My name is Jennifer Dexter and I am the Assistant Vice President for Government Relations at Easter Seals. I also serve as the co-chair of the Consortium for Citizens with Disabilities' (CCD) Transportation Task Force as well as co-chair of the Senior Transportation Task Force (STTF).

Easter Seals is very proud of our long history helping to increase the mobility of people with disabilities and older adults. For many years we have operated the federally funded Project ACTION to work with the disability and transit communities to overcome barriers to accessible transportation. Project ACTION was originally created in the Intermodal Surface Transportation Efficiency Act (ISTEA) and has been included in every transportation authorization since. Project ACTION has evolved over the years and is now the preeminent resource for the country on access to transportation for people with disabilities including all aspects of the transportation provisions of the Americans with Disabilities Act. In addition, Easter Seals operates the National Center on Senior Transportation (NCST) in partnership with the National Association of Area Agencies on Aging (N4A). The NCST was created in SAFETEA-LU to be a resource to increase mobility for older adults. Both Project ACTION and the NCST are administered through cooperative agreements with the Federal Transit Administration (FTA). The centers work in collaboration with the FTA to provide technical assistance, education, and outreach to the disability, aging and transit communities and are the preeminent resource in the country for helping increase the mobility of older adults and people with disabilities.

Access to transportation provides a vital lifeline for people with disabilities and older adults to engage in employment, education, healthcare, and community life. Yet too often, people with disabilities lack access to affordable, accessible and reliable transportation options. The 2010 Harris Poll, funded by the National Organization on Disability, established that 34% of people with disabilities report having inadequate access to transportation. This is compared with only 16% of the general public. In fact, the problem seems to be worsening, with a jump of 4% in the number of people with disabilities reporting inadequate transportation options since the last study in 1998.

The federal programs that are specifically aimed at increasing the mobility of people with disabilities and older adults are small, yet effective, and the creation of the New Freedom Program (Section 5317) in the last transportation reauthorization is a positive step. As the nation ages and more demand is put on these specialized systems, it is imperative that the Administration and Congress increase the accessibility of our nation's transportation network and the mobility of all Americans.

Today I would like to discuss five specific issues that need to be addressed in the reauthorization of SAFETEA-LU.

- Overall funding for transit.
- The potential impacts of program consolidation.
- Input and involvement into planning processes by stakeholders.
- Mobility management services.
- The continued need to targeted technical assistance and education.

Funding

People with disabilities and older adults are disproportionately reliant on public transportation. The authorization should increase funding for transit programs in all areas of the country, including formula grants for urbanized and rural areas and others that provide more targeted funding to vulnerable population groups such as people with disabilities and older adults. As the population ages, more people are going to be relying on public transportation options to maintain their mobility thereby increasing demand. Increased funding would allow more transit providers to utilize intelligent transportation systems (ITS) to create greater mobility. In addition, more flexibility in funding, particularly using 5310 funding for operating assistance would be a great help to utilizing dollars more effectively. It is critical that the next transportation authorization bill provide an increased investment in transit at a level that will meet the growing demand for services and allows for affordable, accessible, efficient and reliable transportation options for all Americans.

Consolidation

Efforts to streamline transportation programs to create efficiencies and minimize administrative burden are laudable and necessary in the current economic environment. However, we urge that consolidation efforts be undertaken very cautiously and that protections be put in place to assure that needed services are not lost in the process.

The most prominent discussions around consolidation seem to focus on programs that serve unique needs of people with disabilities, older adults and low-income individuals, particularly the 5310 program, New Freedom Program and the Job Access Reverse Commute (JARC) program. While there are many overlapping issues affecting all of these populations, there are also some distinct needs and competing interests that need to be taken into account in any consolidation discussion. It is critical that there be assurances that projects in consolidated programs continue to address the sometimes unique needs of these populations. Without some protections to assure that everyone's needs are represented fairly in the decision-making and priority setting process, one or more of these communities could literally be left behind. There are some specific things in the planning process that might make sense to help create these protections and I will discuss those in the next section.

Another issue to consider is the primary role that the 5310 and New Freedom programs have played in helping assure that people with disabilities and older adults have access to services. 5310 has evolved to be a real lifeline for nonprofit service providers and we should do nothing to erode that. The 5310 program is often the sole resource that service providers have to make sure that people are able to attend their programs and participate in healthcare, respite, social and other activities. This partnership between nonprofit service providers and transit also allows 5310 dollars to go further as they are bundled with philanthropic and other private dollars to create better service. We fear that in consolidation, the balance of power in decision-making would mean that transit agencies would be less likely to pass through 5310 funding to nonprofit providers and instead create new programs of their own or support existing targeted programs, especially in these very tough fiscal times. The vital partnership between transit agencies and nonprofit service providers that 5310 has created is successful and must be protected. In addition, the New Freedom Program has been used to initiate cost-effective consumer responsive options such as dial-a-ride, taxi vouchers and volunteer driver programs, not just fixed route transit. Having resources that expand mobility options beyond fixed-route transit is something that needs to be continued in any consolidation discussions.

Planning

One of the very positive things to come out of SAFETEA-LU has been the consolidated human services planning process required for New Freedom, 5310 and JARC funding. We have seen tremendous progress in getting more people with disabilities, older adults and the people who serve them to the table to help create the priorities for spending. In this reauthorization, we would like to see this process strengthened even further.

Planning must be accountable, transparent, inclusive, and have real measures of expected outcomes so there is a reference point to define success. In addition, planning processes for different aspects of mobility, including highway planning, should be consistent. In order to do this, more direction is needed on what a truly inclusive process means and further oversight of the process of planning, not just the outcome. In order to make sure that the disability and aging communities are genuinely part of the process, it takes real outreach efforts from transit and planning agencies. Although we all know how critical transportation is to the lives of individuals, it is often not the primary area of expertise for most advocates and individuals who are most likely to be part of the planning process. Too often I hear that transit planners tried to reach out but were not able to get people to participate. This is not necessarily due to apathy, but often to competing priorities and a lack of understanding about transportation systems and other things that are often second nature to transit and planning authorities.

We recommend that designated agencies be charged with documenting how input from stakeholders was considered in the development of the coordinated transportation plan. The Department of Transportation should review those efforts to assure that they are sufficient and that every effort was made to enable input. Stakeholders should also have an opportunity to review and comment on the plan before it is finalized. We also continue to call for all plans to be quickly and easily available to the public in one central location.

Mobility Management

Mobility management is a critical concept that needs to be enhanced in this reauthorization. Mobility management focuses on the individual and identifies the best transportation options, both public and private, for that person's travel needs. Mobility management improves transportation options for those utilizing community services, workforce development centers, education, and health services and ultimately improves mobility options for everyone. Mobility management services also help to maximize the use of Intelligent Transportation Systems and other technology to enhance mobility and crates one-call systems that allow greater ease-of-use for customers. In addition, mobility management includes people with disabilities and older adults in the design of transportation options.

Person-directed mobility management includes:

- identifying needed services and transportation needed to access those services;
- assessing community transportation resources;
- assessing an individual's ability to use those resources;
- filling service gaps, and;
- providing agencies and individuals with information and training on using local transportation.

SAFETEA-LU established an inclusive concept of mobility management, which is an available capital expense throughout the federal transit program, including Section 5310. Unfortunately, only minimal technical assistance is currently available to help transportation programs develop mobility management efforts and adapt them to people's unique needs. In addition, there are few incentives for local providers to adopt mobility management strategies instead of investing more in vans or buses, since all are treated equally as capital expenses. Mobility management services must be enhanced to better help transit and human services systems meet the needs of people with disabilities and older adults by establishing a dedicated funding source for these services. We also recommend that any resources available for mobility management require that human service providers be a critical part of the delivery of services.

The additional advantage to having mobility management resources in as many communities as possible is in the planning process. Once mobility management is set up in a community, there is a single entity charged with knowing the entire array of transportation resources in that community, both public and private. This will help minimize duplication and unnecessary use of federal and state dollars if there are private resources already available.

Technical Assistance and Education

While great progress has been made in the accessibility of transportation options since the passage of the Americans with Disabilities Act in 1990; advances in technology, changes in consumer demand, continuing changes in societal attitudes about people with disabilities, and the aging of America all speak to the continued need for targeted technical assistance and education to help people with disabilities, older adults, and communities work together to overcome barriers to mobility.

The funding level for Project ACTION has remained static since 1998. At the same time, the increasing complexity of mobility issues facing people with disabilities and transit providers, as well as the increased prominence of the work done by Project ACTION, has greatly increased demand. By any measure, Project ACTION has done an exemplary job in providing quality, needed and targeted technical assistance, training and education with limited resources and has managed to significantly expand its reach by increasing efficiency and intelligent use of technologies such as on-line training to expand their reach. Another thing that has helped Project ACTION continue to thrive has been partnerships with other federal agencies and private sector entities to undertake targeted projects. These partnerships are critical in not only expanding the reach of Project ACTION, but also in assuring that mobility for people with disabilities is addressed in a variety of venues. However, without additional resources, Project ACTION will not be able to continue to meet the broad range of need that is emerging and quality and access to services will suffer.

The NCST, originally authorized under SAFETEA-LU, has proven to be a valuable resource for helping communities meet the needs of a growing aging population. Since beginning operations in 2007, the NCST has provided necessary technical assistance on best practices for non-governmental organizations and public agencies and brought together aging and transportation professionals in order to better serve the transportation needs of older adults. Increased funding for the program would begin to help meet existing demand for technical assistance and education, and would increase the ability of the center to provide direct support to more communities who are trying to meet existing demands and help promote cost-effective and coordinated mobility solutions to meet the growing demand for services.

I am happy to provide the committee with more specific information about the activities of the projects and some basic information is included in my written testimony.

Thank you very much for this opportunity to provide input into this critically important process and we look forward to working with you all as we move forward.

Senior Transportation Task Force

Recommendations for the Authorization of the Highway and Transit Programs

Dear Member of Congress:

The undersigned members of the Senior Transportation Task Force, the only national coalition focusing on transportation issues of critical importance to our nation's older adults, urge you to support the coalition's top priorities below as the authorization of highway and transit programs is considered during the 111^{th} Congress.

Over the next two decades, the number of older adults in the United States, which has increased 15 percent in the past ten years to about 38 million, is expected to increase another 78 percent to 55 million by 2020 and 65 million by 2030. Older adults represent the fastest growing demographic in this country. Along with longevity comes greater interest among older adults to participate in the work force, age-in-place, and access needed social and health services. Without adequate transportation, older adults will either remain isolated in their homes or will be forced into unnecessary institutionalization. While SAFETEA-LU provided some increased funding for senior transportation, significant new funds are needed to address the estimated $1 billion per year in unmet transportation needs that now exists for seniors – a level of need that will only increase over the next five years.

The Senior Transportation Task Force is a national workgroup of organizations focused on aging, disability, health care, faith-based, transit, and labor issues, among others, that are collectively advancing senior transportation issues during the authorization of highway and transit programs. The Senior Transportation Task Force urges Congress to take the following steps in the authorization:

- Boost funding for the Federal Transit Administration Section 5310 program to $350 million per year and expand access to funding for operating assistance under this important program, and ensure program information is publicly available through an integrated national database;

- Provide incentives and support for further coordination of transit and other human services programs by increasing the accountability and transparency of planning processes and integrating transit planning into broader community and aging network planning efforts;

- Increase funding for the National Center on Senior Transportation to $5 million per year to allow further demonstration, outreach, training, and technical assistance activities to meet the growing needs of the aging and transit communities;

- Enhance access to mobility management services to better help transit and human services systems meet the needs of older adults by establishing a dedicated funding source for these activities that supplement traditional senior transportation services provided by transit agencies, the aging network, and other partners; and

- Offer greater incentives and support to volunteers struggling with the increased burden of high gas prices and help transit and human services programs to recruit and retain volunteers to serve older adults and persons with disabilities in their communities.

The Senior Transportation Task Force's full recommendations are attached for your reference. If you or your staff would like more information, please do not hesitate to contact Jennifer Dexter with Easter Seals (jdexter@easterseals.com) and K.J. Hertz with the National Association of Area Agencies on Aging (khertz@n4a.org).

Sincerely,

March 2009

AFSCME Retirees Program
Alliance for Retired Americans
American Association of Homes and Services for the Aging
American Bus Association
American Society on Aging
Association of Jewish Aging Services of North America
Beverly Foundation
B'nai B'rith International
Easter Seals
Families USA
Meals On Wheels Association of America
National Association of Area Agencies on Aging
National Association of Social Workers
National Association of State Long Term Care Ombudsman Programs
National Caucus and Center on Black Aged, Inc.
National Complete Streets Coalition
National Council on Aging
National Human Services Assembly
National Indian Council on Aging
National Senior Citizens Law Center
National Senior Corps Association
OWL, The Voice of Midlife and Older Women
Partners for Livable Communities
The Association of BellTel Retirees
The Salvation Army
United Jewish Communities
Volunteers of America

March 2009

March 2009

Senior Transportation Task Force
Recommendations for the Highway and Transit Authorization

Over the next two decades, the number of older adults in the United States, which has increased 15 percent in the past ten years to about 38 million, is expected to increase another 78 percent to 55 million by 2020 and 65 million by 2030. Older adults represent the fastest growing demographic in this country. Along with longevity come greater interests among older adults to participate in the work force, age-in-place, and access needed social and health services. Without adequate transportation, older adults will either remain isolated in their homes or will be forced into unnecessary institutionalization. While the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU) provided some increased funding for senior transportation, significant new funds are needed to address the estimated $1 billion per year in unmet transportation needs that now exists for seniors – a level of need that will only increase over the next five years.

The Senior Transportation Task Force is the only national coalition focusing on transportation issues affecting on our nation's older adult population. The Task Force is a national workgroup of organizations focused on aging, disability, health care, faith-based, transit, and labor issues, among others, that are collectively advancing senior transportation issues during the authorization of highway and transit programs. The Senior Transportation Task Force urges Congress to take the following steps in the authorization.

Funding for Accessible Services for All

- **Increase overall transit funding for the gamut of programs that enhance and support mobility options for all.** The authorization should increase funding for transit programs in all areas of the country, including formula grants for urbanized and rural areas and others that provide more targeted funding to vulnerable population groups such as older adults and persons with disabilities. As the population ages, older adults are going to be relying even more heavily on public transportation options to maintain their mobility. It is critical that the next transportation authorization bill provide an increased investment in transit at a level that will meet the growing demand for services and allows for affordable, efficient and reliable transportation options for all Americans. Further, states must be provided with sufficient funding and flexibility to meet the unique needs of their older citizens.

Section 5310, Elderly and Persons with Disabilities Program

- **Increase funding for the Federal Transit Administration (FTA) Section 5310 program.** Communities are in desperate need of assistance to address the mobility needs of their rapidly growing senior populations. The U.S. is facing the aging of the largest demographic cohort in its history. The first baby boomers have already begun turning 60, yet most communities are unprepared to handle the increased demands that this population shift will create for community-based transportation services. Due to the impact these demographic changes will have, significant new funds are needed to address the estimated $1 billion per year in unmet transportation needs that now exists for seniors – a level of need that will only increase over the next five years.

  The Section 5310 program, the major transit program for seniors and persons with disabilities, will receive $133.5 million in funding in FY 2009. This level of funding is nowhere near enough to ensure needed transportation for the millions of older adults age 60 and over and the tens of millions of persons with disabilities currently living in the United States, let alone the influx of aging boomers. While the overall federal transit program currently invests $36 per capita in public transit capital and operating assistance (by itself an insufficient number), the Section 5310 investment is only $3.32 per older person. Resources should be identified to ensure at least enough capital assistance to sustain and expand the Section 5310 network to serve its intended audience of older persons and individuals with disabilities. The Section 5310 account must be increased to a minimum of $350 million per year by the final year of the authorization.

- **Expand the Section 5310 funds for operating assistance from the current seven-state pilot initiative to a nationwide basis.** Authorize states to use their Section 5310 allocations to assist with the costs of operating and maintaining vehicles or other capital assets acquired through the Section 5310 program at the same 80 percent federal match as capital transportation expenditures. Every state would be required to use at least 10 percent of any increase in its annual Section 5310 allocation for this assistance after FY 2009, unless the state's governor can certify that all such operating and maintenance needs are adequately addressed through other sources of revenue. This change, which Congress initiated on a demonstration basis under SAFETEA-LU, would make the Section 5310 program consistent with other federal transportation programs, including the Section 5307 urbanized program, Section 5311 rural program and Job Access and Reverse Commute (JARC) programs, and would allow non-profits to not only obtain new vans and buses but to ensure that they are operational with funding available to pay for preventive maintenance, insurance, rising fuel costs and driver compensation.

- **Information on the Section 5310 program will help promote improved outcomes.** More funding should carry more accountability. For more than 30 years, little has been known about the activities, assets and accomplishments of the Section 5310 program. Even the basic information about which community programs and agencies provide Section 5310-assisted service is not public information. That may have been appropriate at a time when the program's funding was less than $50 million a year, and its resources were limited to purchasing buses, vans and other capital assets. Today, the program is much larger and its activities much more diverse. There needs to be a manageable information data system that can help document the breadth and success of Section 5310 today and in the future. This data system would effectively track state information and provide FTA with information relating to the utilization of the Section 5310 program by providers and the consumers they serve, including the names of organizations receiving funding, the equipment or services made available through the program, the number of clients served, and any available information relating to unmet transit needs of the senior population and persons with disabilities. Sufficient funding must be made available to the FTA and to states for the purposes of collecting data to evaluate the 5310 program, and to process the information and make it publicly available.

National Center on Senior Transportation

- **Direct increased funding to the National Center on Senior Transportation (NCST).** NCST, originally authorized under SAFETEA-LU, has proven to be a valuable resource. Since beginning operations in 2007, the NCST has provided needed technical assistance on best practices for non-governmental organizations and public agencies. Increased funding for the NCST is needed in order to award a larger number of community seed grants to demonstrate creative and effective solutions to increasing mobility for older adults. In conjunction with the FTA, the NCST awarded eight demonstration project grants for innovative proposals, a small fraction of the 322 quality applications received from 46 states and the District of Columbia, requesting funds in excess of $22 million.

  Provide $5 million per year in support for the NCST. Half of these funds would be dedicated to capacity building to provide additional technical assistance and share models and best practices associated with the transportation of seniors. Half would be used by the NCST for demonstration project funding that will help provide communities with the resources and assistance to test innovative and replicable approaches for addressing the mobility needs of a rapidly growing senior population. These initiatives would promote innovations in rural and isolated areas, improvements to planning and coordination efforts between aging programs, tribal organizations, and transportation agencies at the state and community-level, and outreach and training to a range of key audiences such as culturally and ethnically diverse population groups to help communities across the country develop efficient and effective transportation options that better meet the needs of seniors.

Planning and Coordination

- **There needs to be greater transparency and accountability in planning and coordination efforts.** Planning and coordination efforts continue to be hampered by jurisdictional barriers, no identified lead with responsibility for carrying out coordination efforts and a lack of outreach to involve key stakeholder groups, and no clear performance measures to assist transportation planning agencies in working with human services agencies such as aging programs. SAFETEA-LU expanded the audience for consultation and consideration of statewide and metropolitan transportation plans, which was a step in the right direction, as were the locally developed coordinated public transit – human services transportation plans required for Section 5310 project selection. There is permissive language in highway and transit planning statutes to suggest coordination between these processes and the development of aging services and other plans, but there are no incentives to do so. In addition, there is no requirement that grantees submit their coordination plans to FTA and there is no current depository for this information that is transparent to the public.

To better ensure senior mobility needs are addressed in transportation planning, there should be an increased federal share (90 percent instead of 80 percent) for states and communities filing coordinated aging services and transportation plans with FTA/Federal Highway Administration (FHWA).There also should be increased support for the Transportation Planning Capacity Building Program sponsored by FTA/FHWA to help provide technical assistance to statewide and metropolitan transportation planning agencies on how to involve and effectively work with State Units on Aging and Area Agencies on Aging to help them achieve this level of coordination in their plans and processes.

Mobility Management

- **Make mobility management meaningful for senior transportation.** SAFETEA-LU established an inclusive concept of mobility management, which is an available capital expense throughout the federal transit program, including Section 5310. Unfortunately, only minimal technical assistance is available to help transportation programs develop mobility management efforts and adapt them to elders' unique needs. In addition, there are few incentives for local providers to adopt mobility management strategies instead of investing more in vans or buses, since all are treated equally as capital expenses. For mobility management to work in the human services transportation arena, there should be a 90 percent federal share for any mobility management activities that bring together the financial partnership of transportation, Older Americans Act programs and services, senior housing, and other federally sponsored programs for older adults that have service coordinators, case managers, or similar functions that involve mobility management.

  Establish a dedicated funding source for mobility management initiatives directed to seniors. In addition to the $5 million for the NCST operations and demonstration grants focused on broader best practices and innovations, authorize $3 million in targeted grants through the NCST to create and strengthen mobility management programs to provide education, resources and services specifically to seniors related to their mobility options. Mobility managers help determine the transportation needs of consumers and connect them with the best available transportation options in their communities. Provide dedicated funding to award grants to non-profit aging services organizations and governmental entities to offer mobility management services. The grants are intended to fund mobility management projects or related technical assistance to assist local transit providers and Area Agencies on Aging and Title VI Native American aging programs to work together to encourage and facilitate coordinated transportation services and resources for seniors.

Incentives for Volunteerism

- **Create a Transit Service Corps for seniors to encourage the use of volunteers to transport elderly persons.** Authorize $3 million in grant funding within the FTA that would be available to all public or private non-profit community-based agencies serving the elderly, for the purposes of compensating volunteer drivers of private cars or vans who transport elderly persons with a modest stipend for each mile driven and to cover the incremental cost increases associated with adding volunteer drivers to the agencies' liability insurance policies. The FTA would be encouraged to partner with efforts through the Corporation for National and Community Service's Senior Corps, including Foster Grandparents, Senior Companion Program and RSVP, and the Administration on Aging.

- **Increase the ability of non-profit agencies to recruit and retain volunteer drivers for their programs by excluding mileage reimbursements from taxable income at the same rate as**

businesses. Raising the limit on volunteer mileage reimbursement to the level permitted for businesses is long overdue. Currently, when volunteers use their cars for charitable purposes, the volunteers may be reimbursed up to 14 cents per mile for their donated services without triggering a tax consequence – provided that they itemize. This limit has only been adjusted once from its original amount set in 1997. By contrast, the current mileage reimbursement level permitted for businesses is 55 cents per mile (beginning January 1, 2009), over three and a half times the volunteer rate.

- **Amend the Internal Revenue Code to expand the charitable tax deduction for volunteers' transportation expenses to include taxpayers who do not itemize on their federal tax return.** Any travel reimbursements received in excess of the 14 cents per mile limitation are not tax exempt, and consequently are subject to federal income tax. Volunteers may deduct their actual unreimbursed expenses for gas and oil, parking fees and tolls, but not maintenance, depreciation or insurance. However, this deduction is currently only available to volunteers who itemize on their federal tax return.

Section 5317, New Freedom Program

- **Reauthorize the FTA Section 5317 New Freedom program to provide funding to localities to provide transportation services above and beyond those required by the Americans with Disabilities Act.** Authorized funding for this program should be increased from $92.5 million in FY 2009 to at least $150 million by the end of the authorization period. With rising fuel costs and decreasing revenues, transit providers increasingly have cut back on specialized services targeted to older adults and persons with disabilities. The New Freedom program provides much needed resources to help ensure that these specialized services are available. New incentives should also be included in the authorization to ensure that this program is utilized by states and the funds are reallocated to local programs. Additional funding should also be set aside under the New Freedom program specifically for technical assistance needs and outreach to potential recipients to share best practices information and increase participation.

Senior Transportation in Rural Communities

- **Provide grants targeted to rural and frontier senior transportation programs.** Targeted grants for rural senior transportation programs would help serve this particularly vulnerable segment of the transportation-dependent population. Create a supplemental allotment of grants under the Section 5310 program to enhance access and availability of senior transportation in rural and frontier areas for seniors. Provide dedicated funding for grant awards to non-profit organizations and governmental entities that provide transportation services to seniors in rural and frontier areas of the country as defined by the U.S. Census Bureau. Grant proposals will be reviewed and awards determined by FTA in consultation with the NCST. Award recipients will be selected based on their ability to provide innovative, safe, efficient and effective transportation options to seniors.

Transportation for Native American Elders

- **Enhance the Section 5311(c) tribal transit program and ensure expanded resources under the program are directed to Title VI Native American aging programs for transportation services.** SAFETEA-LU created a new Tribal Transit Program, and funds it as a set-aside under the Section 5311 program, with $15 million in funding allocated for this program in FY 2009. Under the Tribal Transit Program, federally recognized Indian Tribes are eligible as direct recipients. The Section 5311(c) program funding should be increased to at least $30 million by the end of the next authorization and continue to encourage coordination of programs and services to increase efficiency and streamline access to transportation services for the nation's 35 million Native American elders. Grant recipients should also be required to specify how they plan to coordinate transportation services with Title VI Native American aging programs funded under the Older Americans Act. In the most recent round of Section 5311(c) grants, applications from tribal organizations totaled $21 million, although just $10 million was available (FY '07). The results of this grant solicitation underscore the tremendous need for resources to enhance transportation services in tribal communities.

Livable Communities

- **Undertake a broad policy of improving and expanding public transportation services and supporting livable communities.** Over the past 50 years, transportation investment has emphasized the construction of freeways and the free movement of cars over the needs of people and communities. The result has been the dispersal of the population across great distances, the need to drive to get around, and less investment in public amenities such as community space and public transportation. Planning policy during this time also encouraged a strict separation of uses, segregating offices, stores and homes from each other, which has further reinforced the need to drive to access critical services. Older persons who live in areas with more compact development and access to public transportation are better connected to their communities, less isolated than their peers in more spread-out environments and make many more trips out of their homes.

  A broad policy of improving and expanding public transportation services and supporting livable communities should be undertaken through the following actions: 1) create interagency partnerships to remove policy barriers to mixed-use, mixed-income transit-oriented development; 2) provide states and local jurisdictions with incentives for coordinating transportation plans and regional growth patterns; 3) shore up funding for the New Starts and Small Starts programs to address the backlog of projects applying for funding; 4) reward applicants that integrate land use plans, economic development and transportation investments; and 5) prioritize or increase the federal match for News Starts projects that include affordable housing strategies, such as prioritizing affordable housing developments within 1/2 mile of transit, requiring "inclusionary housing" reflecting the income diversity of the region, providing density bonuses for developments that include affordable housing, and including transportation needs in affordable housing plans.

- **Urge states and metropolitan planning organizations to adopt Complete Streets policies** for federally funded projects within two years (such policies must ensure that the needs of all users of the transportation system are taken into account during the design, planning, construction, reconstruction, rehabilitation, maintenance and operations stages of transportation projects). More than 50 jurisdictions, spanning all regions of the country, have adopted complete streets policies that direct transportation planners to consider the needs of all users when considering and making transportation investment decisions. A growing number of older Americans are looking for alternatives to driving, because they have given up the keys, want to reduce their driving, or want to be more physically active. Yet too often the streets in their communities are not designed to safely and conveniently accommodate pedestrians, bicyclists, people who use mobility devices, and users of public transportation of all ages and abilities.

Emergency Preparedness and Response

- **Emergency preparedness and response policies should address senior mobility issues.** Our country has learned much from the tragic lessons of Hurricanes Katrina and Rita in 2005. One of these lessons is that the resources to help the aging services network and senior transportation providers plan, prepare, respond and recover from disasters are fragmented and difficult to access. There are clearer policies and protocols for addressing the needs of pets in disasters than there are for older adults. This is wrong, and should be remedied through increased cooperation among emergency management agencies, the aging services network, and transportation agencies.

  Emergency management agencies are urged to develop coordinated evacuation plans that reach vulnerable older adults and homebound individuals. This requires greater coordination with Area Agencies on Aging, aging services providers, transportation authorities, and local senior housing and long-term care facilities to ensure that there is adequate and accessible transportation available for evacuations and older adults and persons with disabilities have unrestricted access to emergency shelters. We urge emergency management agencies to take needed steps to ensure that emergency shelters are adequately equipped to accommodate older adults and persons with disabilities. As part of this effort, we support establishing a program of transit emergency relief, much as there already is a program of emergency relief funds for highways and bridges.

Older Driver Safety Initiatives

- **Create a program to support state and community-level older driver safety initiatives.** Over the next 30 years, the number of older drivers on our nation's highways is expected to more than double, and the number of drivers over the age of 85 is expected to be four to five times greater than today. The growing ranks of older drivers in the decades ahead will pose challenges for older adults, their caregivers, aging service providers and communities at large. Although we cannot generalize on any older person's capabilities, studies have shown that a common consequence of aging is a reduction in the skills needed to drive safely. A large range of options, however, can assist older drivers to assess their skills, become better educated on improving their driving performance, and, if driving is no longer an option, assist them in finding mobility alternatives.

  Create a new formula-based grant program administered through the National Highway Traffic Safety Administration (NHTSA), in consultation with FTA, to promote older driver safety programs. State and local programs funded under this formula grant will offer older drivers safety training and one-on-one assistance in making necessary adjustments in their driving as their skills change to allow them to continue to drive for as long as possible. In order to receive funds under this grant program, the older driver safety initiatives would have to be developed as part of a locally coordinated planning process. The grants would be directed to human service agencies with experience in providing services to older adults such as Area Agencies on Aging, Title VI Native American aging programs, and other community service providers. The programs would assist older drivers through interventions such as vehicle modifications and other adaptations in their driving behavior. The program would also feature outreach to older adults, their family members and caregivers on when and how to assess the older driver's performance and skills. Grantees would be encouraged to supplement federal funding through local partnerships with private sector entities that have a stake in promoting older driver safety initiatives, such as the insurance industry.

Intelligent Transportation Systems

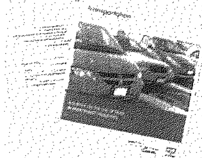
- **Prioritize intelligent transportation systems (ITS) projects targeted to assisting non-profits serving older adults and persons with disabilities.** While investments in ITS technology are eligible capital expenses under FTA grants, there is currently no dedicated funding targeted to assisting non-profits in developing and deploying a range of ITS solutions to enhance the efficiency, quality and integration of the transportation services they provide to older adults and persons with disabilities. Most non-profit agencies focus their limited funding on other high priority capital needs and provision of services to accomplish their mission. New technologies such as web-based scheduling, routing, and dispatch systems; geographic information systems; automated trip planning programs; wireless communications; and mobile data terminals can improve program efficiency and operations, but can not be implemented and used without specialized technical assistance and training.

  Amend the National ITS Program to emphasize the need for ITS development and deployment among non-profits and services directed to older adults and persons with disabilities and make these projects a priority area for research and development funds authorized under the National ITS Program and the Section 5313 Transit Cooperative Research Program. Authorize funding of at least $5 million to expand on ITS demonstration grants under the United We Ride and Mobility Services for All Americans initiatives and require coordination with these programs as part of the selection criteria for ITS grants.

For More Information

Access our Web site:
www.projectaction.org for announcements and information on current projects, training events, funding opportunities, links to partners, FAQs, and access to downloadable reports, fact sheets, and other resources.

Visit our Free Store:
www.projectaction.org/store to order from more than 50 print, video and audio resources on such topics as ADA provisions, good customer service, rights and responsibilities of passengers with disabilities, operator awareness, and equipment on vehicles. Our resources are available in mutiple accessible formats, including braille or audio recordings, upon request.



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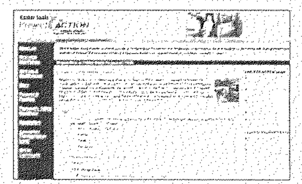
- Create a user profile to receive our regular updates and newsletters



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1/2010

Easter Seals Project ACTION
ACCESSIBLE COMMUNITY TRANSPORTATION IN OUR NATION
Easter Seals Disability Services

Accessible Community Transportation In Our Nation

Easter Seals Project ACTION

Pocket Guide

Easter Seals Project ACTION
ACCESSIBLE COMMUNITY TRANSPORTATION IN OUR NATION
Easter Seals Disability Services

Accessible Community Transportation In Our Nation

Easter Seals Project ACTION

Our Mission is to promote universal access to transportation for people with disabilities under federal law and beyond by partnering with transportation providers, the disability community and others through the provision of training, technical assistance, applied research, outreach and communication.

Who We Serve

Easter Seals Project ACTION (the acronym stands for Accessible Community Transportation In Our Nation) is a federally funded training and technical assistance center serving people with disabilities and the transportation and service provider communities. Since 1988, ESPA has worked to expand accessible transportation for people of all ages with disabilities.

Who We Are

A group of Easter Seals professionals with expertise in:

- Training and education
- Provision of community-based technical assistance
- Transportation, health and social services
- Research
- Marketing and communications
- Programs and grants management

What We Do

Training Programs Including:

- In-person travel training
- Teleconferences and webinars on various topics in accessible transportation
- Online courses
- Useful tools in accessible formats
- Peer learning and skills building concepts
- Team building and coordinated transportation plan development
- Practical applications associated with successful implementation of ADA transportation guidelines

Technical Assistance Activities:

- Information and Referral: including a toll-free number (800.659.6428) staffed from 9 a.m. to 5 p.m. Eastern time Monday-Friday and through our Web site.
- Tailored and targeted technical assistance: Staff provides support to community teams to aid in assessing community needs, identifying agreed upon solutions, expanding accessible transportation coordination, strengthening community partnerships and achieving systems change to increase transportation options.

Outreach Initiatives:

- Quarterly newsletters
- Monthly electronic news briefs
- Staff participate on industry advisory committees
- Staff present at conferences
- Maintain website with useful information, links and center news
- Use social networking technology to expand awareness
- Host roundtables and meetings on topics of current interest
- Develop tools, resources and materials
- Distribute information and products through a free online store

Applied Research:

- We support research, including the creation and fielding of surveys, to produce reports, findings in brief and other documents to improve accessible transportation.
- Previous research topics include: bus rapid transit, accessible taxis and paratransit, stop announcements, accessible pathways and surveying communities for their level of accessibility.

How We Do It

Through collaboration and coordination among people with disabilities, transportation and other providers, we help expand accessible transportation in our nation.

NCST | National Center on Senior Transportation

Our Mission

We strive to increase transportation options for older adults and enhance their ability to live more independently within their communities throughout the United States.

Who We Are

Established in 2006, the National Center on Senior Transportation (NCST) is a federally funded training and technical assistance center administered by Easter Seals, Inc. in partnership with the National Association of Area Agencies on Aging. We are dedicated professionals with expertise in:

- Transportation and aging services.
- Training and education on an array of senior transportation options.
- Provision of community-based and one-on-one technical assistance.
- Transportation program operations, funding and management.

Who We Serve

The NCST targets its services to aging and transportation services professionals, providers and organizations.

What We Do

Technical Assistance

- Toll-free number (866-528-6278) staffed from 9 a.m. to 5 p.m. Eastern time Monday–Friday.
- Website: *www.seniortransportation.net*
- Resources and publications on senior transportation available free of charge.
- Linkage to partner organizations and a network of peer experts.

Training Programs

- Teleconferences and webinars.
- In-person workshops and training sessions.
- Training curricula.

Outreach Initiatives

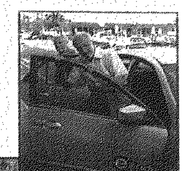
- Print newsletters.
- Monthly electronic newsletters.
- Presentations and exhibits at conferences.
- Website with useful information and center news.
- Online library offering free products and information.
- Social networking to expand awareness of senior transportation.

Applied Research

- Student scholar projects and research on senior transportation.
- Grants to promote innovations in senior transportation.
- Education and resources that bridge research and practice.

How We Do It

The NCST collaborates with the aging and transportation networks, advocacy groups, the academic and research community, older adults and family caregivers to showcase new ideas and innovations in the senior transportation arena.

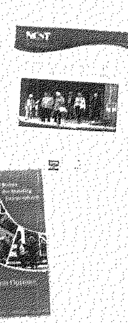


For More Information

Access our Website:

Visit *www.seniortransportation.net* for announcements and information on current projects, training events, funding opportunities, links to partners, FAQs and access to downloadable reports, fact sheets, and other valuable resources. Our website offers resources to address the needs of aging, human service and transportation providers.

Check out our Resources and Publications:



An array of resources, all free of charge, is available in our online library. Order or download helpful print, video and audio resources on topics such as older driver safety and driving transitions, volunteer driver programs and civic engagement, travel training with older adults, voucher programs, livable and age-friendly communities, transportation solutions for caregivers and much more!

NCST | National Center on Senior Transportation

Please stay in touch:

- Contact us by phone or email to ask a question or get more information.
- Share your success stories.
- Participate in an online poll.
- Connect with colleagues through online communities.
- Sign up for our newsletters.
- Create a user profile to receive periodic program updates.
- Check out our calendar and register for NCST Distance Learning events.
- Follow us on Twitter.

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The National Center on Senior Transportation is funded through a cooperative agreement with the U.S. Department of Transportation, Federal Transit Administration with guidance from the U.S. Administration on Aging. NCST is administered by Easter Seals, Inc. in partnership with the National Association of Area Agencies on Aging (n4a).

Your Resource on Senior Transportation

Commercial Vehicle Safety Alliance

promoting commercial motor vehicle safety and security

STATEMENT OF

CAPTAIN STEVE DOWLING

PRESIDENT

COMMERCIAL VEHICLE SAFETY ALLIANCE

BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

"IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS"

MOTOR CARRIER SAFETY PROGRAMS

MARCH 29, 2011

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House T&I Committee: CVSA Written Testimony Filed With the Subcommittee on Highways and Transit

Chairman Duncan, Ranking Member Rahall, and Members of the Subcommittee, thank you for holding this hearing as well as the many listening sessions throughout the country the last two months. We commend you and all of the committee members for the work you are doing in your effort to write a new surface transportation reauthorization bill.

I am Captain Steve Dowling from the California Highway Patrol. I am testifying here today in my role as President of the Commercial Vehicle Safety Alliance (CVSA). CVSA is an organization of state, provincial and federal officials responsible for the administration and enforcement of commercial motor carrier safety laws in the United States, Canada and Mexico. We work to improve commercial vehicle safety and security on the highways by bringing federal, state, provincial and local truck and bus regulatory, safety and enforcement agencies together with industry representatives to solve problems and save lives. Every state in the United States, all Canadian provinces, the country of Mexico, and all U.S. Territories and Possessions are CVSA members.

I will address six major issues in my testimony:

1) Flexibility and Streamlining of Motor Carrier Safety Grant Programs
2) Bus Safety
3) Carrier Exemptions From Motor Carrier Safety Regulations
4) Truck Size and Weight
5) Motor Carrier Safety Technologies
6) Carrier Registration, Credentialing and Data Integrity

1. Flexibility and Streamlining of Motor Carrier Safety Grant Programs

The core commercial vehicle, driver and motor carrier state safety grant program, the Motor Carrier Safety Assistance Program (MCSAP) was created in the 1982 surface transportation authorization bill and funded from the Highway Trust Fund. At that time it was administered by the Office of Motor Carriers (OMC) within the Federal Highway Administration (FHWA) until 2000 when a separate new modal agency, the Federal Motor Carrier Safety Administration (FMCSA) was created. Thus, for the eighteen years it was administered by the OMC, the program criteria and formulas, funding matches, and Maintenance of Effort (MOE) requirements naturally reflected those of the federal aid highway program. Motor carrier safety enforcement--- its approach, its programs, and its federal-state partnership have evolved in decidedly different ways since 1982. Vestiges of a rigid, categorical grant approach still remain in how the funding is made available and administered to the states. Our recommendations to make the safety grant programs more flexible and to streamline the administrative and delivery processes represent an effort to reflect the reality of today rather than nearly 30 years ago.

At the same time, let me also say that we are keenly aware that FMCSA and its grant programs are still funded out of the Highway Trust Fund, as they should remain, and thus will continue to require fiscally sound stewardship and a truly performance based, results oriented outcomes. As state partners with the FMCSA we are committed to doing this.

Today, there are ten separate state motor carrier safety grant programs administered by the FMCSA. The core grant program, the Motor Carrier Safety Assistance Program, has five separate takedowns:

Basic MCSAP

- **Incentive**
- **High-Priority**
- **New Entrant**
- **Training and Administration**
- **5% cap on expenditures for Traffic Enforcement against cars driving aggressively in the vicinity of trucks**

Other state safety grant programs:

- **Commercial Driver's License (CDL)**
- **Border**
- **PRISM**
- **Commercial Vehicle Information Systems Networks**
- **Safety Data Improvement**
- **Commercial Driver's License Information System (CDLIS) Modernization**

We believe that each of these programs contributes to the mission of reducing truck and bus fatalities and crashes. We also believe there is a better way to align these program grants and, more importantly, to allow the states more flexibility in allocating the grant money to achieve the desired results.

As one of our state enforcement agency members describes it, "In our (large city) metro area, 87% of our crashes are caused by drivers following too closely, speeding, and unsafe lane changes by both the car and the truck or bus. In rural (areas of the state), the crash picture is heavily influenced by fatigued driving. If we had the flexibility, we would address these problems within the (basic MCSAP) grant and focus the necessary resources on the problem." This member also tells us that the 5% cap on expenditures for Traffic Enforcement on non-CMVs operating unsafely around commercial vehicles is too restrictive for their state enforcement program. However, there may be other states that do not reach or need the 5% cap. Ideally, there should be no limit, but at the very least, this percentage allowance should be increased to be used at the state's discretion. Approximately 75 percent of all large truck fatalities are multi-vehicle crashes between cars and large trucks, and flexibility in the use of funds is critical to target problems.

The new entrant program is also another example of where changes could enhance the program, as well as the basic MCSAP. Currently, there is a $29 million new entrant takedown under MCSAP. This is the total amount available for the program for all of the states which, when divided up has in some cases been inadequate for many of them. As with the Traffic Enforcement program, the states should be able to allocate as little or as much as it needs to meet its safety goals. We recommend that the new entrant program should be self-sustaining by charging every new entrant a fee to cover costs for vetting the carrier, outreach, training, equipment, and to conduct their initial safety audit to make sure they are fit to operate. By taking the pay-go approach, this would free up the $29 million takedown to be channeled back into the basic MCSAP program to be used for enhancing truck and bus safety and enforcement efforts and to assist in implementing various rulemakings such as the Electronic Onboard Recorder rule.

FMCSA, in the President's FY 2012 Budget Proposal, has recently released a draft of their proposed outline to "rearrange" the safety grant programs under three new umbrella grant programs:

Compliance, Safety and Accountability Grants (CSA)

- **MCSAP**
- **New Entrant**
- **High Priority**
- **Border**
- **Administrative and Training Takedown**

Driver Safety Grants

- **CDL**
- **Driver Training**
- **Administrative and Training Takedown**

Data and IT Grants

- **Performance and Registration Information Systems Management (PRISM)**
- **Commercial Vehicle Information Systems Networks (CVISN)**
- **Administrative and Training Takedown**

House T&I Committee: CVSA Written Testimony Filed With the Subcommittee on Highways and Transit

We support the designation of the three new umbrella grants. We particularly like the idea of the new CSA umbrella grant which reflects a major new initiative at FMCSA that we support. It will allow us to collect better data and do more targeted enforcement against motor carriers that have serious safety issues. As with any new enforcement initiative, it results in added enforcement costs to carry out in the form of training, IT programs and Data Quality activities, equipment, and increased personnel. In particular, CSA has greatly increased the data challenges that must be adjudicated by the states, and increased funding will help the states in managing this issue. Therefore, when this Committee looks at the level of funding for CSA that includes the core MCSAP program, we hope you will take this into consideration.

We would recommend that under the CSA umbrella that the new entrant and border grant programs be rolled into MCSAP with flexible allocations for the states. We also recommend that the new entrant and border programs to the extent that the states need to use them, be funded at 100% as they have been under SAFETEA-LU. We would also suggest that the amount for the Administrative and Training takedowns be re-examined in light of increasing costs to carry out the activities of the program.

It appears that FMCSA would propose to fund the CDL program at 80/20. We would suggest that a 50/50 match would be more appropriate. Most of this funding likely will be directed to the state licensing agencies that administer the CDL program, and a significant portion of their revenue comes from licensing, registration and associated fees. Enforcement agencies have no such source of revenue.

With respect to the Maintenance of Effort requirement for MCSAP, as I mentioned earlier, while we understand its purpose, the current formula still basically reflects conditions and circumstances that were of concern to FHWA in 1982, and may still be, with respect to the federal-aid highway program. However on the motor carrier safety side, the MOE formula provided for in SAFETEA-LU operates as a disincentive to the states to expand existing programs and create new and innovative approaches to motor carrier safety. In recent years, with the passage of each new reauthorization bill and authorization of new funds for motor carrier safety, the time period for which the MOE formula is based continues to be moved forward and has become a significant burden and in some cases a punitive measure on the states. Despite more overall federal funding provided in each reauthorization bill, the states can't ever get ahead because their MOE keeps going up and is increasing at a level that is outpacing the federal funds.

Therefore, we recommend that the MOE formula be tied to a stationary period, specifically, the 3 fiscal years preceding the date of enactment of the Motor Carrier Safety Improvement Act of 1999 (MCSIA). The MOE would also be indexed for inflation. MCSIA created FMCSA and provided a significant increase in safety grant funding. In addition we recommend that the Secretary of Transportation undertake a study to analyze the effects of MOE over the years the MCSAP has been in effect and to look at the feasibility of measuring MOE in a performance-based context, with the ultimate goal of establishing a formula that works for the states in today's environment.

Again, we understand the need for MOE and support measures to make sure the state is contributing their fair share to motor carrier safety. Most states contribute significantly more to commercial vehicle safety than the federal funds that they receive, and in some states, it is more like 20/80 (fed/state) than 80/20. MOE is a significant problem that must be changed. We believe there is a better way to do it than what is in place today.

2. Bus Safety

The number of high-profile bus crashes have occurred in the last several years, and especially the terrible crash in New York City a few weeks ago, raise a number of safety issues that need to be addressed. The Secretary's Motorcoach Safety Action plan has a number of good initiatives in it and the modal agencies are making reasonable progress on some fronts, but more needs to be done. CVSA agrees with the need to conduct a safety audit and compliance review of all interstate passenger carriers and the ongoing requirement of annual safety inspections of inter-city passenger carriers. Each state should also have a roadside bus inspection program that is appropriate for the needs in their state. Such efforts are resource intensive and call for increased funding for the MCSAP program and for FMCSA.

While on the subject of bus safety, I want to suggest a very specific step that would immediately help the states enhance passenger carrier safety. It is to remove the current restriction in SAFETEA-LU prohibiting roadside bus inspections except in the case of an imminent or obvious safety hazard. Most of the inspections done now are planned and are done at points of origination and destination. While these inspections are important elements in a states' overall bus safety program, states need the ability to randomly inspect buses just as they do with trucks. Bus inspections are able to be done at a fixed site or other locations that are a safe distance away from highway traffic and with facilities for passengers if necessary. Had the bus that was traveling from the Connecticut casino back to New York City been required to enter a Connecticut inspection station, the accident might not have happened and 15 lives might have been saved. More must also be done on curbside and "low-budget" operators. These types of operations have seen tremendous growth in recent years and rarely are exposed to any type of enforcement oversight.

On crashworthiness and passenger protection issues, CVSA does not profess to speak with expertise. However, we do believe that if technologies are proven, no further studies are needed. CVSA supports the mandatory use of seatbelts on buses.

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Finally, unlike trucks, inter-city passenger carriers have been exempt from any hours-of-service changes that have occurred in recent years. Based on the fact that driver fatigue seems to have been a contributing factor in a number of recent bus crashes, FMCSA should study whether the current hours of service rule for bus drivers are adequate, and if warranted, to propose changes necessary to accommodate new and changing patterns of inter-city bus travel.

3. Exemptions from Motor Carrier Safety Regulations

Exemptions from motor carrier safety regulations, such as hours-of-service, at both federal and state levels, are eroding uniformity of enforcement and are negatively impacting safety. They take more time for inspector to validate at roadside and increase enforcement costs.

In particular, utility and agricultural interests sought and received special hours of service statutory exemptions in SAFETEA-LU rather than following the regulatory and application process as outlined in Section 31315 of Title 49 of the U.S. Code. This section, among other things, requires that the exemption provide a level of safety greater than, or at least equal to the level of safety without the exemption.

These exemptions, along with others, need to be repealed and the industry groups should reapply for the exemptions through the process outlined in Section 31315 that is evaluated and monitored by the appropriate regulatory agency which in this case is FMCSA. We recommend that the process be amended to include proper monitoring and tracking of the drivers, vehicles, and carriers operating with such an exemption. Such monitoring and tracking should include permitting and/or a credentialing requirement to ease the burden on enforcement. Picking up on the theme of this afternoon's hearing, the exemption process must be streamlined and made more efficient AND effective at maintaining safety and uniformity.

A study conducted for FMCSA by the Volpe National Transportation Systems Center for the years 2005 (the year the SAFETEA-LU exemptions went in effect) through 2008 shows an increase in crashes for the utility industry (57%) that received a total hours-of-service exemption. The crash data during this same period for agricultural carriers receiving an hours-of-service exemption for operations within 100 air miles of their place of business was a little more mixed, but did show a 2008 increase in crashes. However the out-of-services rate for agricultural carriers exempted during this period were higher than carriers operating outside of the exemption and reflected poorer performance in the areas of driver performance and fitness, vehicle maintenance and cargo loading and securement. In both of these cases an equivalent level of safety was not maintained as prescribed in Section 31315, yet FMCSA and the states have no authority to take action on this as the exemptions are statutory.

Hours-of-service exemptions in some cases may call for a modified and different solution. Consideration could be given to requiring certain exempted carriers to adopt a fatigue management program much along the lines of the recently issued requirement of the FAA for air carriers. While this is not our preferred option, this approach would have at least some level of oversight and management of driver fatigue. Today there is none.

4. Truck Size and Weight

A comprehensive study and analysis of the United States' truck size and weight regulatory, policy and permitting framework to include an updated analysis of the federal-aid highway bridge formula is long overdue. We know of this Committee's interest in improving truck productivity. When CVSA looks at this issue, the link between truck size and weight and safety is in the forefront of our minds. Thus far, motor carrier, driver and vehicle safety data has been a missing element in this dialogue. Strong safety criteria for drivers, vehicles, and carriers that would potentially use increased size and weight allowances along with a safety monitoring, tracking and data collection must be put in place first and tested before consideration is given to changing current federal size and weight standards. A key component of looking at any increases is to conduct proper evaluation and performance testing of various vehicle configurations to ensure that safety in the operating environment they will be in can be preserved, as well as the impacts to the bridge and highway infrastructure.

We are familiar with the recommendations of various groups that are working to change current policy. We recommend pilot be considered before any change in national policy. Some groups are recommending a policy that would give states the option to use new productivity laws in making their own determinations on this issue, but without strong federal involvement and oversight such a policy in our view will not work. Our concern here is that this could result in greater proliferation of differing state regulations, place an added burden on enforcement and will compromise safety.

5. Motor Carrier Safety Technologies

CVSA believes that incentives should be provided to motor carriers to invest in proven safety technologies such as collision avoidance, lane departure warning, stability control, and brake stroke monitoring systems. These technologies have been shown to work and can save lives and reduce injuries. We agree with the approach recommended by former National Transportation Safety Board Chairman, Mark Rosenker, that tax incentives be used to help minimize the upfront capital investment for carriers to invest in these technologies. Using this approach can have an immediate impact as carriers could take advantage o f this right away, the day the bill is signed. Mandates take years to finalize and implement.

House T&I Committee: CVSA Written Testimony Filed With the Subcommittee on Highways and Transit

We support a universal mandate of Electronic-On-Board Recorders (EOBRs). Despite the pending rulemakings at FMCSA on this issue, we believe legislation is still needed to ensure certain uniform design and performance standards are addressed that are not in the current rules so that both enforcement and industry can take full advantage of this technology to ensure hours-of-service compliance and driver safety. I would also like to say at this point CVSA believes that EOBR technology should be fully implemented before consideration being given to making any changes to the current hours-of-service rules. EOBR implementation also will require enforcement to expend more resources and we ask the committee for your consideration in this regard.

6. Carrier Registration, Credentialing and Data Integrity

Current enforcement strategies and techniques are more data-driven then they ever have been before. Data is the foundation on which CSA is built. A critical component to ensuring that the proper entities are being targeted for interventions is to have an accurate and up-to-date census, with accurate demographic data on the regulated population. Additionally, there is a significant problem occurring with "chameleon carriers", where certain carriers are exploiting loopholes in the system to recreate themselves to avoid enforcement.

There are several strategies that would help in this regard. The first being the establishment of a single point or "portal" for registration to help facilitate several required credentials. By having a single location to collect required data, it would help streamline the process for carrier, broker and freight forwarder credentials and create uniformity and currency in how the data is collected and maintained. Such a portal should include the following credentials:

- UCR registration
- MCS-150 form to obtain a U.S. DOT number
- Carrier, broker and freight forwarder registration as required
- Hazardous Materials Safety Permit
- IFTA and IRP registration
- Proof of Licensing and Financial Responsibility

In addition, FMCSA must be provided the appropriate authorities to deny, suspend, or revoke credentials. A key element in the policing of such a system will be providing resources for FMCSA to properly vet registrants to identify fraud. The vetting process FMCSA has implemented on passenger carrying and household goods operators has proved to be successful and needs to be expanded to ALL entities under their control. An administrative fee is suggested to help conduct the vetting as well as to build, use, staff and maintain the portal system.

In closing, we believe FMCSA and the states are making progress in moving towards zero deaths on our highways. Through targeted investments we can improve upon our successes and provide the necessary tools for enhancing enforcement's ability to remove the unsafe operators from the road. We appreciate the opportunity to speak with you on some of the significant opportunities we see for advancing commercial vehicle safety in the United States.

CVSA Response to Subcommittee on Highways and Transit March 29, 2011 Hearing concerning "Improving and Reforming the Nation's Surface Transportation Programs."

Captain Dowling, the FY 2012 Budget Resolution passed by the House will require a 35 percent cut overall to surface transportation programs from current investment levels. What would such funding cuts for safety programs mean for the ability of States to carry out motor carrier safety programs? Do you have any estimates for the number of jobs that will likely be lost in the event of such cuts?

Cutting any funding, much less 35 percent will be devastating to motor carrier safety programs. The Motor Carrier Safety Assistance Program (MCSAP) is unlike most other federal grant programs in that much of the funding directly supports public safety jobs at the state and local levels. States depend on this funding to deliver many live-saving activities. It is the jobs that these enforcement officers do each and every day that save countless lives, making our country a safer place for everyone. In 2006-2007, the MCSAP funding helped to support the following results:

Number of Crashes[1] Avoided	22,831
Number of Lives Saved[1]	866
Number of Injuries Avoided[1]	14,739
$$ Value of Crashes Avoided[2]	2,080,000,000
$$ Value of Lives Saved[2]	5,196,000,000
$$ Value of Injuries Avoided[2]	2,055,000,000
$$ Value -- Total	**9,331,820,000**

The federal funding allocated that year to FMCSA as well as through MCSAP for state and local governments for motor carrier safety programs totaled $223,000,000 for FMCSA and $294,000,000 for MCSAP and State Safety Grants. Therefore, the benefit to cost ratio for the entire program in 2006-07 was 18:1. In addition, in 2005 there were 5,240 deaths in crashes involving large trucks, in 2009 that number decreased to 3,380 – a decline of 35 percent. It is clear from these data that not only is the MCSAP program working; it is providing a tremendous return on investment for the taxpayer. While we understand the difficult financial situation our country is in and the need to look to cut programs that are wasteful and not producing results, we do not believe we should be cutting programs that are working and working well. Cutting MCSAP funds will not only hurt jobs, it will impact on so many other families whose loves ones will be lost as a result.

[1] Information on Compliance Reviews, Roadside Inspections and Traffic Enforcement was taken from
- FMCSA A&I Program Effectiveness Website, April 6, 2011
- http://ai.fmcsa.dot.gov/pe/home.aspx

[2] Figures to compute the dollars were taken from the OMB Value of a Statistical Life data (2009) for fatalities ($6.0M); $195,258 per injury crash and $91,112 per crash taken from Pacific Institute for Research and Evaluation report on Unit Costs of Medium and Heavy Truck Crashes (2006)
- $6.0 million per fatality
- $195,258 per injury crash (in 2007 there were 72,000 injury crashes, 101,000 injuries, ratio of 1.4 injuries per crash or $139,470 per injury)
- $91,112 per crash (in 2007 there were 317,000 PDO crashes)

CVSA Response to Subcommittee on Highways and Transit March 29, 2011 Hearing concerning "Improving and Reforming the Nation's Surface Transportation Programs."

Below are some direct responses we have received from the states in response to the question you asked.

From Small-Sized States

State #1
"Looking at our state and a 35% reduction in our MCSAP funding levels could potentially mean cutting our manpower levels in half. This would significantly hamper our ability to function and would certainly impair safety."

State #2
"If my grant funds were cut 35% I would lose at least 5 Troopers, possibly 6 who are dedicated to CMV enforcement. I would also lose one support staff position. My total authorized FTP's are 22 enforcement and 3.5 support staff. I could lose up to 27% of my field staff and 28% of my support staff. In a state as physically large as mine that would be devastating. I would have to immediately cease doing any Safety Audits or Compliance Reviews."

State #3
"A 35% cut in MCSAP and New Entrant grant funding will have a significant impact on our State's CMV enforcement programs. A preliminary review of current spending identified that the Department will have to eliminate one New Entrant Auditor and one IT support position who currently contribute, either directly or in directly, to our CMV enforcement efforts. We will also have to eliminate a series of Media/PR Campaigns that are directly related to CMV seat belt usage and No Zone awareness. Other areas that will be cut include strike force operations, TACT, CMV equipment purchases, CMV training and other critical enforcement programs. A 35% cut in our CMV grant funds is approximately $600,000."

From Medium-Sized States

State #4
"A 35% reduction in funding would result in the loss of approximately 25 personnel from our state. These positions will be police officers as well as individuals covered under New Entrant and Border Enforcement Grants."

State #5

"MCSAP Grant is $4,143,255 – 35%=	*$1,450,139*
Border grant $442,635 – 35%=	*$154,922*
New Entrant $500,000 – 35%=	*$175,000*

Average FTE is $85,000.00 salary and fringe. The total then would be the loss of 21 positions. Our Maintenance of effort (MOE) is $1.7 million dollars. With the loss of 21 personnel it would be almost impossible to spend down our MOE."

State #6
"In our State, a 35% overall cut would have a drastic impact to our program. Since we have focused our efforts into salary funding for positions, it would mean a loss of 18 personnel and have a potential loss of up to approximately 13,000 inspections from our program totals."

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State #7

"The following is my prediction in our State if we were to lose 35% of our MCSAP funding.

The MCSAP unit completed 5,417 inspections, 215 Compliance Reviews, and 504 Safety Audits in CY 2010. These are the numbers I am going to reduce by 35% and extrapolate a financial impact from.

There is a national study done from FMCSA on the effectiveness of truck inspections. The data states that per 1,000 inspections 7.22 crashes are avoided, 4.65 injuries are avoided, and .27 lives are saved. This however encompasses all inspections done, both roadside and enforcement. Assuming the vast majority (if not all) of the inspections we do are enforcement based, and that those inspections are much more effective, I was also able to obtain numbers for enforcement inspections only. They are 9.26, 5.97, and .35 respectively. Now, assuming that our inspections would be reduced by 35% that would account for 1,896 inspections. This would account for an increase on our roads of 17.5 crashes, 11.3 injury crashes, and most likely one fatal crash involving commercial vehicles.

The next number that is important to this is how many crashes are avoided from conducting Compliance Reviews. The latest statistics I was able to find estimate that each CR accounted for .62 crashes avoided. As we did 215 CR's last year, this would assume we might see an additional 135 crashes with a 35% reduction in funding. I was not able to break this out into injury vs. fatal vs. non-injury, but assuming the same percentage from above it would be 59% non injury, 38% injury and 3% fatal crashes. This would account for over 51 more injury crashes and 4 more fatal crashes.

I was unable to account for the lives saved or crashes prevented due to Safety Audits. If we assume they might be similar to Compliance Reviews however, due to being similar tasks, then one could assume that would add an additional 176 crashes on our State's roadways as well. This would add an additional 67 injury crashes as well as 5 fatals.

What does this mean financially? This would account for the following financial impact.

Additional injury crashes:	*129 X \$195,258 = \$25,188,282 million*
Fatal crashes:	*10 X \$6.0 million = \$60 million*

The total cost savings to the U.S. government from a 35% reduction in our MCSAP funding will be approximately \$1,072,000. The cost of this to the U.S. economy with the assumptions stated above will be approximately \$85,188,282.

Note* *this does not assign a dollar figure to any of the additional property damage crashes".*

State #8

"The following is the projected information regarding our State's Program should it incur a 35% reduction in funding. This is based on the 2011 Allocations:

- *10.2 positions lost*

- *22,154 less inspections (projected to complete 29,055 but a 35% reduction in staff would mean only about 6,901 inspections being completed)*

Through the Motor Carrier Safety Assistance Program our State has reduced Commercial Motor Vehicle fatalities from 115 fatalities in 1989 to 40 in 2009, a 65.2 % reduction in CMV fatalities.

New Entrant
2.83 positions lost (would leave only 2.17 positions remaining)

Combining the 10.2 positions in MCSAP and 2.17 positions in New Entrant equals 12.37 positions lost in Federal Funding. The 35% reduction would be devastating to our State by taking a very successful program and reducing it to almost non-existent.

Weight Enforcement & other programs
Our State receives its funding for weight enforcement efforts through the Department of Roads (DOR), which receives its funding from Federal Highway Dollars. If DOR incurs such a loss and decides to push it out evenly through all programs this could equate to a loss of 38.39 positions and 367,994 less trucks weighed and checked for regulatory compliance."

State #9
"In FFY 2011, the federal portion of the estimated MCSAP budget for our State was approx. \$2,566,000. A 35% reduction in federal funding for FFY 2012 would be approx. \$900,000. What would we normally spend \$900,000 for and what could go away if the funding were not there to support it?

- *35,000 driver/vehicle inspections, OR*
- *All in-terminal enforcement (CSA Interventions, New Entrant Safety Audits, Preventive Maintenance Audits), OR*
- *All Outreach and data quality efforts, OR*
- *All traffic enforcement stops including those by all state and local enforcement agencies.*

By the way, in the wake of economic emergency, it seems a bit ludicrous that the Feds should consider reducing the federal share of the MCSAP and the states are still not allowed to reduce theirs (MOE)."

State #10
"If our State's MCSAP were reduced by 35%, it would lose approximately 16 of its 46 ½ MCSAP (Federal FTE) positions. As a result, we would lose the ability to conduct approximately 11,725 of the 33,500 MCSAP safety inspections; 86 of the 246 Compliance Reviews, and 263 of the 752 New Entrant audits generally conducted each year. Our State did not conduct these activities prior to receiving MCSAP funding and would almost assuredly not be able to take on the financial burden of continuing these programs. The impact would be that these activities would no longer be conducted."

From Large-Sized States

State #11
"Commercial Vehicle Enforcement programs in our state would be severely impacted in a very adverse way if the current FMCSA grant programs were cut by 35%. These cuts would

unequivocally impact our ability to maintain the high level of aggressive commercial vehicle enforcement activities and safety of the motoring public.

As you will note below, this reduction would result in a loss of $12,494,793, and more importantly, nearly 123 FTE's that provide direct enforcement support through roadside and border inspections as well as new entrant safety audits.

Federal Grants with 35% Reduction from FY 2011 Requested Amounts

MCSAP	***35% Loss***	***FTE's***	***FTE Loss @ 35%***
$10,740,432.00	*$3,759,151.20*	*13*	*4.55*
BORDER	***35% Loss***	***FTE's***	***FTE Loss @ 35%***
$22,702,145.00	*$7,945,750.75*	*309*	*108.15*
New Entrant	***35% Loss***	***FTE's***	***FTE Loss @ 35%***
$2,256,830.94	*$789,890.83*	*29*	*10.15*

As stated, cuts of this deep nature will have lasting negative effects on commercial vehicle safety in our state as well as across the nation."

State #12

"Below is a summary of what our State would be forced to cut should a 35% funding reduction occur, and the likely results of such a funding cut.

Personnel

If our State would lose 35% of its MCSAP Funding, the following subgrantees would have to cut full time positions as listed below:

- *Agency #1: 15*
- *Agency #2: 2*
- *Agency #3: 1*
- *Agency #4: 3*

Total: 21

Interdiction

- *2 Canine's would be no longer funded, allowing for more drug transfers across the State.*
- *Drug Interdiction Overtime Effort would be cut.*

Data Quality

- *Our State uses MCSAP funds to fund overtime for personnel that enters CMV Crash Data. A 35% reduction in funding would eliminate almost all of this overtime funding, which would directly cause a negative impact. Our State would possibly no longer be able to be a "Green" state and more importantly cause for a delay in the knowledge received from this data.*

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<u>CMV Safety Improvement</u>

- *Biannually our State has a Safety Belt Survey that measures the performance of our Safety Belt efforts. This survey would likely no longer be funded.*

<u>CMV Inspections (Includes Hazardous Material & Passenger)</u>

- *15,000+ fewer roadside inspections*
- *Out of Service Drivers/Vehicles would remain on our State's roadways due to the fewer inspections being completed.*

<u>Traffic Enforcement</u>

- *SAFETE Operations would be greatly reduced, reducing the effort of stopping car drivers that practice unsafe driving around CMVs.*

<u>CSA Compliance Investigations</u>

- *300 less Compliance Interventions*
- *115 less Compliance Reviews*

<u>Public Education & Awareness</u>

- *In effort to try to keep as many enforcement activities as possible, outreach programs would be severely reduced, which means proactive contact with the Commercial Motor Vehicle Industry would be compromised and there would be a higher risk of unsafe practices by Carriers.*

<u>Other Impacts</u>

- *Training and Travel - Less knowledgeable inspectors and officers would occur as a result of the inability to attend training and conferences that keep staff informed of new policies and practices.*
- *A reduction of Federal New Entrant Safety Audits would occur.*
- *Activity funded by the Performance Registration Information Systems Management (PRISM) could be reduced.*
- *The Skills Performance Evaluation (SPE) Medical Program activity would be reduced.*
- *Equipment would not be appropriately updated and would eventually deteriorate beyond use."*

<u>State #13</u>

"This would have significant impact to our State, if we took a 35% hit to our federal grants the Basic MCSAP grant would be reduced by $1,504,485. If we reduced each line item by 35% in the grant we would have to eliminate 14 FTE's, our vehicle/equipment budget including fuel costs would be $142,418 (cut $76,686), our subgrantee would be cut to $65,000 from $100,000 which would negatively impact motor coach safety inspections and Compliance reviews. All programs in the Basic MCSAP grant would be drastically impacted. In the Border Enforcement Grant (BEG) we would lose 2 FTE's. Our BEG grant would be cut from $408,562 to $265,762 (a $142,800 reduction). Each BEG Trooper salary/benefits is approximately $77,588. So as you can see, the cost of two troopers is slightly more than what we would have to cut. In New Entrant the grant is $562,564.00. A 35% reduction would be $196,897, which would give us $365,667 left. The average cost of an FTE is $60,054. A 35% reduction in our salaries and benefits would be $126,113, so we would lose at least 2 FTE's out of New Entrant. The total

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impact to CVD's budget would be 18 FTE's and we would see a reduction of overall federal funding by $1,844,182. Keep in mind, the impact would extend beyond CVD. The indirect funds received by the department from the grants would also be reduced by 35% (approximate reduction in indirect costs would be $349,346 using the old indirect rate.)

It is not surprising public safety is regularly compromised for budget cuts especially in transportation. Recent national statistics show 2010 was another record year with the lowest fatality rates since they started collecting stats. This much of a cut runs counter to the messaging from congress to reduce traffic fatalities, especially involving large trucks. CSA is just getting started and in order to use this effectively we cannot reduce our resources negatively impacting inspections and traffic contacts. Fatality rates will increase due to a reduced enforcement presence and with it the financial burdens each cost.

Also consideration needs to be given to weighing operations and reduced enforcement where states cannot keep up with infrastructure repairs due to overloaded heavy trucks which we are seeing now. This is already a financial drain on states that already rely heavily on federal dollars to improve roadways and freight mobility. Heavy trucks damage roadways, damaged roadways cause defective equipment which in turn cause collisions. It's all related and tied together.

This is a critical time where we don't lift off the gas, or send the wrong message about traffic enforcement. The message appears to say, "We as a nation are ok with were we are at with traffic enforcement and not interested in making any further reductions or improvements". I know this sounds absurd but making this deep of a cut it will simply nullify some programs in smaller states.

We will spend millions fighting tyranny threatening our peace and safety to save American lives but are willing to make deep cuts in areas or programs where more Americans die every year.

What would be the societal costs be with a 35% reduction? And would it far exceed this cut?"

Lastly, public safety is a central role of government. If our citizens do not feel they are safe or their government is protecting them adequately, quality of life degrades and it can lead to many more problems in our society.

Coalition for America's Gateways and Trade Corridors

Written Submission of

The Coalition for America's Gateways and Trade Corridors

Presented by

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Before

Subcommittee on Highways and Transit

Committee on Transportation and Infrastructure

United States House of Representatives

on

Improving and Reforming the Nation's Surface Transportation Programs

March 29, 2011

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America's freight network is too often thought of as various single modes that occasionally interact, when, in fact, it is better described as a vast circulatory system that carries our nation's commerce across several modes in almost every goods movement journey. America needs a safe, efficient, reliable, multimodal supply chain to continue driving the nation's commerce and supporting economic growth. To achieve this potential, the nation's freight and goods movement system users must overcome a number of challenges in pursuit of a functioning, efficient system. Helping this to happen should be a high priority objective in any reauthorization bill.

Despite the freight system's economic importance and environmental impacts, and despite a few examples of new investment, the system as a whole is lagging in fulfilling its mission and has been allowed to deteriorate. Today it carries more than 60 million tons per day, or the equivalent of about 2.4 million truckloads of goods, and that volume has grown substantially in the last 15 years. Each American generates an average 40 tons of freight a year. During the decade beginning in 1997, trucking ton-miles grew by 22 percent, and rail grew by 25 percent. By 2020, overall volume is expected to grow to more than 90 million tons per day. Yet the infrastructure and operations have not kept pace. In a disturbing reversal of trend, the share of our GDP consumed in transportation and logistics costs has risen in recent years after nearly two decades of decline.

Throughout the world, most developed countries have government structures at a national level, or even among economically linked nations such as those in the European Union, that allow for public investment based on strategic planning that takes the private sector's intermodal commerce fully into account and prioritizes access to the world marketplace. In the United States, we are different and proud of it, but our state-based, diffused transportation-spending approach works to our disadvantage vis-à-vis the global commerce "superstore." While our international trading partners and competitors are breezing through express lanes and 24-hour checkouts, we waste days and hours sitting in long lines waiting for limited capacity to handle the goods we're trying to get out the door. This was the message delivered in the last few weeks by the members of the President's Export Council.

We lack a comprehensive, nationally-guided strategy for prioritizing and investing in goods movement infrastructure in support of our private economy. Currently, investments are being made without consideration for how each project serves to improve the overall functionality of the larger network. This has led to an under-funded, disjointed system that does not provide an acceptable level of service to our shippers, our farmers, our manufacturers, or the billions of global consumers for their enterprises, a vast source of prosperity here at home. The system also short-changes millions of American consumers who rely on it to bring them food, clothing and all the things that make up the American experience and quality of life.

Federal investment in freight infrastructure is firmly supported in the mandates of our own Constitution. In upholding the "the general welfare" of the country, Article I, Section 8 of the U.S. Constitution provides to Congress both the power to regulate commerce with foreign nations and among the states, as well as the authority over that which is "necessary and proper" to carry out these obligations. At the state or local level, it is understandable that investments that might have widespread national benefits are seen as a lesser priority to local projects, but this is at a serious cost to our national economy.

Office of Multimodal Freight

To help address these needs, the Coalition for America's Gateways and Trade Corridors calls on Congress to establish a new USDOT Office of Multimodal Freight, led by a senior official at the Assistant Secretary level within the Office of the Secretary at the U.S. Department of Transportation (DOT). The Office of Multimodal Freight would work with states and localities and the private sector developing data and analytical capacity to evaluate how the nation's freight and goods movement network operates now and what changes will be necessary to meet future freight needs. Using this information as well as information gathered from our trading partners about changes being made to their supply chains that will impact the U.S., the Office would develop and maintain a national freight policy and strategy.

Creating an Office of Multimodal Freight would help fill a policy void not currently being addressed in our surface transportation program. Furthermore, as Congress is looking to address unnecessary redundancies at DOT by consolidating programs, adding an Office of Multimodal Freight should help to achieve greater efficiency and coherence among programs.

Drawing on expertise in the modal agencies, input from state DOTs and in consultation with private sector users and carriers, the new Office of Multimodal Freight would be tasked with developing an integrated, informed national freight plan. In addition, the Office of Multimodal Freight would coordinate with other departments within the government, to ensure that the policies being developed at other agencies such as the Environmental Protection Agency or the Department of Commerce work in concert with those at DOT.

In short, the new Office of Multimodal Freight would provide much needed leadership, coordination, planning and guidance on an issue that is truly federal in nature – the nation's interstate and international commerce.

Dedicated Freight Program

Experience with federal transportation policy has shown that progress in meeting transportation needs is greatest when federal-aid programs are linked to dedicated funding with stable sources of revenue. The need for dedicated and predictable freight infrastructure funding has been documented by the U.S. Department of Transportation, the U.S. Chamber Foundation and other studies. When freight programs and projects compete with all other transportation programs – maintenance, safety, and personal mobility – they often lose to those other equally important, and often more popular, priorities. Users and participants in the freight system have expressed their willingness to contribute more heavily to the cost of system development if they can be assured that the money will be used in a way that meets their needs and provides tangible benefits to their bottom line.

In February of 2009, the U.S. Government Accountability Office (GAO) released a report citing the need for an increased federal role in freight policy. In the report, the GAO recommended that Congress consider developing "a national strategy to transform the federal government's involvement in freight transportation projects. This strategy should include defining federal and nonfederal stakeholder roles and using new and existing federal funding sources and mechanisms to support a targeted, efficient, and sustainable federal role."

Under such an approach, funds would be available to support projects, across all modes, of various size and scope, but with special priority for projects of national significance. Fund distribution should be based on objective, merit-based criteria, with higher-cost projects subject to more stringent evaluation than lower-cost efforts. And, project eligibility for freight fund spending should be defined in a way that emphasizes system performance outcomes, including freight movement reliability and environmental performance, with rewards for those projects where the bulk of the financing is being provided by project beneficiaries.

Furthermore, a competitive program – with a strong investment focus including exercise of discretion through a partnership between the executive and legislative branches – for identifying critical freight projects is needed. Funding competitions established through the transportation bill have proved effective in driving transportation planners and engineers to work with other entities to develop better ways to address problems. The transit New Starts Program is a successful example of this policy in action.

The new federal freight program would require an adequate, guaranteed funding stream – most likely from a new freight user fee dedicated to freight transportation infrastructure only – which will grow along with the demand for freight infrastructure. A new freight fee should be assessed as broadly as possible, on all domestic and international freight, without advantaging or burdening any sector, mode or region.

Partnership with the Private Sector

Finally, private participation in the nation's freight infrastructure is vital to system expansion and adequate capacity. The Office of Multimodal Freight would provide a central point of contact and cooperation for the private sector, which is often frustrated and discouraged by the lengthy and cumbersome processes currently in place for project approvals. This new office could help facilitate an on-going dialogue with private sector companies to find ways to leverage public funds and encourage private participation in project financing and development. This collaboration would give transportation agencies a much larger toolbox of financial options while encouraging participation by tangible beneficiaries.

In addition, the new authorization should establish a private sector freight advisory committee to work with the Office of Multimodal Freight to provide input on the strategic plan, help formulate criteria for project selection, oversee efficiency in program implementation and ensure a forum for expanding the dialogue with system users.

This group should also be tasked with assisting DOT in developing better data for freight analysis and planning, an effort that must be supported with funding for data collection on freight system performance, needs and impacts. While DOT has improved its freight data collection and analysis in recent years, there are still large gaps that can be improved with private sector participation in designing a better collection methodology. Such an approach was recently presented in a Special Report by the Transportation Research Board.

Conclusion

As the economy recovers and the demand for moving goods grows, the nation's freight network will again begin to show increasing stress from congestion, inadequate capacity and failure to modernize. If unaddressed, the drag on our global competitiveness will be manifest as we limp along, operating in an inefficient system without clear priorities, goals or strategies. The solution lies in the creation of a national freight plan, a federal freight program to address needs identified in the plan, and a high level of engagement with the private sector.

A truly strategic freight mobility program would serve the economic needs of our country in the near term and for generations to come by making investment decisions that optimize freight mobility and support economic expansion and continually improving standards of living. This can be a signal accomplishment within a new surface authorization bill.

Coalition for America's Gateways and Trade Corridors

House Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit
"Improving & Reforming the Nation's Surface Transportation Programs"
Tuesday, March 29, 2011

Questions for the Record for Mr. Mortimer L. Downey, III
Chairman, Coalition for America's Gateways and Trade Corridors

Questions from Rep. Peter DeFazio

1. *Mr. Downey, the U.S. spends 0.8 percent of GDP on construction and rehabilitation of transportation infrastructure (all modes). When you add in maintenance, capital outlays and operations, the U.S. Spending 1.6 percent of GDP on all modest of transportation infrastructure. Meanwhile, China spends 9 percent of its GDP on infrastructure, and India spends 5 percent of its GDP on infrastructure. The FY 2012 Budget Resolution passed by the House will require a 35 percent cut to surface transportation program from current investment levels. Do you believe we can keep pace in the global economy by "doing more with less"? What impact does this underinvestment have on goods movement and economic competitiveness?*

Response:

I believe that if our investments do not keep pace with the nation's growing infrastructure needs, we will feel the impact in a number of different ways – increased congestion and environmental impacts, reduced access to the global market place, lost revenues and productivity. The US has tremendous need for new capacity, across the modes and spread throughout the country – bridges, ports, access to intermodal facilities, rail lines, etc., and that need is only growing.

The population is expected to increase by more than 100 million by 2050 and all of those new people are going to need things. They're going to need to travel to and from their jobs and carry out the business of their lives. If we aren't investing now for this future growth, we will leave future generations with failing infrastructure and gridlock. Our lack of investment now will have a dramatic impact on quality of life for future Americans.

There are also serious safety concerns that arise from under investment. We've already seen what can happen when infrastructure in this country is allowed to deteriorate and fail. The nation's roads and bridges are falling apart and drivers are dealing with the consequences. The impact on goods movement and economic competitiveness is even more severe. The nation's supply chain is the network that drives our commerce. Products are sold, taxes are collected, and jobs are created and maintained. The supply chain is vital to this process. Without an

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efficient, effective supply chain our economy and our international competitiveness suffers. Farmers can't get their product to market quickly and cost effectively enough to compete in the global market place. Unreliability in the system forces companies to make changes to their logistics planning. The cost of every day items goes up.

Our trading partners and competitors recognize this connection between infrastructure investment and economic growth. Right now Canada and Mexico are making investments in their freight infrastructure in order to compete for the goods traveling from other countries, bound for US store shelves. Canada opened its Port of Prince Rupert Gateway several years ago and advertises as a shorter route to Chicago than US ports can offer. They've just announced plans to launch a similar facility along the East Coast, to funnel goods into the middle of the country. Mexico is also building large port facilities with access to major rail lines that will bring goods through Texas and into the nation's heartland. Cargo that will bypass US ports due to congestion and an unreliable goods movement network.

The US must invest in the nation's vital goods movement supply chain in order to remain competitive and provide a good quality of life to its citizens.

2. *Mr. Downey, the lack of adequate public sector investment has lead to increased focus on public-private partnerships as a tool to financing surface transportation projects. What role and under what conditions do you think public-private partnerships can play in helping to financing infrastructure investments?*

Response:

There are many forms of PPPs and ways for the public and private sectors to collaborate as partners to leverage scarce public resources and expedite needed transportation projects, while protecting and promoting public interests. CAGTC has argued for many years that transportation planners at all levels of government should have access to the largest possible toolbox of financing options.

Freight infrastructure in particular is well suited to financing through PPPs. When our country was just getting started, toll roads dominated land transportation. In the 1800s, private investment and public subsidies build the transcontinental railroads. In the early 1900s, private monies built and operated many ports and port facilities. Today, marine terminals across the country have developed and still operate on a PPP-based model.

Partnership with the private sector can produce positive results for the public and national economy. For example the PrePass weigh station bypass service for commercial vehicle operators was developed in response to a decision that federal monies would not be made available for ITS deployments even though the technology was a product of public research and development funds. Today, PrePass is offered in 30 states through a PPP in which state officials and motor carriers sit as equal partners in setting operational policies. In California, the landmark Alameda Corridor project illustrates how private investment can assist new capacity, more efficient freight movement, improved safety, reduced impact on a community and improved air quality. The follow-on Alameda Corridor-East uses a funding collaboration of cities, counties, private railroads and state and federal governments to extend these same benefits over an additional 282 miles of mainline freight corridors. The common theme in these examples is the leveraging of public dollars and quantifiable public benefit with little or no diminution of the use of the assets, which may be the key to gaining popular support.

Large, usually complex freight mobility projects are well suited to PPPs. In fact, in most instances a strong private sector role is a necessity. The entire supply chain – highway, port, and maritime terminals; rail infrastructure; private ocean, rail and trucking companies, not to mention the ultimate customer, the beneficial cargo owner – includes both public and private sector stakeholders and there are real opportunities to generate financial support from direct beneficiaries..

However, PPPs are only one tool in the financing tool kit and should not be viewed as a replacement for traditional public funding approaches. PPPs will likely, for the foreseeable future, constitute a small percentage of overall transportation infrastructure projects, including freight mobility projects. Further, there must be guidelines and transparency requirements, which protect the public from transportation asset transfers that could result in monopolistic abuse. And, most important, there needs to be adequate public funding to assure that the entire system is well maintained and safe.

3. *Mr. Downey, private firms are in business to develop only those transportation projects that are financially profitable, and have an ability to select the best projects with Private capital. This could potentially lead to a fragmentation of the transportation system. Are there ways to take advantage of private-sector capital while at the same time avoid such system fragmentation?*

Response:

There are certainly ways to leverage private capital without risking a fragmented supply chain system. The federal government must partner with the private sector and coordinate on investments. An Office of Multimodal Freight at US DOT would help to facilitate this dialogue. As recommended in my delivered testimony, the Office should form a Management Advisory Council with private sector representatives. This would help create a dialogue between the federal government and the private sector. This can lead to collaboration on projects and can truly maximize the federal investment. The federal government must also recognize that some projects critical to the network will not have appeal to the private sector and provide funding to complete those sections. By collaborating with the private sector, investments can be coordinating with both the public and private sectors paying for the appropriate portions of the system.

4. *Mr. Downey, what needs to be done to improve our surface transportation system so that it can serve private freight movement needs? How do you think freight investments – particularly large, multi-jurisdictional projects such as the Brent Spence Bridge – would fare in a smaller, state-based formula program?*

Response:

We lack a comprehensive, nationally-guided strategy for prioritizing and investing in goods movement infrastructure in support of our private economy. Currently, investments are being made without consideration for how each project serves to improve the overall functionality of the larger network. First and foremost we need organized, strategic federal leadership on this issue. CAGTC has called for the creation of an Office of Multimodal Freight in the Office of the Secretary at US DOT. Creating this office is the first step towards developing a comprehensive, strategic national freight policy and plan. Drawing on expertise in the modal agencies, input from state DOTs and in consultation with private sector users and carriers, the office would develop the plan and work with its partners to implement that plan and the complex specific projects that make up the plan..

This office should also be tasked with administering a new, dedicated freight funding program. In order to keep up with the pace of our competitors, we must begin investing now. History has demonstrated that progress in meeting transportation needs is greatest when federal-aid programs are linked to dedicated funding with stable sources of revenue. Further, freight projects often do not fare well when competing with other more popular and recognizable national priorities. By providing dedicated, reliable funding specifically for freight projects, the government can begin building the infrastructure that will be necessary to drive the national economy and keep us competitive in the global market.

Funds should be available to support projects, across all modes, of various size and scope, but with special priority for projects of national significance. Fund distribution should be based on objective, merit-based criteria, with higher-cost projects subject to more stringent evaluation than lower-cost efforts. And, project eligibility for freight fund spending should be defined in a way that emphasizes system performance outcomes, including freight movement reliability and environmental performance, with rewards for those projects where the bulk of the financing is being provided by project beneficiaries.

Finally, we need to identify and put into place a long-term funding solution for freight and goods movement investment. CAGTC has called for the creation of a new, federal freight fee, assessed across all modes and against all freight movements to fund a national freight program.

TESTIMONY OF THE

AMALGAMATED TRANSIT UNION

BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT ON
IMPROVING AND REFORMING THE NATION'S SURFACE
TRANSPORTATION PROGRAMS

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Introduction

Mr. Chairman and Members of the Committee, thank you for the opportunity to testify today on behalf of the Amalgamated Transit Union. ATU is the largest labor organization representing public transportation, paratransit, over-the-road, and school bus workers in the United States and Canada, with about 190,000 members in more than 270 locals throughout 46 states and nine provinces.

We are pleased to offer our views on improving and reforming the nation's surface transportation programs. My name is Larry Hanley. I am the new International President of the ATU, elected in the fall. I have been involved in the public transportation industry for more than 30 years. Never during that entire time span have I ever witnessed anything close to the challenges that we are facing today.

In 2009, ATU presented to Congress a comprehensive proposal for the reauthorization of The *Safe, Accountable, Flexible, and Efficient Transportation Equity Act - A Legacy for Users* (SAFETEA-LU). It is a ten-point plan designed to ensure that public transportation agencies are equipped to provide Americans with the travel choices they need and to help us reduce our dependence on foreign oil.

Much has changed in our industry since that proposal was released. Therefore, today, I would like to focus on just three issues that are key to the survival of the transit industry and the safety of the riding public.

Transit Crisis

No Ride = No Job

Due to shortages in state and local revenues, U.S. public transit systems are carrying out some of the steepest fare increases and deepest service cuts in recent history. Since the beginning of 2009, approximately 85% of public transit systems have raised fares or cut service, and thousands of workers in the transit industry – a significant percentage of a "green" workforce – have been laid off. Fifty-six percent of transit systems have cut rush hour service, 62% have slashed off-peak service, and 40% report reductions in geographic coverage.

The Chicago Transit Authority has cut 18% of bus service and 9% of rail service while laying off 1,100 people whose lives have been in a free fall ever since. Massive cuts in Atlanta, Cincinnati, Cleveland, Detroit, and throughout the State of California have been breathtaking. New York City, home to the largest transit network in North America, **has cut routes that have been in existence since the days of the horse and buggy.** Thirty-five percent cuts are pending in Pittsburgh and Tacoma, while Birmingham and Long Island are on the verge of cutting bus service in half.

The incredible mass of unemployed Americans includes a substantial number of transit-dependent individuals who can simply no longer get to work because their ride is gone. Generally, when routes get cut, transit systems tend to look toward those with low ridership -- early morning, late night, and weekend service. People who work non-traditional hours, typically minorities who have no other means of transportation, are disproportionately affected.

The single mom who now gets her kids up at 4:30 a.m. to catch two buses in time to get her children to daycare and then herself to work cannot be expected to wait an additional hour for that transfer bus to arrive, standing in the freezing cold with two kids. **The person who cleans offices downtown in the wee hours of the morning should not have to sleep on the cold hard floor in the lobby of the building after finishing her work until the buses start running the next day.** But that is exactly what is happening out there. ATU members nationwide have seen it firsthand.

Some places have totally shut down their transit system, leaving elderly and disabled people scrambling for a way to buy food and get to the doctor. For example, the transit system in Clayton County, Georgia shut down in 2010, stranding 8,500 people, 81% of whom earn less than $35,000 a year and 65% of whom have no car. **This is a mobility crisis like we have never seen before.**

As Congress debates changes to our nation's surface transportation laws and considers appropriate funding levels to meet the needs of our highway and transit network, it is critical that lawmakers understand the incredible mobility challenges that their constituents are facing every day. However, the voices of poor people – young or old, disabled or able bodied – are traditionally drowned out in this country. While an elderly lady who is out buying groceries in New Jersey may have never met a middle-aged cafeteria worker in Colorado who is desperately trying to get to work, it turns out that these people have at least one common trait: they both rely on the bus to survive. **Throughout America,**

people are pleading with their elected officials to stop the transit cuts and fare increases. Attached to our testimony is a document entitled "Stranded Voices," a compilation of poignant quotes from transit-dependent individuals all across the country who have lost their ability to get around town due to transit cuts.

People First

Under current law, the majority of transit systems in the U.S. may not use their federal transit funds to keep service on the street. Only transit systems located in urbanized areas less than 200,000 in population may use their federal transit funds for operating assistance. All other areas may use their funds only for capital projects. With state and local funds scarce or nonexistent, many systems are in the odd situation of having **many brand-new buses purchased with federal funds, but no resources to place those vehicles into service.**

For example, in 2010, the Capital District Transportation Authority in Albany, NY purchased several buses through the *American Recovery and Reinvestment Act* which have been sitting in the garage since delivery. ATU members drive them up and down the highways daily to keep the fluids running for warranty reasons. Other communities are using their federal transit funds to build rail systems that will not be completed for many years while slashing vital bus service at the same time.

Where are our priorities? Certainly this cannot be part of our nation's transportation agenda! Before we commit resources to whisk people from city to city on slick high speed rail trains, we need to first get them back to work downtown and in suburban and rural locations via bus, subway, or light rail.

Operating Assistance is Needed

The federal government has a role to play in ensuring that all individuals – regardless of income level – have access to safe, affordable, convenient and accessible public transportation, no matter what time of day they ride the bus. During the 111th Congress, Representative Russ Carnahan introduced **bipartisan** legislation (H.R. 2746, **144 cosponsors**) that would provide for increased flexibility in the use of federal transit funds by allowing transit systems of all sizes to use a percentage of their formula funds to maintain critical service. That bill also included a sensible provision which would allow transit systems in areas above 200,000 in population to use their federal transit formula funds for operations if they are operating less than 100 buses during peak service hours.

Similarly, President Obama's Fiscal Year 2012 Budget as well as the Administration's proposal for the reauthorization of the federal surface transportation bill call for "targeted and temporary" transit operating assistance. All of these ideas, as well as a new innovative approach that will likely be introduced by Representative Carnahan in the next few weeks, are worthy of careful consideration by this committee.

Bipartisan Issue

It is important to note that this is not an issue that pits rural areas against the urban centers. Attached to our testimony is a list of disappearing small urbanized areas that are forecast to become parts of adjoining or new large urbanized areas as a result of the 2010 Census. If the current rules are not changed, **transit systems in these areas will soon lose their ability to use Federal Transit Administration (FTA) funds for operating assistance** because their population will be considered to be greater than 200,000. Like the areas mentioned above, **service cuts and fare increases will soon follow.**

ATU supports:

✓ Passing a robust surface transportation bill that meets the needs of transit-dependent individuals;

✓ Funding public transportation at $119 billion over the next six years (a 128% increase above current levels), as called for in President Obama's surface transportation reauthorization proposal;

✓ Providing all transit systems – regardless of urban area population – with flexibility to use their federal funds for operating costs to maintain critical service that keeps people connected to their communities.

Intercity Bus Safety

Just last week, a New York-based charter bus packed with tourists returning from sightseeing in Canada overturned on an icy stretch of a New Hampshire highway, injuring 23 people – the latest in a string of serious intercity bus accidents. It was the **third major over-the-road bus accident this month,** including the horrific March 12 crash in The Bronx that killed 15. First responders to that accident, which left bodies severed and sprawled all over Interstate 95 – who have undoubtedly worked at many disturbing scenes in the past – were reportedly so overwhelmed with the gruesome nature of the crash that they required counseling.

The first reaction by regulatory authorities in response to these disturbing events has been to focus on casino runs and other so-called curbside bus operators. Law enforcement over the past several days has been pulling over buses in an effort to check for rule compliance, examine log books, and determine if required rest periods are taking place. During the weekend of March 19-20, New York State conducted surprise safety inspections of 164 buses. At least 41 were ordered off the road.

While it is appropriate for law enforcement to crack down immediately to protect the safety of over-the-road passengers, these steps do not even begin to address the main issue which is at the root of these and many other over-the-road bus crashes which annually kill about 50 people in the U.S. and injure approximately 1,000 other innocent passengers who are simply hoping to get to their destination in the least expensive way possible. **The current safety issues plaguing intercity buses are directly linked to the deregulation of the over-the-road bus industry nearly 30 years ago.**

Background

Prior to 1982, the industry was strictly regulated by the Interstate Commerce Commission (ICC), which became the Surface Transportation Board in 1995. Bus operators were required to petition ICC for operating rights before beginning service on each interstate route. Regulators precisely defined each bus route, specifying exactly which highways could be used. They also dictated the size of the bus and the places where passengers could be picked up or discharged. Operators also had to get ICC approval for all changes in rates.

Intercity bus travel was at its peak during the 1940s. After World War II, the share of intercity travel done by bus steadily declined. As competition from air travel and improvements in automobiles increased, the industry's share of passengers decreased. In the 1970's, bus lines came under pressure from low fares offered by Amtrak. The steady decline of the industry lead Congress to pass the *Bus Regulatory Reform Act of 1982,* which simplified regulatory standards and expedited procedures.

Unintended Consequences

A 1992 report by the General Accounting Office suggested that bus deregulation did not address the causes of the industry's decline, and a major result was the elimination of service to areas where there are fewer transportation options, particularly rural areas and small towns. Many areas that are no longer served are not accessible by air or rail, leaving residents without automobiles completely isolated. According to the Department of Transportation's Bureau of Transportation Statistics, as many as 3.5 million rural residents lost access to scheduled intercity transportation between 2005 and 2010.

Besides isolationism, the most pressing matter brought on by the 1982 legislation is **safety**. While the act was certainly successful in stimulating competition, it is doubtful that Congress intended to cause a race to the bottom. As a result of this legislation, market entry conditions into the industry were eased significantly, and applications for authority to operate have rarely been challenged. Entry was liberalized to the point where any prospective carrier that was "fit, willing, and able" was granted authority. **Minimum insurance coverage and knowledge of safety regulations are now basically the only requirements to prove a carrier's fitness to operate.**

Operators are now free to set their own rates, which has allowed customers to lock in jaw-dropping fares between certain cities – a relative "Walmart on Wheels." Of course, if a person is dissatisfied with a cheap box of bargain-brand cereal purchased at a big box store, all they have to do is throw it away. There is little risk. **However, if you take your chance on a discount bus operator, there is a good possibility that you will be putting your life in the hands of a severely fatigued driver who may not speak English or even understand road signs. And you may very well be riding in a bus that has been cited for numerous safety violations.**

Low Wages, Extreme Fatigue

Every time that I hear about an over-the-road bus that collides with other vehicles, bridges, or one that winds up in a ditch, I know that **there is a high likelihood that the driver of that bus fell asleep at the wheel.** Low-budget, non-union intercity bus companies – typically tiny operations that have only a few buses – typically pay their drivers incredibly low wages. As a result, bus drivers are being forced to work **100 hours a week** or more just to make a living. If they are not driving a bus for that many hours, there is an excellent chance that the driver **works two or three other jobs** in order to make ends meet.

I would highly recommend that the committee takes a look at some very compelling Fox news footage (see **http://www.youtube.com/watch?v= dW_g3COCQwg**) which reports on people who drive a bus full of passengers from New Jersey into Manhattan each morning. In several cases, once the driver reaches the city, he works a full day in the financial district. After dark, he puts his uniform back on, drives passengers home, and parks the bus at his house. **Unsuspecting customers simply do not know that they are riding with drivers who are falling asleep because they never rest.**

Time to Take Another Look

ATU represents approximately 3,000 workers at Greyhound Lines, Inc., the dominant carrier in the over-the-road bus industry. At a minimum, as part of this subcommittee's effort to "Improve and Reform" the nation's surface transportation programs, we strongly urge you to conduct hearings and examine the current state of affairs in this industry, which is being infiltrated by fly-by-night, **irresponsible bus companies that are focused only on profits without regard for safety**. Given the extent of the problems in this area, everything should be on the table for consideration. Unfortunately, it usually takes several high profile incidents to spur Congressional action, no matter what the issue. Please consider a reasonable amount of government oversight to protect the safety of the riding public.

ATU supports:

✓ Providing for the safety of intercity bus passengers through the reopening of the *Bus Regulatory Reform Act of 1982.*

Transit Workforce Development

The public transportation industry, like many service-based sectors in the United States, will be faced with major challenges in the near future. A large percentage of the transit workforce – both blue and white collar – will be retiring within the next few years. There is no pipeline of replacements on the horizon because the industry has a negative public image that hampers its ability to attract, recruit, and retain quality employees. And, for the existing workforce, new technology is rapidly changing the way transit agencies function, affecting every executive director, mid-level manager, bus driver and mechanic alike. Yet, relatively few programs exist to provide training to workers so that they can perform their jobs adequately, move up the career ladder, and help the nation's transit agencies operate at maximum efficiency.

Public Transportation Industry Challenges

The transit agency workforce has several unique characteristics which impact workforce development:

- A rapidly aging workforce – the majority of present day transit systems went public in the 1960s and 1970s as a result of the establishment of the federal transit program. Many workers who began their careers more than 30 years ago are retiring.

- It is in constant contact with the public, and about 75% of employees – operators and maintenance staff – are responsible for high standards of efficiency and public safety.

- Approximately 90% of the workforce is unionized.

- Opportunities for advancement are generally limited.

- The industry has suffered from a poor or uncomplimentary image in the past, which hampers recruiting efforts.

- Transit agencies provide a schedule-driven customer service. As a result, the majority of the transit workforce – transit equipment operators – functions in a rule-bound, seniority-based environment with little flexibility. This type of workplace has its drawbacks for recruiting younger employees.

- At the highest levels, the transit industry has issues with diversity.

- The industry has institutional barriers to workforce competitiveness and innovation, i.e., noncompetitive compensation practices, inadequate career development and succession planning, lack of workplace flexibility, and failure to systematically integrate human resources considerations into overall business planning.

According to an industry survey, driver recruitment and retention continues to be the greatest challenge for 63% of transit systems. Finding experienced labor trails only funding costs and concerns as transit agencies' top concern.[1]

The Impact of New Technology and Need for Training

New technology is having a dramatic impact on every aspect of the industry, from electronic fare collection, to alternative fuel vehicles, to new communications devices that will forever alter the way people travel. Much of the new technology has been spurred by record funding from the federal government. Since the enactment of TEA 21 in 1998, transit systems have been fortunate to participate in many ribbon cutting ceremonies celebrating the opening of new bus depots and rail lines. Without question, the industry has an excellent record investing in rolling stock.

Unfortunately, the same cannot be said of our ability to invest in so-called "human capital" – the people who serve as the backbone of any successful transit system. Bus and train operators serve as the public face of the organization on the street. In this post-9/11 world, they also protect passengers and other community members with their eyes and ears. Maintenance workers and others working behind the scenes – both blue and white collar employees – ensure that the system continues to operate in a cost effective, time efficient manner. Yet, funding for training and career ladder programs within the transit industry is virtually nonexistent.

With the imminent retirement of a huge percentage of the workforce, the need for training is even greater in order to avoid the loss of institutional knowledge.

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[1] *Metro Magazine* 2008 Fact Book, November 2007.

Current Law Ignored

Under 49 USC § 5322(a), the Secretary is authorized to make grants for programs that address human resource needs as they apply to public transportation activities. A program may include an employment training program; an outreach program to increase minority and female employment in public transportation activities; research on public transportation personnel and training needs; and training and assistance for minority business opportunities. This long-standing provision of federal law has been ignored by the industry and the FTA.

Moreover, under Section 5322 (b), FTA is authorized to make grants to states, local governmental authorities, and operators of public transportation systems to provide fellowships to train personnel employed in managerial, technical, and professional positions in the public transportation field. Remarkably, this program has been funded at **$0 throughout the life of SAFETEA-LU, and no program of significance came about as a result of this section under TEA 21.**

The Transportation Job Corps Act

The ATU supports the *Transportation Job Corps Act of 2011* (H.R. 929, Nadler) groundbreaking legislation that would finally address the training needs of the public transportation industry and serve to provide disconnected youth outside the industry with an incentive to pursue careers in transit.

The bill – which is also **endorsed by the American Public Transportation Association** – would rewrite Section 5322 and authorize the creation of ten new regional Joint Workforce Development Councils – one for each FTA region. The councils, made up of equal numbers of labor and management representatives, would be responsible for setting up a process to offer workforce development programs to transit agencies in each of the FTA zones.

The primary purpose of this program would be to identify skills gaps in transit agency maintenance departments and to develop programs to train maintenance employees on a regional basis, rather than one agency at a time. The councils would also develop programs – outside of the traditional collective bargaining environment – to address the recruitment and retention of white and blue collar workers as well as programs to deal with *Family Medical Leave Act* (FMLA) issues, including absenteeism, ergonomics, "well care" programs, child care and other employment-linked services, and other matters.

Furthermore, the bill would create new programs aimed at enhancing the transit workforce by initiating and maintaining transit worker retention programs, including grants for career ladder programs, workforce diversity grants, and "Transit Youth Opportunity Grants."

ATU Supports:

✓ The *Transportation Job Corps Act of 2011*, which would create a career ladder grant program within the FTA to help existing workers retain jobs while also recruiting and preparing young adults across the nation for jobs in the transit sector.

Conclusion

ATU's recommendations for improving and reforming the nation's surface transportation programs may be summed up in just one word: **people.**

Congress should recognize that we cannot get our economy back on track if millions of people do not have a ride to work. Federal assistance is needed to help our nation's transit systems provide for the mobility needs of the 15 million daily U.S. transit riders. **We can no longer leave anyone behind.**

Similarly, protecting the lives of our citizens when they hit the open road by bus to visit family, friends, and other destinations is a central function of our federal government.

Finally, while providing funding for major transit capital investments is critical, we must also deal with the major "human capital" issues which threaten to paralyze public transportation systems throughout the United States.

ATU looks forward to working with this committee on these critical issues during the surface transportation bill reauthorization process.

Thank you for your consideration of our views.

ATTACHMENTS

DISAPPEARING SMALL-URBANIZED AREAS FORECAST TO BECOME PARTS OF ADJOINING OR NEW LARGE-URBANIZED AREAS

(Will lose ability to use FTA funds for operating assistance because population going above 200,000)

AZ	Avondale	NC	Concord
CA	Camarillo		Gastonia
	Fairfield		High Point
	Hemet	NH	Dover-Rochester
	Livermore		Manchester
	Lodi		Nashua
	Manteca		Portsmouth
	Petaluma	NJ	Highstown
	Salinas		Vineland
	Santa Barbara		Wildwood-North
	Santa Clarita		Wildwood-Cape May
	Santa Cruz	OH	Lorian-Elyria
	Simi Valley		Middletown
	Turlock		Springfield
	Vacaville	OK	Norman
	Vallejo	PA	Lebanon
	Watsonville		Monessen
CO	Boulder		Pottstown
	Lafayette		Union-Connellsville
	Louisville		York
CT	Danbury	PR	Arecibo
	Norwich-New London		Fajardo
	Waterbury		Barceloneta-Bajadero
FL	Brookville		Guayama
	Fort Walton Beach		Juana-Diaz
	Kissimmee		Mayaguez
	Lady Lake		Ponce
	Lakeland		San German
	Leesburg-Eustis		Sabana Grande
	North Punta Gorda		Yauco
	Ocala	SC	Mauldin-Simpsonville
	Titusville		Rock Hill
	Vero Beach		Spartanburg
	Sebastian	TN	Johnson City
	Winter Haven		Kingsport
GA	Gainesville		Murfreeboro
	Macon	TX	Beaumont
	Warner Robins		Galveston
HI	Kailua		Harlingen
ID	Coeur d' Alene		McKinney

	Nampa		Port Arthur
	Alton		Texas City
IN	Anderson		The Woodlands
	Elkhart	WA	Bremerton
MA	Leominster-Fitchburg		Marysville
	New Bedford	WI	Appleton
MD	Aberdeen		Beloit
	St Charles		Kenosha
MI	Port Huron		Oshkosh
	South Lyon-Howell-Brighton		Racine
MO	Lee's Summit	WV	Charleston
			Huntington

The New York Times

March 17, 2011 Thursday
Late Edition - Final

No Red Carpet For Bus Drivers On Casino Runs

BYLINE: By MICHAEL M. GRYNBAUM and NOAH ROSENBERG; Michael M. Grynbaum reported from New York, and Noah Rosenberg from Connecticut. C. J. Hughes contributed reporting from New York.

Far from the plush gambling rooms of the Mohegan Sun casino is a lounge that few gamblers will ever see.

The space is small, drab and windowless, sparsely furnished with snack machines and worn khaki chairs, a far cry from cocktail waitresses and gleaming slot machines.

Yet for the dozens of chartered bus drivers who trek daily to the casino in Uncasville, Conn., the lounge offers rare relief on a tedious, exhausting journey that can last 12 hours or more. And those assigned the Mohegan Sun route count themselves lucky -- they say that most casinos offer drivers no place to rest at all.

The **low-cost tour-bus industry, where drivers often work long hours for little pay,** has come under renewed scrutiny since a crash in the Bronx on Saturday killed 15 passengers on a return trip from Mohegan Sun.

The trip was typical of many in the industry, a **motley collection of small outlets that operate largely out of sight of government regulators**. Drivers, tour operators and watchdog groups say that many employees receive no benefits, work long hours and are poorly compensated. Federal rules that restrict drivers' hours are only sporadically enforced, and some **drivers say they have felt pressure to take long-haul trips that often stretch beyond the legal limit**.

The cause of the weekend crash still had not been determined as of Wednesday, but much of the focus has turned to the driver, Ophadell Williams. State and federal officials are examining his actions in the minutes and hours before the accident; Gov. Andrew M. Cuomo has ordered an inquiry into how Mr. Williams, who had driving violations and a criminal record, was allowed to become a commercial bus driver.

When other drivers heard about the crash on Saturday, many said they immediately wondered if fatigue had played a role.

''The first thing that pops into my mind was, 'How many hours was he working?' '' said Brian Bailey, 53, a driver for Brush Hill Tours in Boston. ''A lot of these drivers, we're driving down the road, we wave to the other guy. We're all in the same business. It affects us all the same way; it makes us more aware.''

At Foxwoods, another Connecticut casino, and at some Atlantic City casinos, drivers are confined to charter bus parking lots, typically several miles from the casino, and they frequently take naps on buses. The casinos usually provide drivers with a $15 food voucher and a shuttle bus to the local food court; hotel rooms are not offered.

Mr. Bailey was sitting in his bus just inside the entrance to Foxwoods about 9 p.m. on Monday. He said his company encouraged drivers to eat, sleep and ''rest, relax so you're not stressed out.'' Some drivers, he conceded, take the opportunity to gamble. ''We have drivers who will spend their whole time in there pulling handles,'' he said.

In his downtime, Mr. Bailey said, he often watches videotaped episodes of ''General Hospital'' and grabs food. ''There's nothing worse than being tired while you're driving,'' he said. ''People don't realize, you start dozing off, it's not a good thing. Especially when you've got everybody's life in your hands.''

Federal guidelines limit passenger-bus drivers to 10 hours behind the wheel, within a 15-hour work day, and bus carriers face a fine if violations are discovered. But the hours, recorded in a handwritten logbook, are easily falsified, and even outstanding violations are often ignored: World Wide Travel, the operator whose bus crashed in the Bronx, had been cited several times by regulators for problems with its logs.

At Foxwoods on Monday, a driver for World Wide Travel was preparing for a nap in his bus's front passenger row. The driver had arranged a blanket and several small pillows atop a knapsack; later, he opened an overhead compartment to reveal a stash of blankets. ''You see my bed?'' he said with a smile.

The man, who spoke on the condition of anonymity because his company had instructed drivers not to talk to the news media, said he planned to sleep for 90 minutes. He still had five hours until he had to start his return trip to Flushing, Queens. He had already used a casino-issued meal coupon to buy a chicken-and-rice dinner.

''It's an easy job; it's not too bad,'' the driver said. ''Other charters, you're going to Washington, D.C., or Boston. This one is easy, only two and a half hours.'' He said he earned $150 a day, payable by check, and worked about five shifts a week. The company provides gas money.

Tour-bus drivers say they come to the job through a variety of channels. Many drove school buses or worked for public transit agencies, where they often earned higher salaries. Mr. Bailey said he led tours for college students, ski trips, Cape Cod tours -- even, once, the Boston Red Sox. Some are retired, with a government pension, and looking for extra pay.

Federal law is nearly silent on qualifications for the job: for the most part, anyone with a state-issued commercial driver's license is eligible. Carriers are expected to obtain medical certificates from their drivers and occasionally test for drug and alcohol use; a spokesman for the Federal Motor Carrier Safety Administration, the industry's regulator, said that the responsibility for administering those tests fell to the business, not the state, and that violators could face fines.

Some skeptics wonder if discount bus companies, which are rarely unionized and have only a few employees, end up with castoffs from more reputable places.

''These small companies that want to make a quick buck, they take anyone they can get,'' said Larry Hanley, president of Amalgamated Transit Union International, which represents thousands of drivers.

Tour buses, Mr. Hanley said, are ''**the industry of last resort.**''

Some in the industry complain that the rise of discount buses in the last decade has forced more established carriers, like Greyhound, to lower wages. Tight margins mean that drivers end up with salaries often as low as around $15 an hour.

At the Mohegan Sun lounge on Tuesday, Simon Lee, 63, a driver on a route from Flushing, was watching a Chinese-language film on his laptop. He said he was grateful that the casino provided the space.

On his bus, Mr. Lee said, ''in the wintertime, it's too cold, and in the summertime, it's too hot.''

''It gets over 100 inside the bus in the summer,'' he continued. ''You cannot stay up there.''

Mr. Lee said, with a laugh, that he would not mind if the lounge installed a StairMaster for exercise. But he turned serious when asked about the weekend crash. His aunt and uncle, May Lin Wong and Ock Thling Wong, were among the passengers killed.

''I basically grew up with them in Hong Kong,'' Mr. Lee said. ''I keep telling myself every day now, be more alert, be more careful, because of my aunt and uncle, what happened to them.''

Daily News (New York)

March 20, 2011 Sunday
SPORTS FINAL EDITION

CASINO BUS COMPANIES ROLLING DICE ON SDAFETY. FEDS FIND 50 WITH TEXTING TIRED DRIVERS

BYLINE: BY BENJAMIN LESSER and TINA MOORE DAILY NEWS STAFF WRITERS

SOME 50 New York-based bus companies have been put on "alert status" in the last two years for **safety violations ranging from fatigued drivers to texting or drinking on the job**, records show.

Many of the in-state companies were cited **multiple times for fatigue** in the past two years, data from the Federal Motor Carrier Safety Administration show.

Others were cited for using drivers who couldn't speak English or understand road signs. One company was slapped for texting and another for alcohol use, records show.

The safety agency issued $235,405 in fines against New York passenger carriers in 2009 and 2010. The agency, part of the U.S. Department of Transportation, puts companies on "alert status" when they are above a certain threshold for a specific violation.

In the case of fatigue, companies need to be above the 50th percentile - meaning they are worse than about half the other companies being monitored.

Investigators were looking at fatigue as a possible cause for the Bronx crash that killed 15 people last Saturday on a return trip from the Mohegan Sun to Chinatown.

Industry experts charge that a lack of enforcement has been a growing problem with the proliferation of cheap bus trips.

"Bus drivers are being forced to work 100 hours a week or more just to make a living," said Larry Hanley, president of the Amalgamated Transit Union. "Unsuspecting customers simply don't know that they are riding with drivers who are falling asleep."

The bus company in last Saturday's crash, World Wide Travel, was ranked slightly above the threshold for fatigued driving at 52.4%.

Another tour bus on its way from Philadelphia to Chinatown crashed on the New Jersey Turnpike on Monday killing the driver and a passenger. That operator, Super Luxury Tours, ranked in the 99.6th percentile - almost the worst - for unsafe driving, and in the 85.9 percentile for driver fitness.

Other companies that operate in the city have been put on alert for dangerous violations:

. Well-known Chinatown operator Fung Wah Bus Transportation was graded in the 72nd percentile for fatigue, meaning it was worse than nearly three-quarters of other companies.

Fung Wah, which is based in Boston, had nine fatigued-driving violations that involved log books that weren't current. In two cases, drivers made false reports in driving logs, records show. A message left at the company yesterday wasn't returned.

. Eastern Coach Inc., of Manhattan, was in the 99.1 percentile - almost last - for eight driver fitness violations between July 2010 and January 2011. The company charges $10 for a trip from New York to Philadelphia.

Most of its violations were labeled "non-English speaking driver" and "driver must be able to understand highway traffic signs." Four of the violations were serious enough to take the driver out of service.

The company was cited for speeding four times in the same period and once for failing to obey a traffic signal, records show. "It was the same driver," owner David Wang said, adding that the driver spoke Chinese. "The driver no longer works for us."

He also said the buses were "locked at 70" now.

. United Coach Line Inc., of Staten Island, was graded in the 97th percentile with three violations in January for "possession/use/under influence of alcohol," records show.

"The drivers had been caught drinking on the job," manager Gary Paris said. "They were fired immediately."

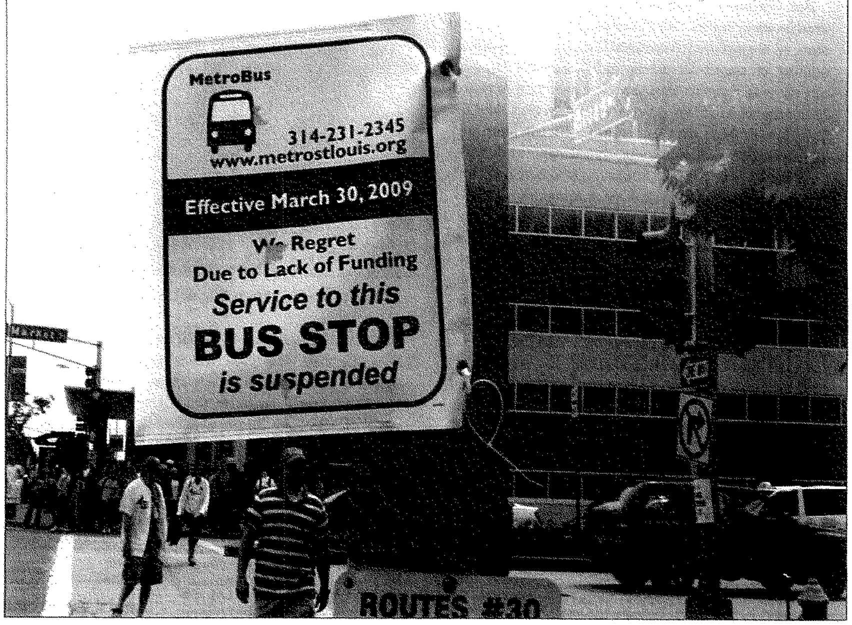
The company has a handful of buses that can be chartered for gambling junkets to New Jersey or to Broadway shows in the city, its website shows.

. New Oriental Tour Inc., which advertises a one-way trip from New York to D.C. for $20, was in the 83rd percentile for vehicle maintenance and 75th for unsafe driving. It received two citations for worn-out or leaky tires and one for brakes. A number the company lists with the safety agency was not in service.

. Ocean Travel Inc. out of Erie County was rated in the 66th percentile for unsafe driving for speeding and for texting, records show. Nobody from the company returned a message.

STRANDED VOICES

TRANSIT RIDERS SPEAK OUT ABOUT
AMERICA'S MOBILITY CRISIS



Executive Summary

Due to shortages in state and local revenues, U.S. public transit systems are carrying out some of the steepest fare increases and deepest service cuts in recent history. Since the beginning of 2009, approximately 85% of public transit systems have raised fares or cut service, and thousands of workers in the transit industry – a significant percentage of a "green" workforce – have been laid off. Fifty-six percent of transit systems have cut rush hour service, 62% have slashed off-peak service, and 40% report reductions in geographic coverage.[1]

The Chicago Transit Authority has cut 18% of bus service and 9% of rail service while laying off 1,100 people whose lives have been in a free fall ever since. Massive cuts in Atlanta, Cincinnati, Cleveland, Detroit, and throughout the State of California have been breathtaking. New York City, home to the largest transit network in North America, has cut routes that have been in existence since the days of the horse and buggy. Thirty-five percent cuts are pending in Pittsburgh and Tacoma, while Birmingham is on the verge of cutting bus service in half.

But *Stranded Voices* is not about percentages or even buses or trains. It's about *people.* The incredible mass of unemployed Americans includes a substantial number of transit-dependent individuals who simply can no longer get to work because their ride is gone. Generally, when routes get cut, transit systems tend to look towards those with low ridership -- early morning, late night, and weekend service. People who work non-traditional hours, typically minorities who have no other means of transportation, are disproportionately affected. The single mom who now gets her kids up at 4:30 a.m. to catch two buses in time to get her children to daycare and then herself to work cannot be expected to wait an additional hour for that transfer bus to arrive, standing in the freezing cold with two kids. **The person who cleans offices downtown in the wee hours of the morning should not have to sleep on the cold hard floor in the lobby of the building after finishing her work until the buses start running the next day.** But that is exactly what is happening out there. Amalgamated Transit Union (ATU) members nationwide have seen it firsthand. Some places have totally shut down their transit system, leaving elderly and disabled people scrambling for a way to buy food and get to the doctor. This is a mobility crisis.

As Congress debates changes to our nation's surface transportation laws and considers appropriate funding levels to meet the needs of our highway and transit network, it is critical that lawmakers understand the incredible mobility challenges that their constituents are facing every day. However, the voices of poor people – young or old, disabled or able bodied – are traditionally drowned out in this country. While an elderly lady who is out buying groceries in New Jersey may have never met a cafeteria worker in Colorado who is desperately trying to get to work, it turns out that these people have at least one common trait: they both rely on the bus to survive. All across America, people are pleading with their elected officials to stop the transit cuts and fare increases. Some are actually calling on a higher authority. **However, their prayers are unfortunately falling on deaf ears. ATU is proud to provide these individuals with a voice so that they can speak as one.**

"To the Marysville City Council: Please do not take our bus service away from us. I am very disturbed by this. I am mobility-impaired and must use either my electric scooter or my four-wheel walker. I am unable to put either in my car. I am on oxygen 24 hours a day, seven days a week. I have many doctor appointments and I need the bus...My daughter lives with me, but she does not drive. She works at Goodwill Industries on 26th Street in Port Huron Township, and she could not get there without the bus. She has been unable to find a job that pays at least minimum wage for the past three years. She gets paid piecework and only averages about $8 to $10 per day, so she can't afford cab fare. She does my grocery shopping by taking the bus."

– Gloria Rottiers, Marysville, MI[2]

When the Marysville City Council starts budget talks in March, the Blue Water Area Transit system's Dial-a-Ride program is expected to be on the chopping block. About $150,000 a year is dedicated to the program, and some council members are questioning how long the general fund can sustain the cost. As fixed route buses don't run in Marysville, Dial-a-Ride is the only public transportation option for city residents who do not drive.

1 *Impacts of the Recession on Public Transportation Agencies.* Survey Results, March 2010. (American Public Transportation Association).

2 *Marysville City Council cannot end bus service.* Times Herald, January 16, 2011.

"I am a teenager with autism I use CARTA to go to places like the Children's Museum, the library, the grocery store, etc. Because of my autism, I have a pass which allows me to travel at a reduced rate Recently, CARTA increased fares, cut some routes and discontinued service after 8 p m Now there are places I cannot go. I understand that cuts had to be made for financial reasons. How come there are free trolley rides for tourists and downtown shoppers when there is a shortage of money? They have other ways of getting around the city, but I don't Are tourists and shoppers just more important than me?"

– Jennifer Cook, Charleston, SC [3]

In the fall of 2010, the Charleston Area Regional Transportation Authority eliminated its CARTA@Night service, ending the ability of transit dependent people to get to overnight shifts. Service on 20 routes was reduced and fares were raised 16 percent.

"I need to get to work early. I could lose my job."

– Micki Duffy, Chandler, AZ

With no car and a complex itinerary of bus transfers, Duffy is worried that cuts to early-morning service could make it impossible for her to get to work by 7:30 a.m. She negotiated the start time with her boss because of the bus schedules. The state took all cities' Local Transportation Assistance Funds that had been contributing about $1 million a year to Chandler's mass-transit system.[4]

"I walk 'cause I need a job."

– Orinda Maten, Baton Rouge, LA

Sometimes Maten is lucky and draws a shift at the Walmart store that ends early enough to allow her to catch a bus home at night. On those nights when she works late, though, she often ends her workday with a two-mile walk back home.[5] *Current recommendations in Baton Rouge include ending weekend and holiday bus service and eliminating two routes. Regular bus fares would be raised from $1.75 to $2, while discount fares for students, seniors and disabled residents who do not require door-to-door service would be raised from 35 cents to $1. Disabled transit users who currently pay $1.75 for door-to-door, on-demand transit services would see rates more than double, to $4 per trip.*

"I am a regular bus rider. With the cut in buses, I will not be able to go to church on Sunday or work on the weekends. It seems like the Port Authority is going to be a weekday bus company. It is being very inconsiderate of those who need to use it on the weekend. Maybe those of us who need to use the bus on the weekend should start our own bus company."[6]

– Fred Vella, Baldwin Borough, PA

The federal rejection of Pennsylvania's plan to toll I-80 translated into a $27 million cut to the Port Authority for the current year. On January12, the Port Authority of Allegheny County board voted to reduce bus service by 15 percent on March 27, 2011. Twenty-nine routes will be eliminated, and there will be weekday cuts on 47 other routes, while 180 employees will be laid off and 270 positions will be eliminated. The Harmar bus garage will close. It will mean more crowded buses and more commuters driving their own cars on already crowded roads. Much larger cuts loom if the legislature does not act soon.

3 *Bus Cuts.* The Post and Courier, November 28, 2010.
4 *Bus riders plead for fewer service cuts.* The Arizona Republic, May 5, 2010.
5 *City bus riders' pleas heard.* The Advocate, November 22, 2009.
6 *The Port Authority is Moving us Backward.* Pittsburgh Post-Gazette, August 23, 2010.

"That's hard on people who have to go to work."

– Frances Pulichino, Paterson, NJ

Pulichino, 92 years old and a lifelong resident of the city says New Jersey Transit buses she takes to doctor's appointments and to do her shopping don't arrive as frequently as they once did, and she worries how cuts to local bus service will affect the city.[7] In May of 2010, New Jersey Transit instituted fare hikes of 25 percent for train and interstate bus riders and 10 percent for light rail and local bus riders, and took 31 trains out of service. Discounts for round trips outside of peak riding hours also were eliminated, leading to increases of up to 64 percent for some rail commuters.

"I do not have the money for cabs. It would cost me $20 to go from Mariners Harbor to the ferry. Want to send me a limo?"

– Eleanor Abrams, wheelchair user, Staten Island, NY

"Waiting for the bus on a Sunday? Bundle up, it's going to be a while. Weekend service has been slashed nationwide."

"I take this as an attack on my family. If the $42 is taken away, I'm going to have to walk off the hill, leave earlier or fight for space on the bus. It's crowded enough during rush hour. I don't think they get that. Imagine an already-packed bus and sticking 200 more people on, the kind of mayhem that's going to cause. That's going to turn ugly quickly."

– Chris Waymer, Staten Island

"The X1's so crowded, the bus driver stands!"

– Anonymous rider.[8]

In June of 2010, the New York Metropolitan Transportation Authority put in place the most drastic transit cuts to hit the city in more than 30 years. Staten Islanders reliant on already sparse public transportation now have even fewer buses running on some routes - if those routes are even being served. Both local and express bus riders were hit hard by the service cuts. Some communities are no longer served on weekends or at night, leaving riders waiting longer to file onto even more-crowded buses.

"I don't care who's at fault. They shouldn't cut the buses. "I'm already getting up two hours early to be somewhere that's 15 minutes away by car."

– Cherise Hinton, Long Island, NY.

7 *Patersonians rate city's quality of life.* Herald News, May 6, 2010.

8 *Island to MTA: No more cuts!* Staten Island Advance, March 3, 2010.

"I think they should get out there and try it and see how it feels, especially when it's cold outside."[9]

– Mary Walker, Long Island, NY.

Mary Walker can't drive because she has glaucoma and rides on several bus lines each week to get to her home-health-aide work sites.

New York Metropolitan Transportation Authority officials said that they may have to drastically reduce LI Bus service this spring unless Nassau County fulfills its obligation to adequately fund its bus system. The MTA board says bus service may be cut by more than half.

"They took the line out of the middle of the bus. Now they've eliminated the bus."

– The Rev. Lawton Higgs Sr., Birmingham, AL

The Reverend was speaking at a rally to coincide with the 55th anniversary of Rosa Park's arrest in Montgomery, an act that spurred the Montgomery Bus Boycott, a pivotal event in the civil rights movement. He pastors to a very large congregation of homeless people who "**want to contribute to a healthy Birmingham but can't get a ride to do it.**"

9 *LI Bus riders feel left behind; Say they are not interested in agency's fiscal woes; Drastic service cuts should be last resort, many say.* Newsday, February 19, 2011.

"Please let us keep our transit!" Let's get rid of the old stumbling blocks and put people up there who are real."[10]

– Linda Williams, Birmingham, AL

Linda relies on the MAX buses, while her son takes the MAX paratransit service for the disabled.

Last year, the Birmingham-Jefferson County Transit Authority told city officials it needed more than $10 million, or about $900,000 a month, from the city to continue bus and paratransit services. But the city budgeted only about half that amount, and transit officials say they will have to cut half the bus routes in the city of Birmingham and lay off bus drivers. Funding runs out in March.

"I really don't want to quit this job. It's the only thing helping me right now... I've been taking a taxicab, but that costs me an arm and a leg. I don't want to be out on the streets. My life is depending on transportation."[11]

– Robert Sigala, Colorado Springs, CO

Sigala doesn't drive and has trouble walking. He got to his job through Metro Mobility, the para-transit service of Mountain Metropolitan Transit, but service has been cut. Now, he fears ending up on the streets. His income at a cafeteria barely covers his rent and phone bill, and whatever extra he has is going to a taxi.

"I'm not healthy enough. I can't." That'd kill me."

– Nancy Eastman, Spokane, WA

Eastman is 62 and walks with a cane. She commutes between Cheney and Spokane and gets on the bus a little after 7 a.m. at a stop that is slated for elimination. She says she cannot walk to another stop if the service was cut off.[12]

10 *Bus riders and activists plead: 'Please let us keep our transit' Long-term bus funding sought.* Birmingham News, December 2, 2010.
11 *Workers who take bus struggle to keep jobs.* The Gazette, January 6, 2010.
12 *Proposed STA changes have Cheney riders concerned.* Cheney Free Press, March 18, 2010.

Eight Spokane-area bus routes would be cut along with 18 driver positions under the latest version of a money-saving proposal by the Spokane Transit Authority. The proposed cuts amount to 7 percent of the agency's operating costs and would go into effect in September 2011. The proposal follows a smaller 3 percent cut last September. Another 7 percent cut is expected in 2012.

"Our bus service is unfortunately being cut back, which is a shame, as the church benefits from elders' stories and experiences. Seniors have a lot to offer."

– Alice Litton, 80, Bellingham, WA[13]

Unfortunately, older church members who are isolated or no longer drive have been left without transportation options since the cuts in Bellingham.

"Those in our community, including me, who use or need transit can't come and go when we want. I will no longer be able to travel to my shopping mall on the weekend because both bus lines servicing the mall are being cut. I will have to limit my entertainment and community meetings not to go past 8 p.m. because there will be no bus or light-rail service after 9 p.m."

– Barbara Stanton, Sacramento, CA[14]

Sacramento Regional Transit has lost one-third of its funding since 2007 - $50 million - and in 2010 cut 28 weekday routes and 13 weekend routes. Paratransit is facing a 30 percent cut to its services for riders with disabilities.

"People need these buses... we deserve these buses!"

– Vince Miller, Accomack, MD

*Miller, a stroke victim told the local Board of Supervisors they **"did the wrong thing"** by allowing bus service to the northern end of the county to stop. He has missed eight months of school and seven months attending a program for people with brain injuries because of the cessation of the bus route.*[15]

"I'm just going to have to ride my bike everywhere."[16]

– Larry Wilber, Castle Rock.

"It's horrible. I use it for work. I use it for everything I do. It's my only form of transportation."

– Juliet Hudson, Castle Rock, CO

Budget cuts have eliminated The Clean Air Transit Company leaving Hudson and others searching for alternative ways to get around town. Service was cancelled at the end of 2010. Now Castle Rock is sponsoring a service through a local taxi company for those who are transit-dependent, paying a maximum of $10 per trip for those who qualify. But with a limited budget, the town can pay for only 36 trips a week, so if you are number 37 in line, you are out of luck.

13 *Bellingham woman enjoys community, search for faith, at Unitarian Fellowship.* The Bellingham Herald, November 22, 2010.

14 *Transit crunch also a livability crisis.* Sacramento Bee, June 1, 2010.

15 *County urged to resume transit service.* Daily Times, December 30, 2010.

16 *Castle Rock parks shuttle rides.* The Denver Post, December 30, 2010.

"I may stay with friends in Midtown. I have to move because I have to keep my job. I work in Buckhead in a law office and I take the bus from Clayton to the MARTA train to get there. It's not like I have a choice."

– Inya-Agha, Clayton County, GA[17]

The transit system in Clayton County ***shut down in 2010****, stranding 8,500 people, 81% of whom earn less than $35,000 a year and 65% of whom have no car. Clayton is now the only core metro Atlanta county without public transportation.*

Rows of buses and vans in Cincinnati bought with federal dollars sit idle as SORTA gets set to slash service for the second time since 2009, when the agency had its first ever layoffs.

People First

Under current law, the majority of transit systems in the U.S. may not use their federal transit funds to keep service on the street. They may only use their money to buy buses, trains, and other equipment. With state and local funds scarce or nonexistent, many systems are in the odd situation of having many brand new buses purchased with federal funds, but no resources to place those vehicles into service. Other communities are using their federal transit funds to build rail systems that will not be completed for many years while slashing vital bus service at the same time.

Where are our priorities? Certainly this cannot be part of our nation's transportation agenda! Before we commit resources to whisk people from city to city on slick high speed rail trains, we need to first get them back to work downtown and in suburban and rural locations via bus, subway, or light rail.

The federal government has a role to play in ensuring that all individuals – regardless of income level – have

The CDTA in Albany, NY purchased 20 buses through the American Recovery and Reinvestment Act in July 2010. The buses have been sitting in the garage since delivery. ATU members drive them up and down the highways daily to keep the fluids running for warranty reasons.

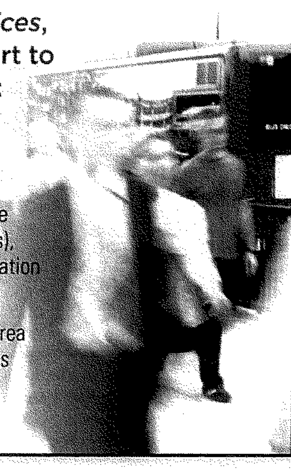
17 *Wheels in motion to drop C-Tran; Clayton County could save $8 million without buses, but strand 8,500.* The Atlanta Journal-Constitution, March 13, 2010.

access to safe, affordable, convenient and accessible public transportation, no matter what time of day they ride the bus. Representative Russ Carnahan (D-MO) and Senator Sherrod Brown (D-OH) have introduced sensible legislation that would provide for increased flexibility in the use of federal transit funds by allowing transit systems of all sizes to use a percentage of their formula funds to maintain critical service. Similarly, President Obama's Fiscal Year 2012 Budget as well as the Administration's proposal for the reauthorization of the federal surface transportation bill call for "targeted and temporary" transit operating assistance.

ATU echoes the nation's *Stranded Voices* in calling on Congress to pass legislation that would allow transit systems to keep buses rolling during these extremely difficult economic times so that people may continue to live their lives and contribute to society in a meaningful way.

On behalf of the nation's *Stranded Voices*, ATU calls on Congress to lead the effort to address the national mobility crisis by:

- Passing a robust surface transportation bill that meets the needs of transit- dependent individuals;
- Funding public transportation at $119 billion over the next six years (a 128% increase above current levels), as called for in President Obama's surface transportation reauthorization proposal;
- Providing all transit systems – regardless of urban area population – with flexibility to use their federal funds for operating costs to maintain critical service that keeps people connected to their communities.



For more information, contact Jeff Rosenberg in the ATU Government Affairs Department at (202) 537-1645 or jrosenberg@atu.org

Subcommittee on Highways and Transit
Hearing on Improving and Reforming the Nation's Surface Transportation Programs
March 29, 2011
Questions for the Record

Questions from Rep. Peter DeFazio

1. Mr. Hanley, the FY 2012 Budget Resolution passed by the House will require a 35 percent cut overall to surface transportation programs from current investment levels. Would your organization be able to support a long-term reauthorization bill if it contained such funding cuts, regardless of what other policy or financing changes were included?

"Path to Prosperity," the FY 2012 Budget Resolution, actually puts millions of America's transit riders on a path to nowhere, if they can actually get there safely. Under the proposal, transportation funding would be cut by 35% in FY 2012 and remain flat for the next decade. Coming on the heels of the recent last-minute deal to cut transit spending by 18% through the remainder of FY 2011, the Ryan proposal could mean the death blow for many struggling transit agencies that have already cut service to the bone. We would strongly oppose a long-term reauthorization bill if it contained such senseless cuts, regardless of what other policy or financing changes were included.

The proposal will ensure that over the next several years, millions of transit-dependent people will lose their ride, their job, and their dignity. ATU supports funding public transportation at $119 billion over the next six years (a 128% increase above current levels), as called for in President Obama's surface transportation reauthorization proposal.

2. Mr. Hanley, last July, the Federal Transit Administration released a study that estimated the cost of bringing the nation's rail and bus transit systems into a state of good repair at $77.7 billion. According to FTA, more than 40 percent of the nation's buses are in poor or marginal condition. The most recent DOT Conditions and Performance Report found that maintaining the current average transit asset conditions and current transit vehicle occupancy levels would require $15.1 billion in total capital investment per year. Given this high level of investment needed, do you believe transit needs could be funded without dedicated revenue from the Trust Fund, relying solely on appropriations from the General Fund instead? What would the impact be on regional surface transportation networks and mobility if transit does not have a reliable funding stream?

Without question, the new programs, planning rules, and increased levels of funding for transit first adopted under TEA 21 (1998) have changed the nature of America's transportation policies. However, the change in U.S. surface transportation law that has had the greatest impact on improving the quality and delivery of transit services has been the guaranteed funding levels for transit; between fiscal years 1998-2009, $89 billion was set aside for public transportation purposes by a unique budgetary firewall erected between transit funds and other programs funded from the U.S. domestic discretionary budget. This unique transit firewall, designed to ensure the funding of FTA programs at specific annual guaranteed levels, worked exactly as designed; since 1998, the Congress and three separate administrations have generally honored the firewalls by recommending *funding of the federal transit program at guaranteed levels. Up until the current economic crisis, the guaranteed funding levels provided a unique sense of stability in the public transportation industry.*

The guaranteed funding levels were made possible only because approximately 80% of overall transit funding is derived from the Mass Transit Account of the Highway Trust Fund. When the gas tax is set at appropriate levels, it provides a stable source of revenue for highways and transit that can be self sustaining.

The move by the new House leadership in January to tear down the firewalls and subject the program to insufficient levels of General Fund appropriations will dramatically decrease funding and undoubtedly cause many transit systems to shut down entirely. The federal transit program needs dedicated revenue from the trust fund, and the federal motor fuels tax needs to be increased to sustain such revenue. Given the current transit crisis, there is no way that the program can rely solely on appropriations from the General Fund. Mobility, which is already a challenge for many poor, elderly, and disabled persons (due to the lack of funds that are eligible to be used for operating assistance), will also become a problem for many so-called "choice" transit riders who will be forced to decide between less frequent transit service or commuting to work by car despite gas prices in the range of $4 -$5 per gallon.

In addition, with rail accidents on the rise due to antiquated equipment, the safety of millions of transit passengers will be in jeopardy. Quite bluntly, more transit passengers will likely die than ever before. We are already in a crisis. Relying solely on the General Fund would cause a dramatic decrease in funding levels, turning the situation into a genuine catastrophe.

TESTIMONY

BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

STATEMENT OF MR. WAYNE JOHNSON

on behalf of

THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE

March 29, 2011

Mr. Chairman and Members of the Subcommittee, my name is Wayne Johnson. I am the Manager of Global Carrier Relations for Owens Corning headquartered in Toledo, OH. Thank you for the opportunity to testify today as you continue to address the critically important work of improving and reforming our surface transportation programs. I am also representing the members of The National Industrial Transportation League (NITL or the League) where I serve as the Chairman of our Highway Transportation Committee. The NITL is an association of companies that conduct industrial and/or commercial shipping throughout the United States and internationally. Founded in 1907, the organization is one of the oldest and largest associations in the country representing some 600 member companies involved with the transport of all kinds of freight using all modes in both domestic and international commerce.

My company, Owens Corning, is a leading provider of residential and commercial building materials, glass fiber and engineered materials. A Fortune 500 company for 57 years, Owens Corning employs approximately 15,000 people in 28 countries. Owens Corning is one of the "Greenest" companies in the United States and has won numerous awards for its continuing effort in environmental sustainability. Like so many other American companies, our success in large part depends on having access to first class transportation systems and infrastructure.

In order to serve our customers, Owens Corning moves over 570,000 shipments per year via air, highway, rail and water carriage. This includes shipments over highways via flat bed trucks, van trucks, bulk trucks, and intermodal drayage trucks exceeding 495,000 shipments and over 145,000,000 highway miles per year at an annual cost exceeding $345,000,000. At Owens Corning we contract with over 190 Smartway certified motor carriers to move our over the road shipments. We also move shipments using all of the major less than truckload carriers, all Class I rail carriers and seven steamship companies. All of these freight transportation systems are vital to serving our customers.

Mr. Chairman, the work you have undertaken in your Subcommittee is critically important for my company, for the American economy and for the nation. In our free enterprise system, we are challenged daily by the risks and competitive pressures of the marketplace. Those challenges make us better, more efficient and more productive. But at the same time, by ignoring the imperatives of maintaining and improving our national freight transportation system we are imposing additional cost burdens on American industry and the American economy. These are costs which we cannot recoup by working harder or smarter. These uncompensated costs are the result of delays created by increased congestion on our highways, in our rail yards, at intermodal connections and our ports. Transportation system congestion leads to inefficiency, longer transit times, missed schedules, higher fuel bills, lower employee productivity, production interruptions, and so on. All of these negative factors add significant costs to manufacturing and distribution processes, and these are costs that are exceptionally difficult to control or reduce. They make my job challenging to say the least.

Simply put, we need to get moving on fixing this problem, and we welcome this hearing as an opportunity to voice both our concerns and our ideas for designing solutions to the problem. I am well aware that Washington and the American public have been focused on recovering from a deep recession and creating jobs. We need to do that, and as a representative of a major supplier of essential products for the new home and commercial building construction sector, that recovery is essential to our business. However, I and others fear that this temporary setback in our aggregate economy may have led to yet another unfortunate result that will continue to haunt us when we achieve that full recovery. In the freight transportation community there is a fear that we have taken our eye off the ball. Other priorities have pushed the reauthorization of the surface transportation programs off the front page. One result has been a continuing series of short term extensions of existing authority. We have huge transportation problems to tackle, but we have been giving the U.S. Department of Transportation one and two month "solution" sets. We all know that is no way to manage these huge sums of money and no way to solve our problems. We were gratified to hear Committee Chairman Mica say there will be no more extensions.

There is another important consideration too. The slack in the economy temporarily pulled a curtain over the problems of congestion and delay that had been making headlines daily when the economy was booming. The truth is that the problems did not go away. The chokepoints, the backups, the delays, and other indicators of a deteriorating freight transportation system that were the daily talking points of supply chain and logistics professionals around the country did abate during the recession. But as we pick up steam and resume normal and growing production and consumption cycles, the underlying causes of those ills will be revealed again.

America is under-investing in our freight transportation system. We are not paying sufficient attention to the real transportation infrastructure needs and requirements of the American economy. While it is not the subject of your hearing today, I am tempted to suggest that the same is true across the spectrum of other infrastructure needs of the nation. The renewal and growth of our power distribution, broadband, water and sewer, and transportation assets have not kept pace with the growth of our population and the demands being placed on those systems.

With respect to our nation's transportation infrastructure and its ability to support our economy and create opportunities for employment, I want to leave behind a strong and clear message that further neglect will only compromise U.S. companies' ability to be competitive. If we don't keep up we will fall further behind overseas competitors, a competition that is global and relentless. The consequences are obvious.

We've revolutionized our thinking about manufacturing, production and distribution in the United States. We moved from merely observing inventory in a static way, to a process of actively managing the flow of materials—supply chain management. But unless the freight transportation system works as well as the manufacturing or restocking processes, we are not going to be able to flow the right part or product at the right time and at the right price. "Almost-on-time" is not an acceptable standard. At Owens Corning if we do not have our raw materials on site when we need them, then we cannot make the required quantities of our diverse assortment of building products. Ours is a relatively simple process, but we are nonetheless just as reliant on the freight transportation market. Likewise, if we don't deliver our finished product to wholesalers and end-users on time, then we have only passed the problem down the chain.

In the modern context of freight transportation it is no longer appropriate to think in terms of single modes of transportation. I am the Manager of Global Carrier Relations at Owens Corning, not the company's truck person. We have people who specialize in rail, trucking, barging and so on. But I am charged with bringing all aspects of freight transportation together for the company in the most efficient and cost effective manner. American freight distribution, whether it is for manufacturing or end product consumption, is intermodal.

Carefully planned systems of freight distribution are at work for both imports and American exports. It is a highly complex and choreographed "ballet" that works well when the handoffs are clean and fast, and adds spiraling costs when confronted with missteps in the form of choking congestion, bottlenecks, long lines, delays, and so on. I have the tools I need to map my product movements over the best routes by the right mode, to serve our production facilities on the one hand, and our consumers on the other. That is my job. What I cannot control, however, is the queue at the highway interchange or the choking traffic that we see every day in urban America. The scope and dimension of the intermodal transportation challenge is shaped by literally tens of thousands of transactions that span the American economic panorama, and millions of pickup/transfer/delivery transactions.

I do not speak for all of American industry. But among the broadly diverse membership of the NITL, there is a shared deep concern that we are adrift. Respectfully, I am urging this Congress and this Administration to move with dispatch on the hard work that lies ahead to craft the next long term surface transportation bill, and in so doing use this opportunity to examine both the present and future needs of our freight transportation system in its totality. Our transportation infrastructure requirements for a competitive future cannot be measured by the needs of each mode alone. We need to assess the needs of the entire freight transportation system.

I do not want to leave any impression that I do not understand the problems you and your colleagues face in dealing with this issue and its coupling with the challenge of finding sustainable sources of financing necessary to provide this country with the transportation infrastructure that is so vital for its economy. I can well imagine that no elected official is eager to vote to raise taxes or user fees to build roads, increase throughput in our ports or add runway capacity. I understand these are complex matters not easily resolved in our system of government. With the excellent "blue ribbon panel" studies that are available to us and their many recommendations, I believe we have a good understanding of the dimension of the challenge ahead of us. Now we need to rationally discuss the means to pay for the investments we have been delaying but now must undertake.

For the record, League members have said repeatedly that we are willing to pay our fair share of that cost. We are both users and beneficiaries of our freight transportation system. We are only too aware of the enormous cost of adding capacity, maintaining what we have and squeezing more out of what we have. Our single proviso is that whatever additional revenues—from taxes, user fees, or other sources-- we are asked to pay be used for the intended purpose and not diverted to other pressing needs.

This Subcommittee has a major responsibility to craft the right legislation to get us moving. Your hearing today is helpful in that regard. Existing programs need to be reformed and streamlined. Additionally, new programs will have to be designed. New funding mechanisms are also an imperative. But as we move forward in that process, I would ask that you help change the way we think about freight transportation in the United States.

To begin, I and countless others in American industry and commerce believe that efficient, low cost freight transportation really matters to this country. I have heard that old saying that "freight doesn't vote—people vote" too many times. Candidly, that is far too simplistic. When delay, congestion and high cost in freight transportation begin to squeeze out American products in the marketplace, and when those factors raise prices on our store shelves, the American public—the voters—will react. At the margin, we will lose competitiveness, lose jobs, and lose economic vitality. Those are not acceptable outcomes to sustain a growing population and a growing economy. Those are outcomes more akin to stagnation. Let's put this "freight focus" at the top of our national transportation agenda.

Our interstate highway system was conceived in the 1950's when America had a population roughly one half of today's total. Yet we cannot just add more and more traffic lanes. We need to squeeze more productivity out of the resources that we have. Essential resources are finite in the private sector, and I believe we have to accept that same limitation in the public arena as well. As a consequence, we would urge the Members of the Subcommittee and the full Committee to include productivity enhancing provisions in the bill you draft.

The League has joined with many dozens of other freight transportation interests to promote reform of our vehicle weight limits on trucks to give the states the option to allow six-axle tractor trailers to carry up to 97,000 pounds on interstate highways. These six-axle trucks would of course be required to meet the same safety standards as lighter trucks. And these trucks would be substantially more productive for every mile driven. We also support giving the states greater flexibility to permit longer vehicles where appropriate and with full respect for safety considerations. We would encourage you to include positive incentives which recognize that freight moves across state borders over well-defined corridors.

We would also respectfully urge the Subcommittee to identify and promote incentives for moving traffic to "off peak" times. This is not easy to accomplish, but we have a lot of idle capacity, especially at night, that could be used more efficiently. And we have seen market-based success in the Southern California ports with their PierPASS program which created a monetary incentive to shift container movements to night hours.

I am also testifying on behalf of the large membership of the NITL. The League has joined with an array of shipper and carrier interests to form a "Freight Stakeholders Coalition" for the purpose of drawing attention to the needs of our freight transportation system, today and in the future. The Coalition represents users and providers of freight transportation by water, truck, and rail, and is broadly representative of the diversity of American economic interests. Collectively we are concerned that the importance of freight mobility has not been adequately recognized or prioritized. Members of the Coalition remain committed to working together to raise the visibility of the improvements needed in our transportation system, and craft appropriate solutions. We hope that the Subcommittee will accept our ideas in the spirit in which they are offered, as broad principles to help shape this critically important legislation.

The Freight Stakeholders Coalition has enunciated a ten point platform of principles which captures ambitious but achievable goals focused squarely on improving freight mobility on our highway system.

Those ten principles are:

1. Mandate the development of a National Multimodal Freight Strategic Plan. The next surface transportation authorization should mandate the development of a National Multimodal Freight Strategic Plan. The development of this plan should be led by the U.S. Department of Transportation, in partnership with state DOTs, cities, counties, MPOS and regional planning organizations, ports, freight shippers, freight carriers, and other stakeholders.

2. Provide dedicated funds for freight mobility/goods movement. The legislation should provide dedicated funds for freight mobility/goods movement. Dedicated funds should be provided to support capital investment in critical freight transportation infrastructure to produce major public benefits including higher productivity, enhanced global competitiveness and a higher standard of living for our nation. High priority should be given to investment in efficient goods movement on the most significant freight corridors, including investment in intermodal connectors into freight terminals and projects that support national and regional connectivity.

3. Authorize a state-administered freight transportation program. Congress should authorize a state-administered freight transportation program as a new core element of the federal highway program apportioned to states.

4. If a new freight trust fund is created, it should be firewalled, with the funds fully spent on projects that facilitate freight transportation and not used for any other purpose. Priority should be given to nationally and regionally significant infrastructure, with funds distributed through a competitive grant process using objective, merit-based criteria. Appropriate projects that are freight-related should still be eligible to compete for other federal funding sources.

5. Establish a multi-modal freight office within the Office of the Secretary. Freight mobility should be a key priority within USDOT. The Secretary's office should have staff with freight expertise who can focus on nationally and regionally significant infrastructure.

6. Form a national freight industry advisory group pursuant to the Federal Advisory Committee Act to provide industry input to USDOT, working in conjunction with the new multi-modal freight office. The advisory group should be funded and staffed, and it should consist of freight transportation providers from all modes as well as shippers and state and local planning organizations. Despite the best efforts of the agency to function as "One DOT," there is still not enough of a focused voice for freight. An Advisory Group would meet the need for regular and professional interaction between USDOT and the diverse freight industry, and could help identify critical freight chokepoints in the national freight transportation system.

7. Fund multi-state freight corridor planning organizations. Given that goods often move across state lines and involve multiple modes of transportation, Congress should fund multi-state, multi-modal planning organizations that will make it possible to plan and invest in projects where costs are concentrated in a single state but benefits are distributed among multiple states.

8. Build on the success of existing freight programs. There are numerous existing transportation programs that facilitate freight mobility and are demonstrably valuable. A new national freight policy should continue and strengthen these core programs or build on their principles and successes to guide freight program development if DOT is restructured and/or program areas are consolidated.

Examples of these successful core freight programs are the Projects of Regional and National Significance, National Corridor Infrastructure Improvement Program; Freight Planning Capacity Building Program; Transportation Infrastructure Finance and Innovation Act, National Cooperative Freight Transportation Research Program; Coordinated Border Infrastructure Program; Private Activity Bonds for Intermodal Facilities; Capital Grants for Rail Line Relocation Projects; Rail Rehabilitation and Improvement Financing (RRIF); Congestion

Mitigation and Air Quality Program, Truck Parking Pilot Program, and Rail-Highway Crossings. Funding for discretionary programs should be awarded through a competitive grant process.

9. Expand freight planning expertise at the state and local levels. Given the importance of freight mobility to the national economy, States and Metropolitan Planning Organizations (MPO) should be provided additional funds for expert staff positions dedicated to freight issues (commensurate to the volumes of freight moving in and through their areas). All states should have a freight plan as a tool for planning investments and for linking to the national freight system.

10. Foster operational and environmental efficiencies in goods movement. As in other aspects of transportation, improvements designed to achieve long term sustainability in goods movement are desirable to meet both commercial objectives— economy and efficiency—and public objectives—energy security and reduced environmental impact. Federal policy should employ positive approaches to enhance freight system efficiency and throughput with the goal of reducing energy consumption and green house gas emissions.

As you would conclude from my testimony, I and my colleagues would urge you to help reshape our transportation programs in a way that is supportive of connectivity and intermodal efficiency. We are ready, willing and able to work with you. Thank you for having this hearing, Mr. Chairman, and thank you for inviting me to participate.

Testimony of

KRISTOPHER KANE
PROFESSIONAL TRUCK DRIVER AND
MEMBER
OWNER-OPERATOR INDEPENDENT DRIVERS ASSOCIATION

Before the

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE HIGHWAYS AND TRANSIT
US HOUSE OF REPRESENTATIVES

Regarding

IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

MARCH 29, 2011

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On behalf of

Owner-Operator Independent Drivers Association
1 NW OOIDA Drive
Grain Valley, Missouri 64029
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Good morning Chairman Duncan, Ranking Member DeFazio, and distinguished members of the Subcommittee. Thank you for inviting me to testify on matters which are extremely important to our nation's small business trucking professionals and professional truck drivers.

My name is Kristopher Kane. I live in rural Juniata County, Pennsylvania, and have been involved with the trucking industry for more than 25 years, as both an owner-operator and employee driver. I am a member of OOIDA, and currently drive a tanker for Quality Carriers, serving customers throughout Central Pennsylvania.

As you are most likely aware, OOIDA is a not-for-profit corporation established in 1973, with its principal place of business in Grain Valley, Missouri. OOIDA is the national trade association representing the interests of independent owner-operators and professional drivers on all issues that affect small-business truckers. The more than 152,000 members of OOIDA are small-business men and women in all 50 states who collectively own and operate more than 200,000 individual heavy-duty trucks. The Association actively promotes the views of small business truckers through its interaction with state and federal regulatory agencies, legislatures, the courts, other trade associations and private entities to advance an equitable business environment and safe working conditions for commercial drivers.

The majority of the trucking community in this country is made up of small businesses, as 93% of all carriers have less than 20 trucks in their fleet and 78% of carriers have fleets of just 6 or fewer trucks. In fact, one-truck motor carriers represent nearly half of the total number of motor carriers operating in the United States.

I have been asked to come here today to speak on behalf of OOIDA about highway reauthorization efforts, particularly, highway funding and OOIDA's priorities for the reauthorization. However, before I share OOIDA's views on the funding of the "Highway Bill" and legislative priorities, it is important to provide context and comment on the state of the industry and the challenges that drivers, like myself, are currently facing or will soon face.

Although it is not the subject of today's hearing, the barrage of excessive regulatory rulemaking that small business truckers and professional drivers are subject to is highly burdensome, unnecessary, and often originates from large corporate motor carriers seeking to diminish competition from smaller carriers. When drafting this bill, Congress must take this into consideration. From excessive distracted driving efforts which could significantly limit a driver's ability to communicate about loads and deliveries to mandating costly and unnecessary technology under the guise of safety, truckers are certainly feeling the squeeze. Considering their growing regulatory burdens, the struggling economy, increasing fuel prices, and the looming threat of providing Mexico-domiciled carriers unfettered access to U.S. highways, small business trucking professionals in our country are now more than ever questioning their ability to maintain a livelihood in their chosen industry.

So while this Subcommittee is developing a much needed reauthorization package, I ask you to keep drivers in the forefront of your minds during this process, because not only do you have a tremendous opportunity to offer reform, but you also, during this current climate, could cause further devastation if you implement unfair funding schemes or make further unfounded and costly mandates that will cause many truckers to simply their truck.

Highway Funding

OOIDA members appreciate the Subcommittee's commitment to improving and reforming our nation's surface transportation system. In these times of tight budgets and growing needs, focusing Federal investments on priorities that will have the greatest impact on growing our economy while improving safety should be the guiding principle of the next surface transportation authorization bill. As such, our members feel that one of the most significant reforms the Subcommittee should make is to return focus to the Federal-Aid Highway program, specifically by prioritizing maintenance, capacity, and safety investments in the National Highway System (NHS), especially Interstate Highways.

The NHS and the Interstate System has to be one of the unqualified successes of our nation over the last 50 years. Our members use the NHS every day and are proud to pay our fair share for its maintenance and continued improvement and expansion. Indeed, although heavy-duty trucks account for only 7% of our nation's highway traffic, our members and other trucking companies contribute more than 36% of the money going into the Federal Highway Trust Fund. Despite this investment, the trucking community continues to see efforts to divert Trust Fund dollars away from highway investments and towards not only other sectors of transportation, but also into community improvement projects that have little or no connection to improving the flow of interstate commerce. The next surface transportation authorization bill represents an opportunity to halt these diversions and refocus investment.

As such, OOIDA urges the Subcommittee to reject the Administration's proposal to shift billions of dollars in Trust Fund investment away from needed highway improvements and instead direct them towards various "livability," community improvement, bicycle, and pedestrian projects. Some have also called upon the Highway Trust Fund to provide financial support to the Administration's planned High Speed Rail system and to increase the share of Trust Fund revenues provided to support transit systems in urban areas. OOIDA opposes these proposals.

Further, OOIDA calls upon the Subcommittee to refocus the scope of the current Federal-Aid program to one based upon improving mobility of freight and people to grow the nation's economy and improve safety. Such a scope should be used as a basis for evaluating existing and proposed uses of Trust Fund dollars. This will allow a shift away from programs supporting activities such as recreation and towards focused investment in the NHS. Additionally, dollars should be dedicated to new areas such as expanded truck parking, an effort that will increase highway safety and transportation productivity.

As noted above, OOIDA recognizes the challenging fiscal situation facing our nation, and while a refocused Federal-Aid Highway program will allow additional funds to flow towards needed highway maintenance and improvement, the needs are significantly greater than the funds currently available. While OOIDA's members are committed to the existing fuel tax as the primary highway funding mechanism, we are engaged and working with the DOT on future funding proposals, including road user fees. We also support efforts to strengthen the existing

Transportation Infrastructure Finance and Innovation Act (TIFIA) program and are encouraged by the potential of an infrastructure bank, provided that it is focused on highway investments.

On the other hand, some have argued that a massive involvement by Wall Street and foreign banks is the silver bullet that will allow for significant new highway investment. OOIDA's members beg to differ, recognizing that such private involvement in our highways, especially our existing roads, means tolls, which really amounts to nothing more than a tax increase to the traveling public, including truckers. OOIDA believes there are contributions the private sector can make that will assist federal, state and local governments in better assessing the true nature and needs of our nation's infrastructure. For instance, OOIDA supports empowering states to allow for public-private partnerships to add new rest areas and expand services at existing areas to benefit truckers and other travelers.

OOIDA is willing to support the private sector involvement in "Greenfield projects" provided the project is developed in a transparent manner, involves significant input from highway users, adds to existing capacity in an effort to relieve congestion, provides choice for users, removes fees once the project is paid for, and considers state and local land rights, while limiting government taxpayer resources used to support private sector endeavors. OOIDA adamantly opposes the sale or lease of existing roads and efforts to convert non-tolled roads into toll facilities. We look forward to working with the Subcommittee and its partners in the Ways and Means Committee in developing a financing system for the upcoming reauthorization package.

Detention Time

The excessive, uncompensated time truckers spend waiting to be loaded or unloaded at shipping and receiving facilities represents one of the greatest examples of how truckers' ability to comply with hours-of-service regulations are undermined. Time spent waiting to be loaded or unloaded has been repeatedly identified by drivers and small motor carriers in studies as well as at the Federal Motor Carrier Safety Administration's (FMCSA) public listening sessions as a major factor that must be addressed in order to have effective hours-of-service rules. In addition, excessive time spent waiting to be loaded or unloaded plays a major role in drivers' continued opposition to the use of electronic on-board recorders for hours-of-service enforcement.

Under current hours-of-service regulations, the daily 14-hour clock begins to tick for a truck driver when the driver performs any on-duty activity, including those duties related to loading and unloading. However, unlike other industrialized nations throughout the world, most US based drivers are not compensated by the hour but rather based upon the number of miles driven. This translates into drivers' time having essentially no value, particularly to shippers and receivers. Shippers and receivers also fall outside of FMCSA's authority and are not held accountable for their actions that impact a driver's ability to comply with hours-of-service regulations.

Shippers and receivers routinely make truckers wait for considerable amounts of time before they allow them to load or unload their trucks and drivers routinely arrive at loading facilities with little or no idea how long they will be there. Known in the industry as "detention time," most shippers do not pay for this time and have little financial or regulatory incentive to make more efficient use of drivers' time. It is common for a driver to pull into a shipping or receiving facility with no idea of whether he or she will be there for 2 hours or for 10. In certain industries, it is not unusual for drivers to wait up to 24 hours before receiving a load. Often, the driver must wait in line or be "on call," ready to take the load and make the "just-in-time" delivery.

To give you an idea of how significant the detention time problem is, industry surveys have estimated upwards of 40 hours per truck per week is wasted waiting to be loaded and unloaded. In fact, as a part of the Motor Carrier Efficiency Study, the FMCSA identified loading and unloading as the most cited inefficiency in trucking - costing the industry an estimated $3 billion per year and society over $6.5 billion annually.

Not only is excessive time waiting to be loaded and unloaded uncompensated, but it essentially steals the time that drivers have under the hours-of-service rules to do the work for which they are paid - driving the truck.

In addition to the monetary cost, in research conducted for the Department of Transportation, excessive detention is often cited as a contributor to hours-of-service violations as well as driver fatigue. Because a driver's time is not accounted for by shippers, drivers are regularly put in the compromising position of having to choose between meeting scheduling demands or complying with safety rules such as hours-of-service regulations. Research shows that often, because of economic necessity and the structure of the industry, drivers are placed in a no-win situation in regards to hours-of-service compliance. For example, a comprehensive study on shippers' role in driver regulatory compliance noted that waiting for freight to be loaded/unloaded can "impede a driver's ability to effectively meet schedules and lead to violation of HOS, driver fatigue and loss of income by all parties involved..." (A Qualitative Assessment of the Role of Shippers and others in Driver Compliance with Federal Safety Regulations, 1998).

At the request of Ranking Member DeFazio, the Government Accountibility Office recently completed an investigation into the potential operational inefficiencies and safety problems associated with commercial motor vehicles that are detained at loading docks. The GAO learned that detention time affects trucking industry operations, HOS compliance, and driver revenues.

From OOIDA's perspective, if the time spent by drivers waiting to be loaded or unloaded is contemplated and if compensation for excessive detention time begins to be negotiated or if shippers and receivers are held accountable under FMCSA regulations, the trucking industry and the American public will benefit from more efficient freight movement and dramatically improved highway safety.

Electronic On-Board Recorders

The FMCSA is currently in the process of another effort to require drivers to install Electronic On-Board Recorders (EOBRs) on their trucks. If EOBRs could prevent the manipulation of a driver's work schedule, respect drivers' privacy rights, and actually improve highway safety, OOIDA would consider supporting their use for hours-of-service reporting. But for now, OOIDA's opposition to EOBRs remains unchanged. OOIDA remains convinced that EOBRs are no more a reliable or accurate record of a driver's compliance with the hours-of-service regulations than paper log books. In our collective mind there remains no rational basis for the economic burden and unreasonable imposition to personal privacy presented by requiring drivers to be monitored by EOBRs.

The theory behind the use of EOBRs for hours-of-service enforcement is that the devices will provide an accurate, tamper-proof record of a driver's duty status and therefore ensure compliance with the hours-of-service rules which in turn will make for a safer trucking industry. This theory is undermined by the fact that EOBRs cannot capture, without the driver's input, data related to the time a driver spends conducting on-duty, non-driving activities. The hours-of-service rules require a record to be kept of both driving time and all non-driving work activity (waiting to load and unload, inspecting/repairing the truck, performing the loading and unloading, looking for the next load, receiving a dispatch, doing paperwork, performing compensated work at another job, etc.). Even though an EOBR can record how long someone has operated a truck, if the driver does not manually enter his non-driving work time into the EOBR, the EOBR will show the driver as available to drive when he actually has no available time under the hours-of-service rules. In fact, EOBRs will still permit someone performing work for a person other than the motor carrier to drive, without showing a violation.

The EOBR's reliance on driver input means they provide a no more accurate or tamper-proof record of a driver's hours-of-service compliance than paper log books. The substantial costs of EOBRs, costs that would be especially burdensome to small businesses, cannot be justified by any perceived improvement in compliance. The costs also include those to personal privacy. The truck cab is the home away from home of most long haul truck drivers. They sleep, eat and conduct personal business, as well as use the truck for personal use while not on duty. They have a legitimate expectation of privacy that must be afforded to them.

OOIDA is also certain that EOBRs will make it easier for motor carriers to harass drivers. Congress required FMCSA to ensure that such devices would not be used to harass truck drivers. Unfortunately, the EOBR rule that was recently issued seems to ignore this requirement. As the agency knows, it must ensure that its safety regulations do not have a deleterious effect on the physical condition of drivers. The only evidence on the record regarding the potential health effects of EOBRs are the studies that show that electronic monitoring of employees can increase the stress of workers. EOBRs can be used to exacerbate driver fatigue as carriers will be able to notice whenever a driver has stopped their truck during their on-duty time. Perhaps the driver has decided to take a break and get rest. Such breaks do not suspend the running of the 14-hour work-day under the HOS rules. The carrier will be able to instantly instruct the driver to return to the road and maximize his or her driving time. Carriers will also be able to instruct drivers, whenever they want, to log their on-duty, not-driving work as off-duty, thereby preserving their on-duty driving time. Both practices remove what little discretion drivers have today to resist the economic pressure discussed above.

OOIDA encourages lawmakers to seek solutions to motor carrier safety issues that are much less intrusive and much more effective such as mandating comprehensive driver training, resolving problems at the loading docks, revising methods of driver compensation, creating more flexible hours-of-service rules, and providing adequate truck parking in those areas around the country where drivers who wish to rest cannot find such parking today.

Speed Limiters

Much like EOBRs, restricting the vehicle speed of a commercial truck is not an act grounded in safety or sound principle. Rather, speed limiters are highly dangerous and offer very little economic or environmental benefit, particularly to small motor carriers. OOIDA believes that in order to ensure safety, efforts must be made to keep all traffic flowing at the same rate of speed and drivers must have the power and ability to maneuver around impediments on the road. The best way to keep traffic flowing smoothly and safely is through increased enforcement of reasonable speed limits. Mandating restricted engine speed is a non-starter and OOIDA will actively work to oppose any Highway Bill including such language as drivers, who have their skin and bones on the line, simply have the right to stay safe behind the wheel and not be forced into situations where arbitrarily controlling the power and speed of the truck is outside of the operators control.

Driver Training

An adequately trained driver is the key to any advances in safety goals. To this end, OOIDA has consistently been a strong proponent of Federal government efforts to develop and impose mandatory, comprehensive driver training and licensing requirements for entry-level truck drivers.

At present, FMCSA regulations require entry-level drivers to be trained in only four subjects – driver qualifications, hours-of-service, driver wellness and whistle blower protection – all of them unrelated to the hands on operation of a commercial motor vehicle. The Notice of Proposed Rulemaking published in 2008 would expand the required training for Class A drivers to include a minimum of 44 hours behind the wheel training in addition to 76 hours of classroom training, nearly all of it involving subjects pertaining directly to the safe operation of a commercial motor vehicle. The rulemaking also proposes the accreditation of driver training schools offering entry-level courses as well as the establishment of standards for ensuring that instructors at such schools are qualified to teach those courses. The goal of these regulatory revisions is to enhance the safety of commercial motor vehicle operations on the nation's highways.

Based upon on our continuing, firm belief that minimum training requirements for entry-level drivers will improve highway safety for all motorists, private as well as commercial, OOIDA very much supports the FMCSA's proposal to establish minimum training requirements that require a specified amount of behind-the-wheel training for entry-level drivers. OOIDA also believes that the effectiveness of such a training program can be ensured only if all facilities providing entry-level driver training programs are accredited by independent agencies and the instructors providing the training are required to meet relevant qualification standards. Accordingly, OOIDA also supports the agency's proposal to regulate training providers. OOIDA also supports adoption of a graduated Commercial Drivers License.

We sincerely hope FMCSA will soon move forward with its rulemaking on driver training.

New Entrant Safety Assurance

As a part of its Congressionally mandated efforts to beef up its New Entrant Safety Assurance efforts, FMCSA is conducting safety audits of new entrant motor carriers within 18 months of their being granted operating authority. OOIDA believes that instead of conducting safety audits well after the granting of operating authority, FMCSA should focus its limited resources on gathering information during the initial application process to determine an applicant's ability to comply with regulations. Prior to granting operating authority, FMCSA can derive plenty of data regarding an applicant's ability to perform safely and comply with regulations from evidence of work experience, training, and/or knowledge of the industry. FMCSA should also enhance current protest procedures to encourage industry stakeholders, including States, to provide data and other information that could lead to a more informed authorization process. This larger body of information could be checked against existing DOT databases to identify "chameleon" carriers and brokers as well as other problem applicants and to deny them new authorizations.

OOIDA believes it is wrong to lump all new applicants together either for pre-qualification testing or later safety audit purposes. OOIDA's experience assisting its members to obtain their first operating authority has shown that the majority of these new applicants are experienced commercial motor vehicle drivers with excellent safety records. They are stable business owners who have for many years been driving a truck as an owner-operator or employee driver and have, throughout those years, learned much about applicable safety regulations and effective safety management procedures.

There's a strong correlation between a carrier's future performance and its past accident record. Thus, FMCSA should expand the application form to collect information that will help the agency to identify those applicants with poor crash records or patterns of non-compliance with unsafe behavior.

All owners (whether individuals, partners or shareholders) as well as key personnel, especially including, but not limited to, those who will be responsible for safety compliance and management should be identified. Their past training, experience, and work histories should be listed on the application. Applicants should also explain briefly why they left each employer or, if they were self-employed, why the business was shut down. This information should go back at least 5 years, and should not be limited to trucking experience as all work experience will help determine whether the applicant possesses the character and integrity to conduct safe trucking operations. FMCSA might also consider requesting the applicant's recent tax returns and/or contracts and agreements as confirmation of the veracity of information provided.

FMCSA could also enhance this pre-qualification review process by modifying current protest procedures to take full advantage of third-party information about applicants. FMCSA's current practice is to post in the Federal Register a summary of the application (49 C.F.R. §365.109(b)), which contains only the applicant's name and address, its designated representative, assigned number, the date of filing, and the type of authority requested. Interested parties, including States who would have a direct interest in keeping applicants with poor driving and accident records from receiving new authority, then have only ten days to review and file a formal protest.

It is our understanding that well over one hundred applications for operating authority are filed with FMCSA each day. Thus, the ten-day review and protest period is far too short to allow stakeholders an opportunity to contribute in a meaningful way to the decision making process.

All names, businesses, and equipment identified in an application or by protesters could then be checked against the substantial pool of information currently collected in DOT's various computer databases. Databases such as MCMIS, PRISM, CDLIS, and CSA can be used to confirm past performance and crash history. Certain types of information, such as evidence that the applicant is simply seeking to evade prior enforcement actions or out-of-service orders, or has a history of the 16 types of violations that now result in denial of permanent authority when discovered in a safety audit, should result in automatic denial of new entrant authority.

The proposed pre-qualification investigation is analogous to that currently conducted and effectively used by the Federal Maritime Commission in its licensing process for ocean transportation intermediaries. Applicants must demonstrate not only that they possess the "necessary experience" in related activities but the "necessary character" to render such services. 46 C.F.R. §§515.11(a)(1) & 515.14. Further, the Federal Maritime Commission investigates the accuracy of the information, the integrity and financial responsibility of the applicant, the character of the applicant and its qualifying individuals, and the length and nature of the applicant's relevant experience, before granting a license.

Such a thorough pre-qualification review process should eliminate problem applicants long before the current application and safety audit procedure might find them.

Conclusion

OOIDA firmly believes that it is in the best interest of the industry and highway safety for Congress to continue the practice of passing multi-year Highway Bills. However, due to economic and regulatory uncertainty, Congress must be careful how the bill is funded and what legislative priorities are passed into law. Instituting a massive new private infrastructure funding configuration on existing roads will result in additional taxation upon the traveling public and the shipment of goods, risking our economy even further.

Costly mandates such as EOBRs are not in the best interest of the small business trucking community. Moreover, mandates such as speed limiters will cause small business truckers to actively work to oppose the overall bill. Congress however has an opportunity to effectuate great and much needed change in the industry, and significantly help drivers, through the pursuit of mandatory detention time, improved training, and most importantly, a refocused federal investment that will improve the flow of interstate commerce and increase highway safety.

Thank you again for this opportunity and I look forward to answering any questions that you may have.

Subcommittee on Highways and Transit
Hearing on Improving and Reforming the Nation's Surface Transportation Programs
March 29, 2011
Questions for the Record

1. **Mr. Kane, the Texas Transportation Institute's periodic congestion report found that the cost of congestion has risen from $24 billion in 1982 to $115 billion in 2009. Trucks stuck in congestion cost $33 billion in 2009, much of which is passed on to consumers in the form of higher prices. What impact do operational inefficiencies in the supply chain have on the cost of your members' businesses?**

Since the elimination of mandatory detention pay in the 1980's, trucking has increasingly been subjected to the operational inefficiencies of the shipping industry. Considering the vast majority of truckers are now only compensated when the wheels are moving, or rather paid by miles driven, a trucker's time spent waiting to be loaded or unloaded is essentially free and therefore has been built into the operational model of many shipping/receiving facilities. Whether it is a business decision to have inadequate staff ready, willing and able to load or unload the truck at the docks or simply keep product on a truck as de facto warehouse storage until the facility is ready to receive the product, research shows that truckers can often away as much 40 hours per week in detention time. It is estimated that the cost to the trucking industry is nearly $3 billion annually and over $6 billion in costs to society. On a good day, if all goes smoothly, I can make approximately $300, when I am excessively delayed, I not only will not make money, but will lose money.

Detention time is a pervasive problem that interferes with a driver's ability to rest or relax, which greatly impacts safety. Often when a trucker is waiting at a facility, it is in a line requiring him/her to frequently move the truck therefore, it is not time spent resting but rather "time on task" - a fatigue generating factor. Furthermore, as noted, drivers are compensated by the miles driven and not by time spent idly waiting. This significantly impacts a driver's bottom line and directly detracts from the ability to keep up with repairs to the truck and comply with important safety regulations.

Drivers have been asked in various studies what are some of the largest contributors toward feeling pressured to exceed the hours of service limitations. Time and time again excessive detention is noted as drivers continue to be abused by facilities and used as free storage, but the time isn't truly free as drivers are wasting precious and costly fuel, a cost coming directly from the driver's pocket.

If shipping/ receiving facilities were incentivized to improve efficiency, a driver's quality of life would likely improve greatly as he/she would be free to move onto the next load, rest, or spend time with his/her family. Unreasonably detaining drivers solely as a business decision is inefficient, unfair, and wasteful and it should be addressed by the government by making it unlawful to excessively delay drivers without contemplating compensation.

BEFORE THE HIGHWAYS AND TRANSIT SUBCOMMITTEE OF THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT OF DAVE LEACH, PRESIDENT/CEO, GREYHOUND LINES, INC. ON THE ROLE OF INTERCITY BUSES IN IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

March 29, 2011

Chairman Duncan, Ranking Member DeFazio, and members of the Subcommittee, I am pleased to present Greyhound's views on the vital role intercity buses can play in bringing cost-effective improvements to the Nation's surface transportation programs. The Committee and Subcommittee leadership have listed several major objectives for the Committee's reauthorization bill. They include:

Stop sitting on our unused or under-utilized assets;

Find ways to do more with less;

Streamline the delivery of transportation improvements;

And develop innovative public-private relationships that deliver transportation improvements in a more cost-effective manner.

Greyhound believes that intercity buses can help achieve each of these objectives. What follows is a brief look at the potential of intercity buses to meet these objectives and what program changes are needed to unleash that potential.

Sitting on Unused assets – Studies demonstrate that intercity buses (a/k/a motor coaches) are the most environmentally friendly and fuel efficient of all passenger transportation modes. They emit less CO_2 and use less fuel per-passenger mile than any other mode. They are also the most flexible; they can go anywhere and do anything from high end luxury service to the most affordable transportation. Intercity buses serve 3 times as many communities as any other form of intercity public transportation.

Yet, intercity buses are largely "off the grid" when it comes to federal, state, and local planning and funding priorities. It's a rare day when intercity buses are integrated into transportation planning in a meaningful way and far less than 1% of federal public and intercity transportation funding goes to intercity buses.

Doing more with less – intercity buses are, by far, the most cost-effective form of transportation. For example, Greyhound's full operating costs are less than 1/3 those of Amtrak on either a per-passenger mile or per-passenger trip basis. Intercity buses are capable of providing a wide range of attractive services from long haul commuter to express intercity service to rural network service.

Perhaps the most significant surface passenger transportation development of the last five years is the emergence of high quality, inexpensive express intercity bus service between major cities, particularly in the Northeast Corridor. BoltBus and other similar bus services have succeeded in taking millions of passengers out of their cars with their internet-driven, Wi-Fi-equipped, point-to-point service. While billions in federal funds have been spent or committed just for the planning and preparation of intercity rail services, these innovative, new intercity bus services have become the fastest-growing transportation segment in the Northeast Corridor without a penny of government funding.

Streamlining delivery – intercity buses can be built and deployed quickly. The planning also can be expedited since intercity buses are so environmentally beneficial, flexible and relatively inexpensive. If plans need to be modified after implementation in order to meet market demand, bus redeployment can occur very quickly.

Here are two recent examples of how quickly intercity bus service can be delivered. Last year, Greyhound saw a need to upgrade its fleet by the complete refurbishment of a significant number of its buses. In 6 months, Greyhound found a corporate partner, located an ideal vacant RV plant in Napanee, Indiana; hired and trained a skilled work force made up primarily of out-of-work RV plant workers; and started producing like-new, refurbished buses. Those buses are now operating throughout the U.S..

Similarly, when Greyhound saw that ARRA Section 5311(f) funds were available through the states for new intercity buses to provide rural network services, we worked with FTA and certain states to develop an expedited, master intercity bus procurement, for which any state could provide ARRA funds. The result is that Greyhound is now fully deploying approximately 60 new intercity buses providing vital rural and small community service in numerous states.

Developing public-private partnerships – intercity buses are the only form of surface passenger transportation that is primarily operated by the private sector; thus, we offer unique opportunities for public-private cooperation. We can bring entrepreneurship, capital, expertise, existing networks and facilities, and passenger traffic to the table, but state and local entities need to have the flexibility and the incentive to work with us.

Here are the steps that we recommend that the Committee take to enable intercity buses to play a more significant role in meeting the Committee's reauthorization objectives.

1. **Give states more flexibility in implementing the section 5311(f) intercity bus program.**

FTA has implemented a pilot program whereby the states can work with private operators to use the unsubsidized costs of the intercity bus network as the local match for Section

5311(f) services feeding into the network. This program has been very successful in its 3 years of existence with new services either implemented or planned to 240 communities on 43 routes in 13 states. A list of those routes is attached to this statement.

Congress should make this program permanent as soon as possible so that states can be confident that it will continue. Also, FTA has only allowed the match to be the private operator's capital costs; Congress should give the states the flexibility to use all of the unsubsidized costs as local match. There is no reason or precedent for limiting the match to capital costs. States also should be given the flexibility to apply the match to all Section 5311 funds so that integrated intercity/local projects can be developed.

2. **Give states the flexibility to provide capital for the development of comprehensive statewide intercity bus networks.**

Greyhound has demonstrated through its new BoltBus and Greyhound Express services and its upgraded network services that people will shift from cars to intercity buses for many city pair trips if the buses are new and comfortable; the service is frequent; and the price is reasonable. The fundamental roadblock to expanding that service is the industry's lack of capital for new equipment. In the past 12 years, the annual number of new motor coaches delivered in the U.S. has fallen by 65%.

Assuming there is going to be a new intercity component to reauthorization, states that determine that they do not have the population density to justify the capital and operating costs of intercity rail should be allowed to apply for capital funds for intercity buses so that they can work with the private sector to develop comprehensive statewide intercity bus networks. These networks could provide express bus services between the major cities in the state while linking smaller communities into that network through the 5311(f) program. These services would provide attractive, frequent, affordable alternatives to the private auto at a tiny fraction of the capital costs of intercity rail and with no subsidized operating costs.

3. **Continue the Over-the-Road Bus Accessibility Program to assure compliance with federal mandates while preserving rural service.**

The OTRB Accessibility Program has been very successful in helping Greyhound and others meet the Americans with Disabilities Act mandate to equip each new bus with a wheelchair lift and related equipment. This mandate is hugely expensive with costs of up to $45,000 per bus or almost 10% of the cost of a new bus. No other intercity transportation provider has ADA equipment costs that come close to that percentage.

Given the limited capital available for bus purchase, this program is essential to Greyhound's ability to maintain its existing network of rural and small services. Without it, Greyhound will have to reduce its bus acquisitions by roughly 10% and the reduced fleet will inevitably mean less or no service on routes with lower ridership. Greyhound will meet the ADA deadline of having its entire fixed route fleet equipped with lifts by October, 2012, but the mandate doesn't go away at that point. Every fixed route bus we purchase after that date must have a lift so if we are going to be able to maintain our fleet size, we need for this program to continue.

4. **Integrate intercity buses into federal, state, and local planning so that their transportation and environmental benefits are fully utilized.**

Right now, operators of intercity buses are on the outside looking in when it comes to the transportation and environmental planning process. We recommend that reauthorization change that by requiring that federal, state, and local planners consider the many benefits of intercity buses, consult with private operators of intercity buses, and properly integrate intercity buses into their plans for improving transportation and the environment.

We note that in SAFETEA-LU, Congress required that states consult with intercity bus providers when developing their statewide rural public transportation plans. That consultation requirement has helped break down the "us against them" public-private attitude and has led to many states developing statewide intercity bus plans that have been the basis for the new rural services described above. The same consultation and integration should occur across the board.

5. **Ensure that federally funded projects encourage the use of intercity buses to the same extent as public transit buses**

Reauthorization is likely to bring an increase in federal support for innovative financial arrangements to improve highway infrastructure. These include the creation of new HOV/HOT lanes and tolled facilities. These facilities are intended to reduce congestion and encourage the use of buses and other high occupancy vehicles. It is important that when federal funding is involved, the sponsoring entity be required to treat privately-operated buses the same as publicly-operated buses with regard to access to these facilities and exemption from charges paid. Buses provide the same congestion mitigation and environmental benefits whether they are publicly or privately owned.

The prior Administration pioneered these public-private partnerships through its Urban Partnership Agreements. Those agreements recognized the important role that privately operated intercity buses can play in reducing congestion and improving the environment. The UPAs all required the recipient agencies to agree to exempt privately operated over-the-road buses from tolls to the same extent as other public transportation. The states were free to set whatever toll levels they wanted, but they had to apply the same standards to both publicly-owned and privately-owned buses. A similar requirement should be contained in all future agreements for federal support of congestion mitigation projects.

Without this federal policy, privately operated intercity buses are likely to face discrimination. We have seen this already in Virginia where the state's agreement with the private operator to build new beltway and I-95 HOT lanes defined only public transportation buses, not privately-operated intercity buses, as HOVs eligible to use the HOT lanes without charge. Ultimately, the concessionaire agreed to include all buses in the HOV definition, but it was a difficult process. Where federal funds are involved, there should be a clear policy of treating all buses equally.

6. **Provide incentives for intermodal projects including intercity buses and make them easier to plan, fund, and implement.**

Ever since ISTEA, Congress has paid lip service to improving intermodal transportation, but at least with regard to passenger transportation, little has changed. SAFETEA-LU took a step forward by including privately-operated intercity buses and bus terminals as eligible parts of public transportation joint development projects. But it took years and several attempts before FTA properly implemented this provision, and it is so layered with regulatory requirements that few projects have been completed using this new eligibility.

If intercity and local public transportation are to reach anything close to their full potential as alternatives to the private auto, the various modes must be linked at terminals that make public transportation convenient and attractive. To accomplish this, the Committee should consider several approaches. These could include an intermodal fund for terminals that involve intercity bus and rail (where relevant). There was such a fund in SAFETEA-LU, but because of earmarks, it was never properly implemented.

Intermodal terminals including intercity buses could also be a requirement for, or at least a strong factor favoring, any federally funded intercity transportation project. Finally, the Committee should streamline FTA's joint development guidelines so that intermodal terminals involving privately-operated intercity buses and/or intercity rail can be developed expeditiously.

Greyhound hopes that these recommendations for achieving the Committee's reauthorization objectives will be helpful. We would be happy to work with the Committee on implementing these recommendations in any way that the Committee would find useful. Thank you for the opportunity to present our views in this important hearing. I would be happy to answer any questions Subcommittee members might have.

Respectfully Submitted,

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Statement of

Senator Robert Letourneau

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Former Chairman of the NH Senate Transportation Committee

Lifelong Motorcyclist

Representing the Motorcycle Riders Foundation

Before the

Transportation and Infrastructure Committee

US House of Representatives

Subcommittee on Highways and Transit

March 29, 2011

Regarding

Highway Safety Programs

Motorcycle Riders Foundation

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Chairman Duncan, Mr. DeFazio, and members of the Highways and Transit Subcommittee, thank you for inviting me to testify today on behalf of American motorcyclists'. My name is Senator Robert Letourneau and I am here representing the Motorcycle Riders Foundation (MRF) which is a coalition of state's motorcyclists' rights organizations and individual members representing about 275,000 individual motorcyclists. I also serve as the Motorcycle Safety Specialist for the New Hampshire Department of Safety. I have also served as Chairman of the New Hampshire Senate Transportation Committee. Additionally, I have been motorcycle rider for 43 years.

2010 funds

I appreciate the opportunity to provide your subcommittee with some thoughts the MRF has on highway safety programs administered by the National Highway Traffic Safety Administration (NHTSA). The members of the MRF are appreciative that in the SAFETEA-LU legislation section 2010 provided $25 million specifically for motorcycle safety rider education and motorist awareness of motorcycles. That program reached 48 States and has been extended for two additional years. Funding shortfalls for motorcycle safety are present across the country. Only twenty four (24) states report that safety programs operate from user fees alone. Eighteen (18) states use a combination of user fees, dedicated state funding and federal funds. Three (3) states use only federal funds. Making matters even worse, during this time of budget shortfalls many Governors are raiding the dedicated safety funds generated by licensing fees from motorcycles to pay for non-transportation programs. When states are running a deficit, they often turn to motorcycle safety funds as a piggy bank. We hope that next reauthorization not only keep the federal motorcycle safety grant program as a priority. Many non profit state motorcycle rights organizations (SMRO's) have implemented share the road campaigns and impaired riding reduction programs with private funding sources. These 2010 funds can be made available to the non profit world to help them continue these important endeavors. It is important to note that due in large part of this program motorcycle fatalities dropped for the first time in 11 years during the 2008-2009 time period. The decrease in fatalities from '08-'09 was by 10%.

According to a survey of the State motorcycle safety programs by the Governors Highway Safety Association motorcycle registrations have more than doubled since 1997 and new motorcycle sales have quadrupled since then. Surely when the population is increased, one must expect the crash numbers to climb as well. Simple statistics.

That same report stated this explosion of motorcycle sales from 356,000 in 1997 to 1.1 million today is crippling the rider education programs across the country. Twenty nine (29) States and DC have capacity problems and often have wait times for training more than 12 weeks. This is another reason why Congress needs to invest more money in motorcycle rider education via the section 2010 grant program.

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Recently NHTSA sent their budget request to the hill. They proposed adding a new component to this successful grant program. They would like to also use this small pool of funds for motorcycle helmet use promotion. Keep in mind they can already do this with available 402 funds. We ask that you reject this proposal as this would dilute this already small amount of money from where it needs to go, teaching people how to properly ride motorcycles and to teach the rest of the motoring public to watch and look out for motorcycles.

We ask that Congress continue this practice set for the in SAFETEA-LU. Consider this, under current SAFETEA-LU law the federal government spends $1 dollar per motorcyclist per year and ask your self if you think that is enough.

Accident Prevention

Past legislation this committee has crafted included language that specifically directs NHTSA to focus on accident prevention over occupant protection when addressing motorcycle safety. Occupant protection has been successful with other forms of vehicle design, however the frame geometry and inherent exposure of a motorcycle limits any occupant protection success. Accident prevention saves societal costs, reduces injuries and reduces property damage. We ask that you continue to promote outcome oriented accident prevention solutions.

Again, from a personal perspective, on July 5 2008 putting my money where my mouth is I took and passed the advanced ***"Skilled Rider Course"*** because I know it saves lives, and, yes, I did learn that I have rider's skills I was not using properly. However, more importantly when people ask me if I have taken the course I can say yes and it works…

HOV Lanes

Another provision of past authorization bills passed by this committee creating a safer riding environment was the access for motorcycles to HOV lanes. This action by Congress has resulted in all federally funded HOV lanes are open to motorcycles. When commuting, motorcyclists are safer in a riding environment that has fewer vehicles and traffic is flowing smoothly rather than in congested stop and go traffic. When considering future highway design it is important to include motorcycles and we ask that this same allowance be assured with HOT lanes and PPP's. HOV lane access provides motorcyclists with a safer commuting environment. For that, 7 million American motorcyclists thank Congress.

Motorcyclist Advisory Council

Also included in SAFETEA-LU was language that created an advisory council to provide wisdom to the Secretary of Transportation on motorcycles and the design of highway infrastructure. The council was initially

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chartered for 2 years, extend an additional 2 years and is now dormant. We ask that you again include language to re-authorize this charter by directing the Secretary of Transportation to re-ignite the group.

Motorcycle Only Roadside Checkpoints

Recently NHTSA solicited applications from State law enforcement agencies from around the country to propose ideas on how they would conduct motorcycle only roadside checkpoints. NHTSA then presented an award in the amount of $70,000.00 to the State of Georgia to conduct such checkpoints. The stops are mandatory are used to check for proper licensing, registration, DOT compliant personal protective equipment and the general condition of the motorcycle.

The first of these checkpoints were conducted a few weeks ago by the Georgia State Highway Patrol and targeted motorcyclists traveling southbound through Georgia many of whom were on their way to Florida for the world famous Daytona bike week. Any one who did not pull over was subject to a $600 dollar fine and charged with evading law enforcement.

These mandatory checkpoints are not only a violation of personal rights they are completely discriminatory. As motorcyclists we are already subjected to all other roadside checkpoints such as drunk driving and so on. For the federal government to target a single form of vehicle for mandatory checkpoints is not acceptable. These mandatory checkpoints are not only waste of resources, they do not save lives or prevent accidents.

We ask that as you draft the next highway authorization you include language that would prohibit any funds allocated to the Department of Transportation be banned from this type of use. In this age of fiscal challenges we can not afford to be wasting tax payer money on this sort of nonsense.

Incentive funds

The MRF understands the need to incentivize certain actions from the states in order to make the roads as safe as possible. We support incentive programs as long as the funds do not come from much needed monies to maintain and improve our roads. We support incentive grants that are performance based on reducing accidents and fatalities. Those two items should be the only criteria. The MRF opposes incentive grants that are issued based on states passing specific laws.

Green vehicles

We ask Congress to promote motorcycling as a means of reducing energy consumption and reducing traffic congestion. One way to achieve a safer highway landscape is to follow some international practices that our

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world neighbors are implementing such as more motorcycle parking and lane sharing. Allowing motorcycles to trickle through red light traffic to get out of the traffic mix has been extremely successful, over seas and in California, in reducing crashes as well as congestion.

Decreasing fatalities
When I last testified before this panel I had the distinct displeasure in telling you that motorcycle fatalities were on the rise. I am pleased to tell you that has now changed. According an April 2010 survey done by the Governors Highway Safety Association motorcycle fatalities are down over 10% from 2008-2009. That time period is the most recent set of data available. Some attribute the drop to less vehicle miles traveled. According to the Motorcycle Industry Council new tire sales were up almost 3% over the same dates. An accurate VMT number for motorcycles has always been elusive and until recently not even required by law for individual states to report. Now that they must report the number many estimate the number, not accurately counting the miles traveled as they do for other vehicles. Using the tire sales data is the best available measure of motorcycle usage.

One can attribute this rise in motorcycle usage to one thing, the economy. As gas prices continue to sky rocket we see many people using their motorcycle for transport, not sport.

A Pennsylvania joint House and Senate committee on legislative budget and finance issued a report on June 25th, 2008 on the fatality trends since PA's modernization of its helmet law in 2003 to allow for riders 21 years or older who have completed a motorcycle safety course or have held a valid motorcycle license for 2 calendar years. The report found that "Due to the substantial increase in motorcycle registration, the rate of crashes per 10,000 motorcycle registrations actually declined from 132.4 in CY (Calendar Year) 2000 to 113.2 crashes per 10,000 motorcycle registrations in CY 2007". The report also showed that helmeted riders involved in a collision dropped from 67% in 2000 to 57% in 2007.

When motorcycle safety is addressed, it almost always revolves around one controversial issue. Helmet laws. All but three States have one version or another of a helmet law on the books. Twenty seven (27) states allow riders to exercise choice when donning personal protective equipment and the remaining 20 require all riders to wear a helmet of some sort. If helmet laws worked there would be a sharp contrast concerning crash data between States that require universal helmet use and those that do not. I am here to tell you that is not the case.

According to a National Highway Traffic Safety Administration 2007 publication two of the three states that had the largest increase in fatalities from 2005-2006 have universal helmet laws (AL and CA) and of the three states with single largest decrease in motorcycle fatalities over the year before two states (IL and NH) have no helmet requirement whatsoever and the third (OH) allows for experienced riders to ride without a helmet.

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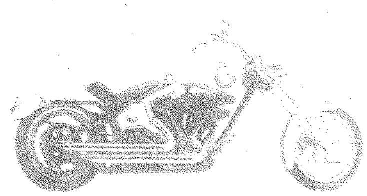
The bottom line is helmet laws do not prevent accidents and as a daily rider, that is the best-case scenario: avoid the crash in the first place. How can we do this? Through proper, affordable rider education offered locally and secondly through widespread motorist awareness campaigns to educate the general motoring public to be aware of motorcycles on the road.

One last personal observation, in New Hampshire during the first 10 years of our motorcycle education program having trained over 23,000 riders only one of those riders was involved in a fatality and we believe that that rider had a medical event. Education is the key to successfully reducing motorcycle fatalities our experience is proof positive.

On behalf of the MRF and Americas motorcyclists', I thank you for this opportunity to present our concerns and views as you consider safety issues in the development of the national transportation system.



Improving and Reforming the Nation's Surface Transportation Programs
March 29, 2011

Testimony to the House Transportation and Infrastructure Committee Subcommittee on Highway and Transit

Dale J. Marsico, CCTM
Executive Director

Community Transportation Association

Mr. Chairman and Members of the Subcommittee:

I want to express my appreciation for your invitation to be here today to discuss some of the important issues concerning reauthorization of our nation's surface transportation programs. Our organization, the Community Transportation Association of America, was originally founded by those providing and advocating for new mobility strategies — not just within rural and urban communities but also in connecting these communities to each other and other regional destinations.

My testimony today will focus upon five key aspects vital to any legislation reauthorizing surface transportation programs: mobility in rural areas, mobility in urban regions, the connectivity that is essential to linking those areas with each other, crucial changes needed in policy towards non-emergency medical transportation, and the finance challenge - or how we support a diversified transportation network.

I. A Platform for Rural Mobility

The State of Rural America

The challenges that impact rural transportation are inseparable from the larger conditions that define America's rural communities today. The economic downturn that has affected the entire nation over the past several years is even more acutely felt in rural America. Average incomes are lower in these communities, while the cost of living is proportionally higher - as costs for everyday needs such as food, fuel and utilities gradually consumes larger percentage of paychecks. Gas price increases, for example, disproportionately impact rural residents who travel greater distances and tend to operate older, less fuel-efficient vehicles. This is especially true for the most at-risk populations, including seniors, people with disabilities, jobseekers and veterans, who are often driven to the precipice of poverty while attempting to make ends meet.

Meanwhile, the revenue streams available to state and local governments to support rural communities are increasingly constrained through declines in property values and the stalled climate for economic development. At the same time, rural areas face greater difficulty in capturing the value contained in their communities due to the growing distances its citizens need to travel in order to access employment, health care and other essential services - compounding the inherent economic disadvantages of rural life. The census indicates a declining population for rural America. Indeed, a fundamental truth of today's rural America is emerging - a place where the needs are greater but the resources are less.

The State of Rural Transit

Rural transit service is as varied as the small towns and communities that it serves. No two systems are alike — from investment sources to service modes to customers. Today, rural transit operators provide more trips than ever before and provide this service using an increasing diverse array of service types. The traditional demand-response rural transit operation that once largely served senior citizens has been transformed in recent years to a full-service public transit agency with intermodal connections with intercity operators, employer-partnered vanpools as well as providing vital medical transportation trips to dialysis, chemotherapy and to our nation's veterans and their families. These rural systems deploy state-of-the-art technology to ensure their operations are as cost-effective and efficient as possible.

The modern concept of coordinated transportation was invented by rural transit operators as they evolved and responded to the specific mobility needs in their communities. No single source of investment was sufficient so each operator learned to build both public and private partnerships in order to meet local demand. Today, the two most vital sources of rural transit investment are the FTA Section 5311 formula funding program and the Medicaid non-emergency transportation program.

Connectivity is Key

The twin challenges of providing transportation in rural communities, and responding to the significant and growing limitations of rural America present an urgent opportunity to build a connected network of mobility options to link people with destinations. Simply put, doing things the same ways they've always been done fails to recognize these self-evident realities of how rural Americans live, work and participate in their communities today. The most proven approach to address this re-shaped rural environment is through enhanced connectivity.

Spanning a range of human services, transportation systems and physical locations, connectivity unites the mobility needs of rural Americans - and all Americans - by encouraging efficient and responsive linkages between the places people live and the destinations they need to reach. Sometimes connectivity is found in vibrant centers of community mobility - modern Union Stations - where transportation providers, community programs and economic development intersect. In other instances, connectivity becomes real when public organizations and private entities forge partnerships to meet the needs of a specific group of people through innovation and efficiency. In still others, the markers of connectivity are regional collaborations that transcend the jurisdictional boundaries that pose artificial and attitudinal barriers to neighbors helping neighbors. Many times, true connectivity encompasses all of these elements working in concert.

Regardless of how it is achieved, the investment, resources and programs which make connectivity possible are urgently needed to further expand mobility options and make real progress in responding to the state of rural America today.

Rural Transit Builds Economic Development and Jobs

Rural transit does more than move people, it also builds rural economies by connecting local residents with expanded regional job opportunities, by allowing residents to continue living in rural communities and by helping revitalize small town main streets.

CTAA members are not only significant local employers themselves, they are working with both large and small local employers to develop employee transportation routes throughout rural regions, sometimes as part of existing fixed-route services and in others, developing specific employment routes in concert with the employer. Sometimes these routes cross county lines, in other cases, they cross state lines. In every case, they facilitate employment and allow employees and their paychecks access to their home towns.

In some communities, rural public transit agencies are building a smaller-scale version of transportation-oriented development that can help revitalize main streets by focusing together people, human services, retail outlets, regional connections and commercial opportunities. These smaller-scale intermodal stations often connect with private intercity bus lines and taxi companies to help connect local residents with nearby cities and airports. Rural public transit has a significant role to play in reviving rural America and helping its residents get back to work.

Rural Transit Serves At-Risk Populations

The people who depend upon rural public transit services are often those for whom there is no other way to go. Older Americans, people with disabilities, the working poor, veterans, Native Americans and more need effective mobility to avoid the stifling isolation that degrades their health, independence, employment, education and overall quality of life.

The growing population of older Americans in rural communities absolutely depends on their local transit systems to be able to age-in-place and live out their years in the communities they call home. From health care appointments to congregate meals to shopping and social outings, rural public transit is vital to the fastest growing segment of the rural population: seniors.

The population of veterans returning after service in Iraq and Afghanistan is disproportionately rural and requires cost-effective connections to both local and regional VA health care facilities, as well as to the educational and employment opportunities they will need to reintegrate back into society.

Our nation's Tribal communities, too, are largely rural in nature and require transit operations for effective connections to health care, to employment, to social service providers, among others. Across the country, Tribal leaders are embracing transit as a viable means of local economic development and connectivity.

Medical Transportation Emerges as a Top Priority

Since its inception, rural public transit has been engaged in providing rural residents with important connections to medical care. These non-emergency transportation services have been important to residents of all ages, but especially to the elderly. Demand for these services have increased dramatically over the last decade since changes in the delivery of health care have introduced major consequences for rural Americans. Part of this increased demand is created by having more health care delivered in non-institutional settings, such as outpatient care. This is especially difficult for rural transit providers because these increases have occurred at a time when many smaller hospitals and primary care providers have left smaller communities where service volume is lower. Consequently rural transit must take residents further and further from their homes to reach routine - as well as specialized - services. This is especially true of the growing need for transportation for dialysis services. Rural public transit is often the only option to connect people with these services.

Changes in the health care marketplace as well as the implications of health reform will increase the utilization of non-institutional care. Growing senior populations in rural communities will also enhance the need for such services. CTAA members report that in some communities the, demand for service to health care means that little capacity is available for other mobility needs. The current rural transit program - financed through Section 5311 - offers local communities and mobility providers flexible ways to provide services in this area.

The clear and steady progress on providing this service has been severely challenged across rural America in the last two years. The severe budget crisis affecting most states have had a dramatic impact on rural services, as have the changes states are implementing in health care, such as new Medicaid administration models.

There is a greater need for more supportive coordination efforts with local health care institutions, as well as developing coordinated efforts that create mobility partnerships with local ambulance and medical transfer providers, since rural residents will need a combination of this services to live at home in the years ahead.

Streamlining

As essential to the continued reinvestment in rural America and its mobility options is a rethinking of the sources of investment and the policy structures which help support rural transportation providers. Although continued investment in rural transportation - and transit systems in all communities - is always needed and appreciated, the bureaucratic procedures and programs installed around those resources frequently become burdensome to transportation providers and often serve as barriers to progress and innovation.

Several transit investment programs administered by federal agencies stipulate hundreds of conditions in order to qualify, often so many that some transportation providers avoid them altogether, for the return in resources does not match the effort needed to obtain them. Likewise, transportation legislation often includes restrictions on how recipients can utilize that investment or requires a local match - conditions which impose strict limitations on budgetary decision-making and fiscal creativity, especially during tough economic times, like today. At the same time, the process by which these policies are crafted is nearly always devoid of input from the very people they impact: the professionals and experts who lead our nation's transportation systems and the riders for whom they benefit.

A substantial re-envisioning is necessary of not only what our nation's transportation policies require, but - perhaps more importantly - how they are created in the first place.

The Local Share Challenge

Among the most pressing issues facing rural transit operators is the challenge of finding and maintaining the local share necessary to match Section 5311 operating and capital investment. The poor state of local rural economies, combined with unprecedented large state budget deficits, is the crux of this dilemma.

Many CTAA members report that increasing or even maintaining Section 5311 formula funds in the next transportation reauthorization bill is not enough — that they need states and localities to fully adopt all of the flexibility available in developing local match options. We hope that the Congress can initiate these important discussions with the states. Flexibility is, in fact, vital.

During development of the last reauthorization — SAFETEA-LU — Section 5311 local share flexibility was offered to states with large tracts of federal land. We would like to explore a similar filter based on local unemployment figures and/or fuel prices as a trigger for lowering local match ratios for rural public transit agencies.

Rural Transit's Need for Revenue of Our Own

There has been a living partnership between the federal government, our states, and local communities in financing rural transit. Over the last two decades state governments have increased investment as part of this partnership, as have local governments across the nation. Rural transit has always been community-oriented and it is common to find local rural transit providers doing everything from holding bake sales to raffles to fund drives in order to meet their financial obligations.

There is a different context in transit thinking in rural service. Rural transit often approaches service development from the need in the community, as opposed to providing services based on what funding is available. That's why we think it's not unusual to find many rural agencies – regardless of their size or sophistication – still engaged in what we call the bake sale approach, looking for every possibility to fund the local share of their services, or to arrange investment to provide service when the state distributes its 5311 allocations.

The economic situation of the last several years has disrupted this traditional partnership, as the financial impact of the recession has hurt the local financial resources for rural service. Unlike larger transit authorities in urbanized areas, there are very few ways to create special taxing or revenue districts to offset these changes in state revenue. Additionally, local governments in rural America tend to be extremely small lacking additional resources, especially in periods of economy decline.

Rural transit needs additional sources of capital to meet it's needs, but also clearly needs some form of financing it can depend on – not just in difficult economic times, but in good ones as well. Considering the lack of alternatives to creating rural financing mechanisms, we favor creating changes in current rural transit regulations that would allow the funds generated through the fare box in rural transit to be considered local revenue. Currently rural transit must use these funds to reduce requests for 5311 operating assistance. Instead these funds could be used to establish operating reserves for local transit, as well as provide funds that could be leveraged to help local agencies pay for capital improvements. This would provide a direct link between the fare box and improved services for local residents, ensuring that they have an easily understood way to do their part to help their local transit system make improvements that benefit them. The ability to use these funds for leverage will also help local systems develop better long term plans based upon ridership assumptions that can be linked to revenue. It would also create a better understanding in the local and state political processes that a community can make a commitment to transit by setting out a fair policy for fare box revenue when they cannot raise funds in other more traditional methods.

Empowerment and local decision-making is dependent on having some revenue that belongs to a transit system alone. Giving rural transit these funds provides that empowerment.

Supporting Rural Transit

The priorities for rural transit reflect a broad network of transportation providers across the nation who deliver responsive, efficient and innovative service driven by the needs of their community. Their work must be supported not only with increased investment, but also policy tools that allow them the flexibility and incentive to serve more people more effectively.

II. A Platform for Urban Mobility

The State of Urban America

Although the early years of the 20th century marked the most massive expansion of cities in our nation's history, the initial stages of the 21st century continues to witness the increasing urbanization of America. According to the 2010 Census, more than 80 percent of Americans reside in urban areas, advancing a trend that began in 1920 – when, for the first time in history, the majority of Americans began living in urban areas. Moreover, the urbanization of America is projected to continue unabated, with the cumulative urban population drawing closer to 90 percent by the end of the century.

And yet, a greater share of the population has not translated to greater resources or heightened prosperity in cities both large and small. Poverty rates in urban areas have been exacerbated by greater numbers of people, and the economic challenges faced by the entire nation in recent years have only added to the conditions. Indeed, the majority of Medicaid recipients live in urban communities. At the same time, growing numbers of urban residents are dependent on fiscal supports and social services while the cost of living in these areas continues to climb. Despite the concentration of people and services in urban regions, significant numbers of urban dwellers are nonetheless isolated from fully engaging in their communities. Additionally, increasingly congested thoroughfares, economic districts and neighborhoods dampen the vibrancy of many metropolitan regions. According to the Texas Transit Institute, in 2010, U.S. traffic congestion cost more than $87 billion in lost productivity, while wasting 2.8 billion gallons of gasoline.

The State of Urban Transit

When many people think of public transit in urban areas, they think of buses and trains taking people to and from work. And that is certainly a large and vital aspect of what constitutes public transportation in our nation's metropolitan regions. But other important elements and purposes come together to form the true fabric of mobility in urban communities. Transit takes people to health care, shopping, community services – such as those for seniors and veterans – school, child care and a myriad other destinations, and at increasingly greater numbers. The work of connecting people in both large cities and smaller urban areas is more than a collection of vehicles or routes on a map, but a broad and continuing effort to respond to the mobility needs with a range of services and options.

Although ridership on most urban public transportation systems has seen steady growth over the past decade – particularly as rising gas prices have encouraged many to seek alternative means of travel – those operators are also faced with substantial fiscal challenges that often force them to raise fares and cutback service. Since January 2009, more than 80 percent of transit systems have had to reduce service and increase fares, according to the American Public Transportation Association. Such a paradoxical response to their success in attracting riders suggests an urgent need to provide stable investment and resources to allow transit operators to do what they do best: connect riders with the destinations they need to reach in the most responsive and efficient manner.

Urban Isolation

A fundamental paradox of urban life is that while cities and metropolitan regions bring together substantial amounts of both people and activity – often in very dense accumulations, that very same consolidation of population and destinations can pose barriers to the same people most in need of help. Older people, people with disabilities, the working poor and many others can be trapped by the challenges of urban communities, including outdated and difficult-to-navigate infrastructure, a lack of connections with family or friends, and higher costs for products and services – to name a few – all of which impact mobility options.

Transportation networks are both the cause of – and the solution to – the isolation of urban residents. Many of those barriers are the consequence of poor planning and the outdated thinking of long ago: highways decimate established neighborhoods and important community assets such as sidewalks and public facilities cultivate an infrastructure of isolation. Meanwhile, due to a shortfalls in resources and investment from local, state and federal programs, transit operators in urban areas are increasingly forced to struggle with antiquated facilities – many of them inaccessible to people with disabilities and seniors – reduced service and increased fares, further impeding the necessities of daily life for many. Those same service cuts also disproportionally hurt those who utilize complimentary paratransit services, for when fixed-route service is reduced or eliminated, the paratransit service which responded to those within a 3/4 mile on either side of the route is similarly reduced or eliminated. Conversely, a vibrant and responsive set of mobility options can be the salve to overcome the challenges of urban communities for people, connecting them with health care, community programs and key destinations that leverage the totality of resources in metropolitan regions. The charge for policymakers at all levels is aligning the investment and policy directions necessary to support this type of urban mobility.

Transportation for Treatment

One of the most urgent and evolving aspects of contemporary urban life is the need to access quality health care. And, fortunately, cities are the most common locations to station massive medical facilities, with most specializing in crucial elements of care – from cancer centers to cardiovascular treatment. More frequently, these urban heath campuses or districts are becoming substantial generators of community activity, with large swaths of regional economies tied into their output. Significant health care corridors such as those in Cleveland, Ohio and Rochester, Minn. demonstrate this new way of orchestrating large-scale health care. At the same time, publically-supported heath care – such as Medicaid and the VA health care system – is focusing on consolidating services at these mega health care locations to boost efficiency and leverage expertise within the same premises. This evolving approach, which combines centralized services with greater use of outpatient methodologies, reflects the new realities of how health care is organized and delivered across the nation.

Growing activity at regional medical centers necessarily impacts urban mobility. Aside from the generation of new congestion on roadways to and at these facilities, a sizeable cohort of doctors, medical professionals, patients, family care-givers, administrators, workers and visitors all must access them regularly, and many of them are able to drive themselves to interact with needed care. Accordingly, the vehicles of public and community transportation providers will be increasingly relied upon to connect people with metropolitan health care centers, and transit professionals should carefully consider how to respond to this expanding segment of trips with appropriate routes and service hours, especially when much of health care provision occurs away from the traditional transit peak periods. Additionally, those planning the development of these medical campuses must work with transportation leaders to identify how all elements of mobility can come together to better serve their important destinations. Some have already started, as evidenced in innovative operations such as the Clarian Health People Mover in Indianapolis, Ind. (*see our profile in RAIL Magazine #24 – ed*) or direct service to the VA Medical Center in Minneapolis, Minn. via the Hiawatha light-rail line.

Getting to Work

Even as the need for transit to connect with burgeoning health care facilities becomes more pronounced, urban transportation systems still generate the foundation of their ridership by taking people from home to work and back. From the halcyon days of the 5:15 commuter train to more modern applications of transit stops contained directly within employment locations, many city commuters look to transit as their primary means of accessing their jobs. And transit providers everywhere do a fantastic job in fulfilling this mission, delivering riders efficiently, reliably and affordability, day in and out.

Increasing gas prices are already adding new transit commuter demand. And as the nation's economy gradually recovers from its recent downturn, urban residents returning to work will once again look to transit to take them, but perhaps in new ways. New work shifts will expand the need for travel options during mid-day and late-night periods, as will newly-created jobs at locations previously unserved by rail lines or bus routes. Moreover, low-income workers need to realize every penny of their income to make ends meet, so they are disproportionally affected by fare increases and service cutbacks. When combined, these emerging employment trends will require transit professionals to reconsider how to best serve their core audience of commuters, and demand proactive partnerships between transportation providers and employers to transport workers most effectively. Policymakers can aid in the process by incentivizing these collaborations through new investment and streamlined regulations to encourage service innovation. Those policy discussions should also be mindful of the important relationship between housing costs and commuting options, as we covered in our Fall 2006 article, *Heavy Load: The Combined Housing and Transportation Burdens of Working Families.*

Coordinating Options

Urban areas are often the greatest incubators of transportation services, with a host of systems, operators – both public and private – and locations offering ways to reach various destinations. In the largest metropolitan regions, there can be dozens of passenger rail services, bus operations, taxi companies, passenger stations and other transportation elements from which riders can choose. The key to transforming urban areas into dynamic and healthy places for both economic activity and societal well-being is ensuring that a blend of options and networks work together.

A collection of aspects must be integrated with purpose to ensure passengers can access individual transit services as a cohesive network, with informational tools and fare processing media at the heart of these components. Whether its maps and brochures, customer service professionals or the increasingly important world of social networking, the manner by which riders understand how various mobility options interact is fundamental to achieving a regional approach to transportation. Organizations and agencies must collaborate to clarify their messages and simply instructions on how to navigate confusing elements such as transfers and timetables, and encourage their patrons to take advantage of connecting services. Likewise, unifying fare collection through a single system - such as an electronic fare card - can more easily facilitate links for passengers on multiple operations, while still delivering accountable farebox revenues to the individual providers.

Connectivity

A well-run urban transportation network is only as effective as the connections it offers to key destinations within and beyond the community. Often, this activity occurs at a central location - an intermodal facility where local transit routes meet intercity bus and rail services, along with a mix of retail, residential and commercial development as well as vital community services. Transit always has - and will continue to have - an indivisible role in the rail and bus stations that have historically been key nexuses of urban life.

It is also increasingly apparent that new regional destinations are emerging in and around metropolitan areas where services are co-located and travel demand is growing. A prime example is regional medical facilities, which are quickly becoming significant generators of not only transit trips, but also overall economic activity. Likewise, the development of town retail centers and revitalized historic districts co-locate attractions, commerce and housing, all of which are dependent on strong transit connections in order to succeed. By focusing urban transit service - as well as rural transportation and intercity routes - at these dynamic locations, riders benefit from easy linkages to vital services and destinations, while the community realizes more effective uses of investment and resources.

Assisting Operations

One of the most acute impacts of the economic downturn was felt in tandem by transit riders and employees as many urban transit operators were forced to raise fares and cut service in response to severe budget limitations caused by dwindling local revenues and falling ridership, as unemployed workers stayed home. These systems often had little choice in these decisions, as the full range of investment options were not available to them. For years, transportation providers in rural areas and smaller urban communities with populations under 200,000 have been allowed to utilize the investment provided by the federal government to support either capital or operating costs, while urban systems in areas over 200,000 were restricted to the former. And during times while economic conditions were strong, many state and local governments were able to allocate resources to support their transit systems' operating budgets.

Currently, those same local and state coffers which provided resources for transit operating costs have been drained by plummeting local sales tax revenues and devalued property rates, which cut into state budgets. As a result, state and local governments were faced with fewer resources to respond to the same needs, for everything from education to law enforcement. Leaders were forced into an inescapable choice between a host of vital programs and services, and, frequently, transit was the victim.

A change in federal policy is urgently needed to allow urban transit systems to weather these fiscal storms that decimate state and local budgets. By allowing communities over 200,000 residents the flexibility to determine on their own how best to use their resources - if only for a temporary period - federal leaders could save transit service for those who need it most while also safeguarding the jobs of transit workers who provide the best kind of public service. As important, such a response would not require any additional investment in a time of constrained resources, even at the federal level. The legislation drafted last year by Congressman Russ Carnahan (H.R. 2746) – and later introduced in the Senate by Senator Sherrod Brown (S. 3189) – is a solid platform address the need for transit operating assistance and an updated version should be considered by the current Congress. Any legislation directed towards resolving the operating assistance challenge should include provisions to support transit systems operating less than 100 vehicles.

Reinvesting in Urban Communities

Few other arrows in the economic development quiver excite policymakers as much as community reinvestment tied to transit. As one of the most successful public-private partnership concepts available, these approaches are proven generators of economic activity. The presence of vibrant transit options makes new development projects attractive to occupants and customers, while opening-up existing and revitalized areas to new audiences. The success of the Rosslyn-Ballston corridor in Arlington, Va. in focusing development around its Orange Line Metro stations is a model for the interaction between transit and development (*see Defined by Distinctiveness: Washington, D.C.'s Metro in RAIL Magazine edition #19 for full details on the Rosslyn-Ballston corridor – ed*). Transit and development work as symbiotic partners to generate activity: bus and rail lines deliver patrons and visitors to appealing destinations, while those same locations produce riders for the transit network.

Accordingly, a robust collection of modes in community and public transportation can thread the economic development needle most accurately through their combination of capacity, minimal construction impacts and cohesive integration of their operations within the fabric of a community. New and expanded transit services should be cultivated not only in their ability to meet mobility needs and generate ridership, but also by spurring development and revitalization in some segment or district along their route. Otherwise, some of their most important benefits are lost. Moreover, cost-effectiveness and project selection processes must be honed in order to give proper credit to projects where these important community benefits are included.

Remembering the Lesson of the PCC

The needs and nuances of providing transit options are as varied as there are metropolitan communities. The specifics of demographics, local governance and politics, and neighborhood identities are just some of the factors that shape urban environments. And yet, much is the same among urban transit providers, no matter their location: vehicles and equipment must be procured; standards and measurements are required for safety and performance; and common practices for concepts such as community reinvestment, intermodalism and coordination remain constant in most urban areas.

By working together as an industry, leaders in urban transit can establish best practices and common standards to purchase vehicles more efficiently, cultivate a strong safety culture as an industry and ensure transit projects are synonymous with success. And to those who say it cannot be done because the differences are too great, recall how – more than a half-century ago – a group of rival streetcar systems worked together to create the Presidents' Conference Committee (PCC) vehicle that bolstered their fiscal health in a time of increasing competition from the automobile by leveraging their collective purchasing power. The same is true in the airline industry, where the safety performance of one airline impacts the others, and no advertisements boast one carrier to be safer than their rivals. A similar foundation of shared interest is needed among transit providers to face the challenges of today and tomorrow.

Planes, Trains and Transit

Among the increasingly important regional destinations we discussed above as key anchors of connectivity are airports. Once considered as a competing mode of travel and divorced from the larger transportation network, airports are frequently becoming important intermodal centers in their own right, where travelers can interact with a number of mobility options. A host of airports already have direct links to metropolitan passenger rail systems, and nearly all are served by local and regional bus routes.

A new vision of connected mobility must include recognition of this growing role of airports and facilitate even better linkages between modes. Intercity bus routes that serve both urban and rural communities should be welcomed at air travel facilities, especially major hub locations, and forthcoming high-speed and intercity rail lines must offer easy connections to airports along their routes - as is already common in Europe and Asia. At the same time, new technology allows for easier coordination between providers, so that a trip of a single individual could be routed via a local transit system to an intercity bus or rail line, which feeds to a busy airport for a intra- or intercontinental flight. By including elements such as schedules, luggage transfers and security clearances as unified transportation network, new efficiency and responsiveness can be realized by allowing each mode to focus on the core passenger sectors they serve best.

Supporting Urban Transit

A mutli-faceted approach to supporting mobility areas should include a realistic assessment of how Americans live, work and interact in metropolitan communities, as well as a frank discussion of the challenges of providing transit service in urban areas when faced with constrained budgets from state and local sources. When 80 percent of our nation's transit systems were forced to reduce service and/or increase fares, a new way of thinking is needed to help these vital elements of our society undertake the missions for which they were charged.

III. A Platform for Connectivity

Connectivity: Seamlessly Combining the Surface Mobility System

The most significant issue in the future of the American surface transportation network will be the connectivity between its emerging modes. The ease with which we can seamlessly transfer from and between urban, rural and intercity bus and rail operations — to say nothing of shared rides, taxis and bike/pedestrian modes — will be the future litmus test of the cohesive, user-friendly mobility network our nation so badly needs.

Improving connectivity is a central policy aim of the Community Transportation Association of America, and has been so since we first published our New Surface Mobility Vision for America two years ago. Our members have told us that only through vastly improved connectivity can the full measure of our transportation investments and infrastructure be maximized for both mobility and economic factors. The continued isolated development of the nation's varied surface transportation elements would not only isolate and fragment communities and people, but it would squander the vital opportunity that reauthorization presents.

What Connectivity Looks Like

Surface transportation connectivity, in practice, can be a great many things. From scheduling and ticketing to timed transfers and intermodal facilities, connectivity among transportation modes is both operational as well as infrastructure. Customer service and training plays a vital role, as does regional planning. Most important is the understanding of trip generators and destinations — for example employment centers, health care campuses, educational institutions and social services.

Connections between and among rural and urban areas has long been the focus of the Association's connectivity agenda. Initially, we graphically represented this objective with a map of the state of New Hampshire that highlighted not only the urban and rural transit systems, but the ideal connections between the two. In some cases, we foresee these connections being made via passenger rail — both of the higher speed and regular speed variety. However, the majority of the connections will be made by intercity bus operators, whose point-to-point and intercity services have grown significantly during the past decade.

Disconnectivity: The Rural Story

Across rural America, the connectivity story is a bleak one. Consider the following facts, culled from a February 2011 report from the U.S. Department of Transportation's Bureau of Transportation Statistics:

- Between 2005 and 2010, 3.5 million rural residents lost access to scheduled intercity transportation, increasing the percentage of rural residents without such access to 11 percent.

- 8.9 million rural residents now lack access to intercity transportation.

- Of the 71.9 million rural Americans who retain intercity transportation access today, 3.7 million lost access to more than one mode of transport since 2005.

- In Alabama alone, 700,000 people lost access to intercity transportation since 2005. In contrast, all rural residents in Delaware, Massachusetts, New Jersey and Rhode Island have such access.

- Intercity bus provides coverage to the largest number of rural residents in 2010, followed by scheduled air service, intercity rail and intercity ferry operations.

Clearly, the ongoing economic vitality of rural America is reliant upon improved passenger connectivity — particularly as it relates to access to jobs, to health care and to educational opportunities. The most recent census data indicates that fewer Americans than at almost any time in our history currently reside in rural areas. Yet as those populations decline, isolation increases as those who are leaving are, typically, the most mobile. Reconnecting rural America will surely boost these economies.

Modern Union Stations

The number of transportation modes in urban America far outweigh those that exist in the rural parts of the country, but the connectivity challenge persists. Indeed, in these areas the issue is bringing together these various modes to provide more seamless connections. It's often a question of place and of infrastructure. We like to call these connectivity hubs modern union stations.

Union Stations first came into the national consciousness when the major railroads of the late 19th and early 20th centuries would partner on such enormous and influential structures as Grand Central Terminal or the Union Stations in such cities as Washington, DC and Chicago. Simply put, a union station was one in which multiple railroads came together.

Modern union stations bring together various transportation modes, rather than various railroads. Ideally, they employ unified travel information and ticketing options for passengers. And just like their predecessors from the previous century, they usher people into the community in the most seamless fashion and can become hubs of economic activity — from retail to commercial to even residential. These facilities can also house vital social services, libraries, childcare and more.

The mobility components of a modern union station can include some combination of the following: local, scheduled bus services; circulator bus services; taxis; intercity bus operations; intercity rail; subways; streetcars; light rail; vanpools; car share services; and ferries. In short, as many forms of surface transportation as possible.

What About Airports?

One key connectivity hub that bears mentioning is airports. From an economic standpoint, airports are crucial as in many cases they constitute a community's access to the rest of the world. Yet both institutionally and legislatively, our nation's airports do not serve the greater connectivity role that they might. Fully conceptualized modern union stations are rare at our nation's airports. One clear reason: airport authorities rarely choose to spend any of their passenger facility charges — which raised $2.5 billion in 2009 — on truly intermodal facilities. Intercity buses, for example, are effectively barred from most airport grounds.

The Community Transportation Association of America proposes a renewed look at the role of airports — particularly as they relate to the surface transportation network. As Congress debates a reauthorization for the Federal Aviation Administration (which has now been continued over a dozen times!), one challenge has been the continuation of the Essential Air Service program that subsidizes passenger trips out of smaller town airports — the only means by which some smaller airports survive. A robust national intermodal connectivity plan that connects more communities with intercity bus and rail services would significantly impact the Essential Air Service issue.

All of America — Rural and Urban Areas Alike — Needs Improved Connectivity

Enhanced connectivity — deploying all modes and coming together at strategically located modern union stations — will have significant economic and social impacts on our nation. It will ensure that we derive the most from current and future surface transportation investments and it bring new alternative mobility forms to millions of Americans.

IV. The Negotiated Procurement Solution for Medicaid Non-Emergency Transportation

Background

The two most significant federal assets available to address mobility for individuals are found in two different areas of the Executive Branch: the public transportation programs operated by state and local entities through the U.S. Department of Transportation (DOT), and the patient transportation programs operated by state and local entities and funded through the U.S. Department of Health and Human Services' (DHHS) Medicaid program. Both these services have been developed over the last three decades and have been the source of numerous collaboration and coordination discussions in an effort to achieve the most cost-effective financial outcome for the government and efficient service to the end users.

The key challenge to these coordination strategies is rooted in the legislative history of the two programs. In our public transportation programs, Congress's focus has been on service in various areas and localities. While in our health care transportation efforts, Congress has focused on services for individual patients. Since the Federal Government delivers these services through different state agencies and local providers, it is hard to reconcile these efforts in a way that produces the efficiency and financial benefit that would help these programs be more cost effective and allow for improved collaboration between the two.

Negotiated Procurement

Because these two systems follow different paths and priorities from their federal sponsors to the end users, barriers to effective partnerships have emerged with the different procurement systems and methodologies each federal agency employs. In the case of CMS and their state grantees, DOT-certified public agencies cannot coordinate efforts with their Medicaid-funded peers unless they enter into a competitive procurement policy that treats public transportation entities as private businesses. By using a system that searches for the lowest responsive cost, the federal government is indirectly and inefficiently pitting itself against itself — when a government-to-government negotiation would be a far more effective and cost-efficient alternative. Further, the two programs approach service from very different perspectives — one based on the individual, one based on point-to-point service. The interests of both federal investments can be achieved fairly through negotiation.

The Authorizing Opportunity

We believe that Congress should take the lead in trying to develop a mutual standard for negotiation of mobility costs between the DOT-funded efforts and those of DHHS. This standard would include an acknowledgement that DOT and DHHS agencies at the state and local level can arrive at transportation arrangements through a negotiated process as opposed to the current competitive procurement. Since CMS and DOT follow separate legislative mandates, discussion at the authorizing level that leads to Congressional action is the primary way to achieve this outcome.

Conflict of Interest

CMS policies have placed public transportation providers in the same conflict of interest policies they employ with doctors. For instance, in the CMS broker rule a public transit agency that has a call center supported by DOT and other public funds cannot enter a procurement to provide non-emergency medical transportation services to those in the area because providing the call center service *and* the transportation is deemed a conflict of interest. In its regulations CMS cites as an example not allowing a doctor to send patients to lab services if they own the lab. Of course this example is based on a private physician profiting from such a relationship. In the case the transit call center, the public transit agency is a government entity using federal funds whose board members do not have a financial interest similar to a private doctor and a private clinic. We believe a negotiated procurement process could avoid these issues altogether.

The Bus Pass

There is no better and more cost-effective way to provide access services to ambulatory Medicaid recipients living in urban communities than by using or purchasing bus passes for individual patients who need medical transportation. A survey recently conducted in Houston found that 80 percent of the ambulatory Medicaid population lived within a quarter of a mile of existing transit bus stops. Yet because Medicaid funds must be spent on medical trips — and with the program's emphasis on individual patients — there is a concern that Medicaid recipients can use these passes for other, non-medical, trips since bus passes provide open-door service for all riders. So one of the simplest ways of reducing Medicaid program mobility costs is not allowed in many states. We need legislation that allows CMS to accept bus passes without taking individual trips since, typically, it only takes two trips to pay for an entire pass.

Moving Forward

We believe the best way to move forward is for the Senate Finance Committee to consider allowing CMS to accept DOT-certified public transit agencies to be equal in status for a negotiated procurement that would alleviate the systemic problems in the current environment. In this case, CMS would allow and encourage state Medicaid agencies to negotiate for mobility services with public transit agencies that wish to accommodate Medicaid patients within their service area — especially in areas with fixed route services and bus pass options. A negotiated or cost-sharing approach best serves the interest of the federal government — both as the payer of health care and public transportation services.

V. The Finance Challenge: Supporting a Diversified Transportation Network

The most difficult aspect of any transportation policy discussion — like this one in which DigitalCT is engaging its readers — is how to pay for the additional infrastructure and service that is clearly necessary. We are now approaching two years since the last reauthorization, SAFETEA-LU, expired and though both the Congress and Obama Administration have put forward well-crafted plans, none have offered any specific additional transportation resource ideas.

The traditional highway and transit trust fund — paid for by federal gas tax receipts — can no longer keep pace with demand. The fact of the matter is that general revenue appropriations have long been used by legislators to keep the surface transportation whole. Just to keep up with the highway spending mandated in SAFETEA, the fund has been infused with more than $30 billion in general funds in the past two years. Rising gas prices and the increasing popularity of hybrid automobiles is likely to once again cut into those receipts. The consequence of not finding any new transportation investment streams is clear.

Though this article deals largely with various concepts to infuse the transportation trust fund with a more diverse collection of investments, it must be reiterated that the trust fund, alone, does not make up the entirety of transportation investment efforts — and never has. For years and going back a number of federal authorization cycles, general revenue funds have been tapped to complete the entire funding picture. What's more, and as community transportation providers are well aware, a vast network of human service program investments — particularly Medicaid, which annually adds more than $2 billion for non-emergency transportation — has evolved in the past three decades that also must be considered when exploring the transportation finance challenge. These human services program investments in transit are, as we develop this edition of *DigitalCT*, increasingly under attack in the ongoing Continuing Resolution process here in Washington.

A number of ideas have arisen in recent years about how to infuse the trust fund with the necessary revenue to meet demand. In this section of our Policy edition, we share a collection of those ideas — from Commissions to members of Congress, think tanks to best practices from other countries. The Community Transportation Association believes that now is the time to fully discuss the myriad methods of raising additional investment for our nation's surface transportation network and to devise a national strategy to do just that.

The Gas Tax

The simplest solution put forward thus far is to raise the gas tax from its current 18.4 cents per gallon. This tax, or user fee, has not been raised since 1992 and has seen significant erosion in its buying power over the past 19 years. That said, most members of Congress and the Obama Administration have steadfastly refused to entertain this option.

Senator Tom Carper of Delaware is an exception. In November, he and since-retired Ohio Sen. George Voinovich proposed a one-cent-per-month for a 25-month period. "Within the proposed increase," wrote the Senators, "10 cents should be temporarily used for deficit reduction, raising $83 billion over five years, and 15 cents should fund transportation improvements providing $117 billion in new investments over the same five years. Once the deficit is under control, the 10-cent increase for debt reduction should revert back to transportation funding."

Last December, the National Commission on Fiscal Responsibility and Reform — a bi-partisan group charged with addressing the nation's fiscal challenges — acknowledged that fully funding the transportation trust fund, rather than relying on deficit spending, would be vital. The Commission recommended dedicating a 15-cent increase in the federal gas tax to transportation funding, and then limiting federal transportation spending to only what exists in the trust fund.

Similarly, SAFETEA-LU mandated the development of a commission to examine transportation investment in the post-SAFETEA period. The National Surface Transportation Infrastructure Financing Commission, in its "Paying Our Way" report that was released in February, 2009, made some significant trust fund recommendations as it spotlighted the widening gap between surface transportation needs and demand. Key among them was to raise the federal gas tax by 10 cents to maintain the current surface transportation program. The report found, in 2009, a 10-cent increase would cost the average household $9 per month, or $5 per month per vehicle.

Such increases in the federal gas tax, though significant, are nothing compared to the fluctuations of the average price over the past two decades (see a fantastic FloatingData informational graphic here). Weather events, foreign policy changes and regional instability in oil producing parts of the globe, to say nothing of oil company profiteering, all conspire to create wild fluctuations in gas prices at your local filling station. In recent weeks, prices have risen more than 30-cents per gallon.

All that said, the overall unpalatability of raising the federal gas tax is clear. The Administration and key Congressional leaders are currently dead-set against it. And as is often the case, this reluctance creates opportunities to discuss and advocate for a more diversified surface transportation investment strategy that is more representative of both the political and transportation-demand realities and that offers what the Community Transportation Association of America likes to call, a way forward.

Taxing Oil Companies

One such strategy would be to abandon any consumer-based increase to fund expanded and necessary surface transportation infrastructure investments, and focus on the oil companies themselves. In January, earnings statements from the largest oil producers showed between 50 percent and 75 percent profit increases for 2010. Recently, Money Magazine found three of the world's top four profit-earning companies to be oil companies. In October 2008 — after the last steep oil price surge — Exxon/Mobile produced the highest single profit margin in United Sates history at nearly $15 billion.

In response to these enormous profits, politicians at various levels of government — from President Obama to Governors — have examined windfall profit taxes and even per-barrel surcharges. Former Pennsylvania Governor Ed Rendell has been an outspoken advocate to utilize such methods to re-invest in his state's surface transportation program and in August proposed an 8 percent levy on the gross profits of oil companies which he alleges have been largely able to avoid his state's corporate net income taxes. " The time to act is now," said Rendell.

President Obama, in the run-up to his 2008 election, proposed targeting oil company profits by taxing each barrel of oil costing more than $80 — a concept which would have raised somewhere between $10 and $15 billion. The President's concept, however, would not have raised this investment for surface transportation investment, but rather for middle- and low-income working families tax relief. We believe similar concepts — targeted specifically to surface transportation infrastructure investments and including language to mitigate these fees simply being passed on to consumers, would be a vital contribution to a diversified investment stream and should be explored as actively as a gas tax increase.

Bonding Major Capital Investments

As in past reauthorization debates, the Community Transportation Association continues to support bonding concepts to fully fund the building of nationally significant surface transportation infrastructure. These important concepts promote cost-effective and efficient public-private partnerships and bring much needed private capital into our diversified investment scheme.

A critical component in our advocating for such a bonding concept, is to free up traditional — often formula-based — public and community transportation investments from much larger scale urban mobility projects, both politically and in terms of competing for scarce resources.

Senator Max Baucus of Montana, Chair of the Senate Finance Committee and a member of the previously cited Deficit Commission, has long been an ardent supporter of bonding. In an interview with the TransportationNation blog last year, he noted: "I think we need a debate. There are a lot of options. One is, for example, more bonding. Congress passed a program a couple of years ago called "Build America Bonds" for municipalities to develop infrastructure, primarily. And that took off. That was only to raise about $4 billion in financing but actually $150 billion in bonds have been issued. That is a way to finance infrastructure financing." We agree.

Vehicle Miles Traveled

In Europe, a common method of raising investments for surface transportation infrastructure is to charge a simple per-mile user fee for driving. The National Surface Transportation Infrastructure Financing

Commission, in its "Paying Our Way" report, cited the fact that any investment strategy relying solely upon a per-gallon tax on gas is both "unsustainable" and "likely to erode more quickly than previously thought." That commission recommended looking at ways of educating Americans about both the necessity and veracity of a "user-pay" or vehicle miles traveled (VMT) system, which emerged as the consensus of the participants.

Typically, these types of systems involve the deployment of technology in an automobile that measures distance traveled — and specifically not where a vehicle has traveled. Clearly, this type of system would disproportionately impact rural America as these residents typically need to driver further to access employment, health care, education and more. So any such system must include caps or special attention to rural America. Yet there is a more fundamental challenge with VMT.

The current American political environment does not seem at all ready to embrace the idea of the government, in any shape or form, monitoring the travel patterns of its citizens — even if only to gauge distances traveled. In fact, the amount of rancor the VMT issue would engender may not, at least in the current environment, be conducive to sound surface transportation policy. The SAFETEA finance commission noted as much in its conclusions, "transitioning from a fuel tax-based system to one based more directly on use of the system measured by miles will require a great deal of planning and public education. But that is no reason to delay the transition."

The Community Transportation Association of America supports this educational effort as part of an overall surface transportation finance overhaul, but acknowledges that VMT is most likely a second- or next-generation solution.

Congestion Pricing Corridors

Congestion pricing is far more than a simple tax strategy to manage traffic within a given corridor or boundary. It also constitutes a real way to raise significant surface transportation investment. Simply put, congestion pricing charges motorists a toll for using a particular stretch of highway or bridge or for entering a particular area. It is a market- or demand-based strategy that can encourage off-peak travel and transit network usage.

In such cities as London, Singapore and Stockholm, this model has proven itself successful along two key fronts: reducing economy-stifling congestion by more than 25 percent; and raising revenues that can be used to invest in surface transportation infrastructure (*see our profile of congestion pricing in the Spring 2008 edition of Community Transportation - ed.*)

However, the first attempt at creating such a corridor or zone here in the U.S. — in New York City — failed. As proposed by Mayor Bloomberg in 2008, New York City's concept won support from the U.S. Department of Transportation in the form of a $350 million award from its Urban Partnership program. Yet in the end, the requirement for approval by the state legislature doomed the venture. San Francisco has now begun to fully explore the possibilities of congestion pricing. A trial period has been proposed in the city to be conducted sometime before 2015.

Some might argue that these congestion corridors are nothing more than tolls, but the major distinction comes from the purpose. Tolling raises revenues, but congestion pricing raises revenues and changes travel patterns and behavior. CTAA believes that congestion pricing concepts are largely the domain of the nation's largest cities — which just happen to be the areas of the country that have some of the largest surface transportation infrastructure projects and needs. Anything that can be done to add revenues to be used for these large outlays only serves to relieve pressure on the rest of the transportation system, and thus should be encouraged.

Changing the Discussion

CTAA believes that if we cannot, as a nation, transition our national discussion of surface transportation infrastructure investment away from one solely focused on who gets taxed and how, then we cannot begin to reap the economic and social benefits of a fully integrated, intermodal surface transportation network that is once again the envy of the world. In many ways, the future of our nation depends on this transition.

Surface transportation investments are economic engines that create jobs, fuel the private sector and increase our energy independence. These systems — highways, bridges, public and community transit, intercity bus and rail — are the off-the-shelf solutions to some of the most pertinent and vexing geopolitical and economic challenges we currently face. The dire consequences of inaction — which include continued military interventions, reliance upon wildly fluctuating energy markets, and escalating congestion — are no longer tenable. Clearly, the issue of surface transportation investment extends far beyond a mere tax debate.

What's necessary is a more balanced surface transportation investment program that benefits all areas of the nation equitably and which enjoys a diversified investment portfolio — balance in and balance out.

In the past two decades, the Community Transportation Association of America has enjoyed success in fundamentally redefining the meaning of public transportation in the United States. We believe that it has become absolutely necessary for the nation's surface transportation infrastructure investments to recognize this definitional change, and become just as diverse as the network it supports.

Association for Commuter Transportation

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Prepared Testimony

Submitted to

House Transportation & Infrastructure Committee
Highways & Transit Subcommittee

Presented by

Jon Martz, Chair
Association for Commuter Transportation Public Policy Council

Chairman Mica (R-FL), Chairman Duncan (R-TN), Ranking Member Rahall (D-TN), and Ranking Member DeFazio (D-OR), on behalf of the Association for Commuter Transportation (ACT), I want to extend my gratitude for the opportunity to speak with you this afternoon.

My name is Jon Martz; I am here representing the Association for Commuter Transportation in my capacity as Chair of ACT's Public Policy Council. In my free time, I serve as the Vice President of VPSI, the nation's largest vanpool provider.

ACT is an association dedicated to providing commuters with options by engaging in public-private partnerships to encourage carpooling, vanpooling, telework, biking, walking, and transit. Our members consist of private sector employers, transportation agencies, transportation management organizations, and universities from across the country.

First, I want to start by thanking you for your commitment to complete a transportation bill this year. Whether it's putting construction workers back to work, providing Americans with options from the pain at the pump or getting freight from port to store as efficiently as possible, little is more important to our economy then the completion of a 6-year transportation bill.

ACT would also like to commend the committee for the goals it has laid out in advance of a transportation bill. Our association shares many of these goals. Specifically, we are glad to see the committee recognizes that we must get the most out of our system by doing more with less and that we need to leverage funding from as many sources as possible. ACT is fully supportive of a robust and sustainable transportation bill. However, no matter how large the next transportation bill is, we must do a better job of managing our current network and leveraging our assets. These points form the basis of ACT's reauthorization proposal.

ACT's AUTHORIZATION PRINCIPLES
The freedom of mobility is a cornerstone upon which this nation was built. America's waterways, railroads, highways, and transit systems have allowed its citizens to travel freely for centuries. Our economy has depended upon the ability of getting product to market quickly and efficiently. Some fifty years after the construction of the interstate highway system began these freedoms are being challenged by congestion. This is a dilemma that is no longer exclusive to large metropolitan cities. Congestion impacts almost every aspect of our lives from the cost of getting to and from work, to the amount of time we spend with our children, to the air we breathe.

As Congress works toward the authorization of a new transportation policy, the Association for Commuter Transportation urges this Committee to craft a new guiding vision that not only works to expand the current transportation system, but works to get the most out of what has already been built. For the consideration of this committee, we offer these guiding principles:

1. Establish a new vision and policy paradigm that alters the way the Federal Government addresses the challenge of transportation and the way current stake holders utilize federal resources and challenges stakeholders to focus on the system rather than a project.
2. Engage and leverage different stakeholders such as employers and private sector providers of public transportation in way to encourage involvement.
3. Establish a performance based transportation system which rewards entities for achieving identified goals by providing additional flexibilities and expedited project delivery.
4. Acknowledge the differing needs of the urban, suburban, and rural constituencies while recognizing the national importance of eliminating congestion bottlenecks.
5. Encourage innovation through increased research and deployment.

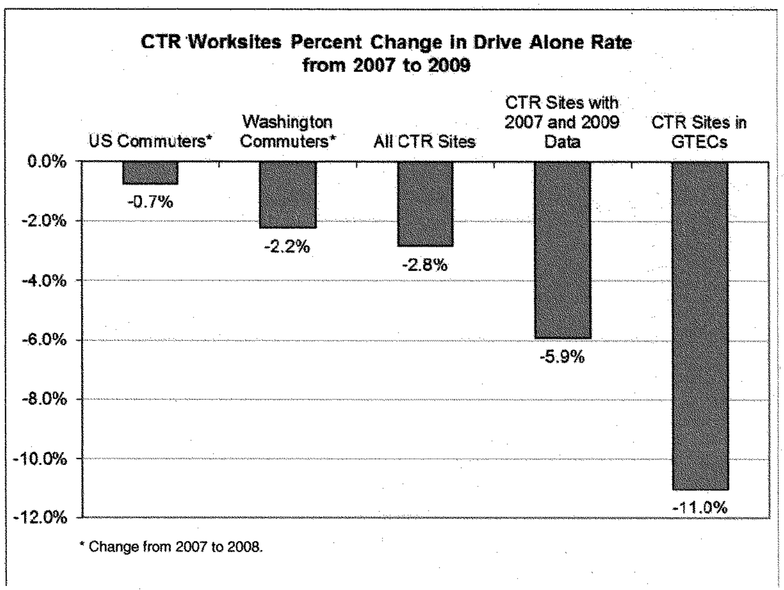
CONGESTION
For the purposes of this hearing, I'd like to focus on congestion and its impact on Americans and a handful of simple policy solutions ACT would like to recommend. As has been mentioned in this committee room many times before, congestion costs Americans billions of dollars each year in lost fuel, production, and time. A transportation bill will not be complete unless we deal with this fact. However all is not lost, according to Inrix, a leading provider of real time traffic information. *A 3% drop in vehicle miles traveled resulted in a 30% drop in peak period congestion in 2008 during the height of the recession.* While that is not the type of demand management we like to see, it does provide a model for moving forward. By shifting a small number of commuters away from a solo commute during peak periods, there was proven reduction of congestion.

PRIVATE SECTOR INVESTMENT IN COMMUTING
Consider this point, a survey conducted by Business Week in 2007 found that when commuters were provided with employer-based transportation options such as

vanpooling, transit benefits, alternative work hours, and telework, one in five workers took advantage of an option other than a solo commute during rush hour.

Washington State has a statewide Commute Trip Reduction (CTR) Program that puts the onus on local transportation agencies to work with regional employers to create, manage, and market transportation options. Employers in the region have minimal requirements placed on them such as posting information and their participation is broadly voluntary. The results of the program have been phenomenal. The program is responsible for taking 28,000 vehicles off the roads each day during peak commuting hours. This has led to a reduction of 12,900 hours of delay in the Central Puget Sound Region in 2009, saving $99 million for the region in congestion costs due to lost time and wasted fuel.

The Washington State CTR program has also leveraged private investment in transportation as employers voluntarily invested roughly $49.4 million dollars in CTR, more than $18 for each dollar invested by the state. Additionally, for the current biennial budget the state investment in CTR which was just a remarkably low $6.3 million and has provided a congestion reduction benefit in Central Puget Sound worth $35 for every $1 invested.



In Pittsburgh, the Airport Corridor Transportation Association (ACTA) manages and operates a "last mile shuttle service". Over 100 employment sites are served and ridership has grown over 200% in the past 18 months. ACTA expects to provide 75,000 rides to reverse commuters (city to suburbs) in 2011. ACTA used JARC funds to leverage their investment and have saved the local transit agency from having to maintain and operate an extended transit line for last mile service. This organization also worked with Penn DOT and IKEA to look at retrofitting typical suburban retail areas built for auto travel to be more accommodating to all travel modes. IKEA donated $170,000 which was leveraged to match $700,000 which will be for the infrastructure improvements.

We also find this type of investment occurring at more specialized facilities like universities. The University of South Florida, with additional funding and in-kind support from the following: Florida Department of Transportation, USDOT, City of Tampa, Hillsborough County, University Mall, and other private companies, offers a full range of travel choices to faculty, staff, students as well as the community nearby. USF promotes a full menu of alternative transportation options, including car-sharing services, free regional transit service for students as part of the UPASS program, the Bull Runner Shuttle.

COMMUTE LESS (HR 260)
The Washington State Commute Trip Reduction program, the projects highlighted here, as well as similar programs are highly effective, low cost programs aimed at reducing congestion through public-private partnerships. Specifically we believe the Washington State Commute Trip Reduction program should serve as a model for federal policy. As such, we support legislation introduced by Congressman Sires (D-NJ) called 'Commute Less' (HR 260). This legislation would amend the planning process by requiring MPOs to work more closely with employers and would establish regional commute trip reduction plans modeled after the Washington State program. Additionally, it would amend the new starts planning process to require project sponsors to actively engage employers along the effected corridors. Finally, it would require FHWA project sponsors who plan on closing lanes and disrupting traffic for significant periods of time to develop a corridor trip reduction program by leveraging employer based commuter relief projects. The legislation would accomplish this without adding any mandates to employers.

Our goal is to encourage partnerships between local planners and employers in order to use federal dollars in a more efficient way and to help leverage private sector investment. There are many ways this can be accomplished. We hope the committee shares ACT's goal and we stand willing to work with you.

TAX PROVISIONS
It should also be noted that there are other ways to leverage private sector investment via strategic use of the tax code, and while this committee does not have jurisdiction over that title, I did want to mention three pieces of legislation that would use the tax code to leverage additional private sector investment.

- **'Telework Tax Incentive ACT' (HR 710)** – This is legislation introduced by Congressman Whitman (R-VA) which will provide a tax credit for eligible telework expenses in order to expand telework opportunities.
- **'Transit Benefit Equity Act'** – This is legislation which is being introduced by Congressman McGovern (D-MA) which will permanently establish parity between the parking and transit portions of the fringe benefit. The transit benefit has been a great tool to incentivize employer involvement and transit ridership.
- **'Commuter Relief Act'** – This is legislation which is being introduced by Congressman Blumenauer (D-OR) which includes a number of incentives to encourage private sector investment in transportation alternatives.

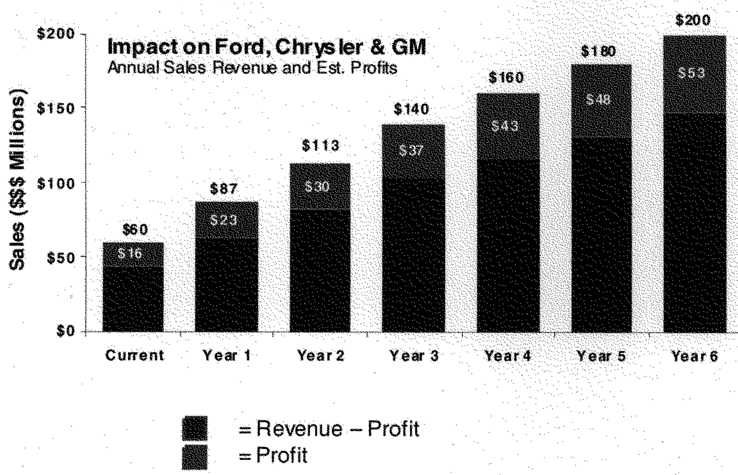
Private Investment in Public Transportation (HR 596)
Finally, I would be remiss if I did not mention legislation introduced by Congressman Rogers (R-MI), Young (R-AK), and Carnahan (D-MO) (HR 596) which would amend a provision in Title 49 making it easier for public agencies to partner with private providers of public transportation. Demand for vanpooling has significantly increased over the past several years. When gas prices hit $4.00/gallon just two years ago, our vanpool business grew by 37%, while in comparison more traditional public transit grew by 4%, still a significant number. Since that time we have maintained the growth. However, we could have grown more. Private sector providers of vanpooling like ourselves and Enterprise stand ready to bear more of the capital investment burden. Currently, VPSI has over $150,000,000 in rolling stock in service. We are willing to contribute more.

As gas prices continue to rise, we are again seeing a significant increase in demand for vanpooling services. Especially in those areas with limited access to traditional transit or for those who have extraordinarily long commutes. Just yesterday I was reading an article in the Tennessean about the TMA Group's vanpool program which includes over 75 vans and has demand for many more. This demand could be met by using federal transit funds to leverage private sector investment in public transportation. Vanpooling is not a panacea, but it does serve a distinct market niche and, accordingly, it is the most efficient mode of public transportation. Vanpool miles generate nearly the same amount of revenue through the apportionment formula as they expend for capital, thus public agencies do not have to choose between vanpooling and traditional bus or rail services. HR 596 would allow public agencies to choose to meet vanpool demand by simply allowing the private provider of public transportation to use passenger fare revenue in excess of operating costs to recoup the local share (20%) of the private provider's capital investment.

It should also be noted that vanpooling is an 'All-American' mode of public transportation; the vehicles used in the service are only produced by American Automakers. We estimate that passage of this provision would generate more than 1,000 new manufacturing jobs.

In Summation
ACT recognizes that the policies we mention here are not a silver bullet and that for many Americans driving alone is the most sensible option. However, we believe that these are positive steps that will help provide more options, leverage public-private partnerships, and help improve our transportation system in a responsible and sensible manner. Thank you for this opportunity and we stand ready to answer any questions.

HR 596: Projected Impact on U.S. Automakers



TESTIMONY

Before the

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

by

ROBERT McBRIDE

PRESIDENT

TAXICAB, LIMOUSINE & PARATRANSIT ASSOCIATION (TLPA)

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MARCH 29, 2011

Introduction

Mr. Chairman, my name is Robert McBride. I am the president of the Taxicab, Limousine & Paratransit Association located in Rockville, Maryland.

The Taxicab, Limousine & Paratransit Association (TLPA), formed in 1917, serves as the national organization that represents the owners and managers of taxicab, limousine, sedan, airport shuttle, paratransit, and non-emergency medical fleets. TLPA has over 1,000 member companies that operate more than 100,000 passenger vehicles. TLPA member companies transport well over 2 million passengers each day, which is more than 900 million passengers annually.

The taxicab, limousine and paratransit industry is an essential part of public transportation that is vital to this country's commerce and mobility, to the relief of traffic congestion, and to improving the environment. Our full industry transports 2 billion passengers annually, compared to the 10 billion passengers transported by public transit; provides half of all the specialized paratransit services furnished to persons with disabilities; serves as a feeder service to major transit stations and airports; and provides about half of its service to transportation disadvantaged people, such as the elderly, who are either not able to drive or do not have a car.

While I am speaking to you today as the elected leader of the TLPA for 2011, I am also owner of Metro Taxi in Denver, Colorado. Metro Taxi is the largest private sector ground transportation company in Denver. In addition to taxicab service, Metro Taxi also provides non-emergency medical transportation through a broker for the state Medicaid program.

TLPA Priorities in the Federal Public Transportation Authorization

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), signed into law on August 10, 2005, began the re-inclusion of private operators as a partner in federal transit programs. TLPA's legislative priorities for the new transportation reauthorization bill are to work within federal transit programs to expand the public's mobility options by maintaining the gains for private operator inclusion that were realized in SAFETEA-LU, and to ensure that new provisions are adopted to enhance private operator rights and opportunities to participate. TLPA respectfully requests that the following legislative policies and initiatives be taken into account in the transportation reauthorization bill.

TRANSIT FUNDING — Support maximum funding for public transit service from the transit trust fund and from the general fund, or any new funding mechanism.

SERVICE DELIVERY FLEXIBILITY — Enhance the right of public transit authorities to have a wide range of service delivery options available to them, including the unfettered right to contract with private providers of public transportation service and to be able to implement public-private participation ventures.

PRIVATE OPERATOR RIGHTS — Support all current provisions pertaining to the rights of private operators of public transportation services to participate in both the planning and the provision of public transportation services to the maximum extent feasible.

PRIVATE ENTERPRISE PARTICIPATION— SAFETEA-LU weakened the long-standing requirement (found in USC Section 5306(a)) that planners must encourage private sector participation to "the maximum extent feasible" by limiting such encouragement to "as determined by local policies, criteria, and decision making". Transit law should be returned to its more rigorous 41-year history. Since its inception, the Federal Transit Act has recognized the importance of private operator participation in federal mass transportation programs. Section 5323(a)(1)(B) provides that grants of financial assistance may be used only if the Secretary of Transportation finds that the program, to the maximum extent feasible, provides for the participation of private mass transportation companies. Section 5306(a) directs FTA grant recipients to encourage, to the maximum extent feasible, private operator participation in plans and programs required by Sections 5303, 5304, and 5305. Section 5307 funding requires the participation of private enterprise in the development of a program of projects to be financed with federal funds, and consideration of the comments and views of private operators in accordance with the policies outlined in 5307(c). This participation is necessary to ensure the leveraging of public investment with private equity, which is essential to attract additional mass transportation infrastructure investment to (1) avoid duplicative expenditures, (2) prevent unfair government subsidized competition, and (3) assure efficiency and effectiveness in the expenditure of mass transportation assistance through competition.

FAIRNESS IN COMPETITION — Support a level playing field for all competitively bid transportation services by requiring the utilization of fully allocated costs by private non-profit agencies/operators and public agencies/operators when bidding to provide transportation services.

PLANNING PROCESS — Support the collaborative planning process where all public and private providers of public transportation services are required participants; include incentives to promote the implementation of the mobility management concept; and give private transportation providers access to more fully and effectively participate in the Metropolitan Planning Organization.

METROPOLITAN AND STATEWIDE PLANNING UPDATE AND EXPANSION —
Federal law mandating Metropolitan Planning Organization and state plans should be updated to fully comport with what is currently eligible for an FTA grant, and should be expanded to include consideration of taxicab facilities. This leveling of the playing field would enhance transportation efficiencies and the intermodal experience in general.

VOTING SEAT ON MPO BOARDS FOR PRIVATE OPERATORS — Require that a private operator representative have a voting seat on each Metropolitan Planning Organization.

PROGRAM CONSOLIDATION — Support consolidation of the Formula Grants for Special Needs of Elderly Individuals and Individuals with Disabilities (Section 5310), Job Access and Reverse Commute Formula Grants (JARC, Section 5316) and the New Freedom Program (Section 5317) into the coordinated mobility initiative, while maintaining current law pertaining to each program in regard to funding eligibility, labor protections, private operator subrecipient eligibility, and that projects be selected from the locally developed coordinated human services transportation plan.

PRIVATE OPERATORS AS DIRECT GRANT RECIPIENTS — Make private operators eligible to be direct recipients of FTA grants under a demonstration project applicable only to the Consolidated Human Service Transportation Programs — the elderly and disabled program (Section 5310), JARC (Section 5316), and New Freedom (Section 5317).

PRIVATE OPERATOR SIGN OFF ON SECTION 5310 GRANT REQUESTS — Require that private operators be notified of any elderly and disabled program (Section 5310) grant requests from non-profit operators being proposed in the private operator's service area. To assure this notice is accomplished, a private operator sign off should be obtained to show that the operator has been notified and had a fair opportunity to participate in the development of the transportation program being proposed in the grant request.

PRIVATE OPERATOR PARTICIPATION IN THE SECTION 5310 PROGRAM —Emphasis should be added to the elderly and disabled program (Section 5310) whereby this is not just a vehicle replacement program, but it can be used to buy trips from private operators and to purchase vehicles, including wheelchair accessible vehicles, that could then be leased to private companies to operate.

OFFICE OF SURFACE TRANSPORTATION INNOVATIVE SOLUTIONS (STIS) — Congress should create an Office of Surface Transportation Innovative Solutions within DOT. The STIS should be a contact point for the innovative financing of highway, transit and other infrastructure projects utilizing existing financing programs such as TIFIA and other programs to be developed, including, but not limited to, public private partnerships. In addition, innovative transportation service delivery projects should be under the supervision of this office and should work with each mode to encourage innovation, competition and public private partnerships. Regulatory barriers to the utilization of innovative transportation solutions should be eliminated, and an annual progress report on the status of eliminating those barriers should be reported to the House and Senate Transportation Authorization and Appropriations Committees.

RIDE ACT AMENDMENT — Support modifying the law such that an operator of a transportation terminal (airport, train station, sea port, etc.) who is the recipient of any federal funds may not charge a fee to any provider of pre-arranged ground transportation service except for 1) a fee that is charged to the general public, or 2) a fee that is determined by a DOT rulemaking for the availability of ancillary facilities at the transportation terminal, such as restrooms or vending machines made available to the drivers.

REINSTATE OVERTIME WAGE EXEMPTION — Reinstate the overtime wage exemption for drivers of smaller vehicles (designed to transport 8 or fewer passengers including the driver and that weigh 10,000 pounds or less) who are licensed under Federal Motor Carrier Safety Administration (FMCSA) regulations so that drivers of smaller vehicles are again treated the same as drivers of larger vehicles in regards to overtime wages.

DISTRACTED DRIVING LEGISLATION — Congress should explicitly recognize in the legislation that state or locally licensed commercial drivers providing for-hire passenger transportation services may continue to have access to their dispatch communication service that is necessary for the ordinary conduct of their business of serving the public's mobility needs, just as DOT has already done for federally licensed drivers of commercial motor vehicles. The current state of the art dispatch technology (a computer dispatch system), which was first placed into taxicab service in the early 1980s, is less distracting than the old two-way radio system used safely by our industry since World War II. While technically the messages are text messages, they are very short and require no action by the driver other than pushing a single button to respond with a predetermined canned message. There is no typing out a message on a keyboard. This is the type of driver communication allowed by the new DOT regulation, and the text ban laws in Virginia and New York City.

FUNDING OF MANDATES — Funding and incentives should be provided to cover the costs of implementing federal mandates placed on private providers of public transportation services. In particular, for the for-hire vehicle industry, there should be no new or expanded federal mandates regarding accessible vehicles or alternative fuel vehicles without full federal financial support.

- ACCESSIBLE VEHICLE MANDATES: Due primarily to the competition from publicly funded complementary paratransit services provided by transit authorities, as required under the Americans with Disabilities Act, the market for taxicab companies providing accessible paratransit vehicles is incredibly small. Anyone who is ADA eligible is not going to pay a $26 taxicab fare when he/she can use ADA complementary paratransit and take the same trip for $2.60. TLPA urges Congress not to impose unfunded and unneeded mandates such as requiring taxicab services to fundamentally alter the service they provide from affordable sedan service to costly paratransit (wheelchair accessible) service.
- FUEL ECONOMY & EMISSIONS MANDATES: TLPA urges Congress not to adopt any legislation that unfairly singles out one small industry that represents approximately one tenth of one percent of all automobiles in the United States to meet locally developed, specialized vehicle standards rather than meeting the existing federal standards. Our industry does not control, nor does it have any significant influence over, the designers and manufacturers of the vehicles the industry has to choose from to meet the public's mobility needs.

TRANSPORTATION TAXES — Support the exemption of all public and private providers of public transportation services from any increase in the federal fuel tax or a vehicle miles traveled tax.

CONGESTION MITIGATION — Support the equal treatment of all public and private providers of public transportation services in regards to congestion pricing initiatives, including the payment of tolls, high occupancy vehicle lane fees and access, and other congestion mitigation programs.

COMMUTER FRINGE BENEFITS — Support maintaining parity between the commuter and the parking fringe benefit, and clarify that the employer provided public transportation commuter benefit applies equally to all public and private providers of public transportation services.

ADA DEMONSTRATION PROGRAM — Support having the DOT fund demonstration programs to evaluate the provision of same day demand response service in the Federal Transit Administration's (FTA) complementary ADA paratransit program.

INFORMATION COLLECTION — Support having the DOT fund a national survey of the size and service delivery characteristics of private sector providers of public transportation services to help assure a better and more complete understanding of private sector operator capabilities by the public sector.

INTERMODAL TERMINALS — Support maximum federal funding of intermodal transportation terminals and ensure that all public and private providers of transportation services available to the general public have access to these terminals.

TAXICAB ACCESS TO TRANSIT — Federal law that provides for funding of non-transit elements of a project physically or functionally related to public transportation facilities has become more and more expansive since ISTEA. Intercity bus facilities, for instance, are the most recent addition to this "list". The taxicab industry should be provided the same opportunities to enhance access to public transportation as Amtrak, Greyhound and commuter bus companies.

COMPETITIVE BIDDING OF PUBLIC TRANIST SERVICE STUDY — It has been 13 years since the Congress sought to better understand the benefits of transit agencies competitive bidding of transit service and other aspects of the provision of public transportation. There have been many developments since then, such as those in Las Vegas and the Foothill area north of Los Angeles. TLPA seeks to revisit this important issue through a study to quantify the benefits of competitive bidding transit service.

ENHANCED PARATRANSIT SERVICE — Currently, transit agencies may only expend 10% of their 5307 Urbanized Area Formula and 5311 rural monies on non-fixed route paratransit service. This amount should be increased to at least 15% to meet growing demand for such service.

REPEAL OF FEDERAL LABOR PROTECTIONS — The Federal Transit Act of 1964 was the congressional response to the dismal condition of the private transit industry in the 1960s. In considering the transit labor issue, Congress had established the precedent of the previously adopted statutory employee protection provisions for the railroad industry to address labor problems arising from mergers and acquisitions. It is against this backdrop that Congress enacted Section 13(c), the transit labor protection provision of the 1964 Act, as amended, in an attempt to maintain employee rights, privileges and benefits as they existed prior to federal assistance, and to protect employees against any adverse effects that might result from the provision of federal assistance. Given these original policy objectives, we think it is clear that Section 5333(b) labor protections outlived their purpose and usefulness long ago. Most of the public buyout cases were concluded more than 40 years ago. The goal of Congress in enacting Section 13(c) was to protect the rights, privileges, and benefits of employees as they existed prior to receipt of federal funds, **not** to create a new series of employee rights, privileges, and benefits. Unfortunately, the application of Section 13(c) has extended its impact well beyond its original intent. It has become the key obstacle that has prevented many public transit agencies from even considering the economic benefit of competitive contracting. These labor protections are no longer needed, and intrude into local decision-making and collective bargaining. In nearly every other industry where such labor protections existed, such protections have been eliminated. It is estimated that transit operating costs could be reduced by hundreds of millions of dollars if this provision is repealed. Section 5333(b) is an unfunded mandate that is too expensive to keep on the books.

Public transit agencies, private operators, local governments, and most importantly, the public itself, can realize significant benefits from contracting some public transportation services to private operators.

- Benefits for the riding public include additional transportation services, increased convenience, and improved service quality.
- Private operators can realize increased income, productivity and exposure in their communities.
- Benefits for public transit agencies can include cost savings, the ability to serve a greater number and types of trip needs, and allow a more productive allocation of union labor.
- Local governments can realize cost savings and a higher level of public transportation services.

Transportation Efficiency Coalition

We would be remiss if we did not point out that the members of the Transportation Efficiency Coalition (TEC) have agreed to a number of the legislative priorities listed above. The TEC is a diverse group of national associations representing public and private transportation operators with one purpose, and that is to advance the transit mobility of the public as efficiently and effectively as possible. The TEC consists of the following national associations: American Bus Association (ABA), American Public Transportation Association (APTA), Community Transportation Association of America (CTAA), Taxicab, Limousine & Paratransit Association (TLPA), and the organization of national transit service contractors represented by Veolia Transportation.

We are proud that, for the first time in the history of the federal transit program, the public and private transportation sectors have gotten together and agreed upon a broad set of principles to present to you, the authorizers of federal transit programs. The seven policy principles that the member organizations of the TEC have unanimously agreed upon include: Transit Funding, Federal Mandates, Planning Process, Program Consolidation, Private Operators' Rights, Service Delivery Flexibility, and Intermodal Terminals (see attached list of the seven TEC legislative principles).

Conclusion

We believe implementation of all of the above TLPA recommendations, including those endorsed by the TEC, would go a long way toward bringing a more level playing field to federal transportation programs, which would lead to a more efficient allocation and use of assets, more diversified transportation service options, and greater overall public mobility.

Mr. Chairman, thank you again for this opportunity to present our views to you as your Subcommittee considers the appropriate policy direction of the federal transportation program. As the Administration, the House, and the Senate release their respective Reauthorization proposals, TLPA may revise, expand or add to its reauthorization recommendations.

# # #

Transportation Efficiency Coalition (TEC)
Federal Public Transportation Authorization Priorities

The members of the Transportation Efficiency Coalition (TEC) are the major national associations representing the public and private providers of public transportation services that are open to the general public — including public transit service, private bus service, private taxicab service and other transportation services open to the general public.

The founding members of the TEC are: American Bus Association (ABA), American Public Transportation Association (APTA), Community Transportation Association of American (CTAA), Taxicab, Limousine & Paratransit Association (TLPA) and the association of national transit service contractors (led by Veolia Transportation).

TRANSIT FUNDING: Support maximum funding for public transit service from the transit trust fund and from the general fund.

FEDERAL MANDATES: Funding and incentives should be provided to cover the costs of implementing federal mandates placed on public and private providers of public transportation services.

PLANNING PROCESS: Support the collaborative planning process where public and private providers of public transportation services are required participants; include incentives to promote implementation of the mobility management concept; and give public and private providers of public transportation service access to more fully and effectively participate in the Metropolitan Planning Organization.

PROGRAM CONSOLIDATION: Support consolidation of the Formula Grants for Special Needs of Elderly Individuals and Individuals with Disabilities (Section 5310), JARC (Section 5316) and the New Freedom Program (Section 5317) into the Coordinated Mobility Initiative while maintaining current law pertaining to each program in regards to funding eligibility, labor protection, private operator subrecipient eligibility, and that projects be selected from the locally developed coordinated human services transportation plan.

PRIVATE OPERATORS: Support all current provisions pertaining to the rights of private operators of public transportation services to participate in both the planning and the provision of public transit services to the maximum extent feasible.

SERVICE DELIVERY FLEXIBILITY: Enhance, consistent with current labor provisions, the right of public transit authorities to have a wide range of service delivery options available to them, including the unfettered right to contract with private providers of public transportation service and to be able to implement public-private participation ventures.

INTERMODAL TERMINALS: Support maximum federal funding of intermodal transportation terminals and ensure that all public and private providers of public transportation services have access to the terminals.

# # #

TESTIMONY OF

WILLIAM MILLAR, PRESIDENT

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

OF THE

HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

ON

"IMPROVING AND REFORMING THE NATION'S
SURFACE TRANSPORTATION PROGRAMS"

****

MARCH 29, 2011

SUBMITTED BY

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The American Public Transportation Association (APTA) is a nonprofit international association of 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical public transportation services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems.

INTRODUCTION

Chairman Mica, Ranking Member Rahall, Subcommittee Chairman Duncan, Ranking Member DeFazio and distinguished members of the Committee, thank you for the opportunity to present testimony regarding the next surface transportation authorization bill. Enacting a well-funded, six-year, multi-modal surface transportation bill, is one of the most important actions Congress can take to put our nation's economic engine into high gear. Conversely, further delay in passing an authorization bill will have the opposite effect – forcing private sector businesses in the transit industry and other industries to lay off employees and to invest overseas. Every $1 billion invested in public transportation creates or supports 36,000 jobs, and mass transit investment is an essential strategy in a surface transportation bill as we seek to reduce our dependence on imported oil, reduce congestion on our roadways, and offer more transportation choices to Americans.

ABOUT APTA

The American Public Transportation Association (APTA) is a nonprofit international association of 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical public transportation services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems.

THE NEED FOR FEDERAL TRANSIT INVESTMENT

In previous testimony before this subcommittee, I have presented the case for significantly increasing federal investment in public transportation in authorization legislation. APTA has recommended $123 billion of transit investment over six years, and President Obama has proposed $119 billion in the same period. In either scenario, new federal investment would produce much-needed progress toward bringing our nation's public transportation infrastructure up to a state of good repair and building the capacity for millions of new riders that will seek transit service in the coming years. The U.S. Department of Transportation estimates that a one-time investment of more than $78 billion is needed to bring transit infrastructure up to a state of good repair. After that, research on transit needs shows that capital investment from all sources- federal, state, and local- should be doubled if we are to prepare for future ridership demands.

Today, the subcommittee has asked that testimony offer ideas on how to streamline project delivery, leverage existing resources and generally "do more with less." The remainder of my testimony will focus on those subjects, but I first want to point out that the demand for public transportation and the need for federal leadership will not diminish in the months and years ahead.

As gasoline prices continue to increase, Americans will turn to public transportation in record numbers. We recently completed an analysis that reveals if regular gas prices reach $4 a gallon across the nation, as many experts have forecast, an additional 670 million passenger trips could be expected, resulting in more than 10.8 billion trips per year, roughly a 6 percent increase. If pump prices jump to $5 a gallon, the report predicts an additional 1.5 billion passenger trips can be expected, resulting in more than 11.6 billion trips per year. And if prices were to soar to $6 a gallon, expectations go as high as an additional 2.7 billion passenger trips, resulting in more than 12.9 billion trips per year.

The volatility of the price at the pump is a wakeup call for our nation to address the increasing demand for public transportation services. We must make significant, long-term investments in public transportation or we will leave Americans with limited travel options, or in many cases, stranded without travel options. Again, enacting a well-funded, six-year, multi-modal surface transportation bill, is one of the most important actions Congress can take.

GETTING THE MOST FROM FEDERAL FUNDING: PROGRAM REFORM AND SPEEDING THE DELIVERY OF PUBLIC TRANSPORTATION PROJECTS

APTA's members agree with the leaders of this committee that there are numerous program changes that can be made to speed project delivery and reduce costs. Representatives from across our diverse membership: transit systems of all sizes, business members, State DOTs and others, worked for more than a year to develop consensus recommendations. Simplifying and streamlining federal surface transportation programs will not solve many of the problems facing our nation's transportation infrastructure, but federal resources must be used as efficiently as possible. Surface transportation authorization legislation is the best opportunity to revise and modify Federal Transit Administration (FTA) programs so that federal investment can be used more effectively.

New Starts

First, I want to highlight changes we propose to the New Starts program, the primary source of federal investment in the construction or expansion of heavy and light rail transit systems, commuter rail systems, and bus rapid transit projects. Unlike most other FTA programs, the New Starts program is funded from the General Fund, not the Mass Transit Account of the Federal Highway Trust Fund. Funding for New Starts was included in funding guarantees for highway and transit programs, and the success of these major, multi-year capital projects requires predictable support by Congress and FTA. Congress established Full Funding Grant Agreements to ensure this predictability.

We thank the leaders of this committee for trying to preserve guarantees for all highway and transit programs, including New Starts. Going forward, whether the New Starts program is funded out of the general fund or from a trust fund, APTA believes that the program should grow at the same rate and the same funding guarantees as the rest of the transit program. New Starts is essential to enhancing our nation's mobility, accessibility and economic prosperity while promoting energy conservation and environmental quality.

While the New Starts program is critical to the future of public transportation, the process for developing and delivering a project can stretch out for a decade or longer. According to FTA, project development can take 6 to 12 years, a time consuming and expensive process for project sponsors, and completing the first phase of the process, Alternatives Analysis, typically takes two years. New Starts project applications are subjected to greater analysis than any other federally-backed highway or transit project. If projects sponsors can demonstrate the worthiness of an investment and their ability to manage its construction, the federal government should limit further burdens on a project's development.

APTA asks Congress to eliminate the requirement for an Alternatives Analysis stage in New Starts that is required by current law. The work completed during the Alternatives Analysis stage of project development often replicates work that is undertaken for the federally required Metropolitan Transportation Planning process and/or the National Environmental Policy Act (NEPA) alternatives analysis that is required of all federal projects. Where local agencies and officials deem that a corridor-level planning study or more formal Alternatives Analysis would be of value for Major Capital Investment Projects, they may still perform such studies if this phase of the New Starts process is eliminated. For further information, Appendix I of this document contains APTA's adopted policy on this subject.

APTA also calls for reducing the number of approvals that a project must receive from FTA throughout the entire New Starts process. Approval of a project to enter the New Starts program should convey FTA's intent to recommend a project for eventual funding, provided the project continues to meet certain criteria, and satisfies NEPA requirements and other project development conditions. This change would eliminate the current need for separate formal approvals to enter the Preliminary Engineering and Final Design stages. Waiting for each of these approvals means that all project development work stalls between each successive step, often for months at the different steps in the process. APTA has also called for the use of Project Development Agreements (PDA), which have been used in the Small Starts process, to set schedules and roles for both FTA and the project sponsor. A PDA can also be the basis for an Early Systems Work Agreement once the NEPA process is completed with a Record of Decision (ROD) or a Finding of No Significant Impact (FONSI).

I want to note that FTA has been has been developing very similar recommendations that are based on the agency's extensive experience and efforts to improve program delivery. In recent years, FTA has already made changes that simplify project rating criteria and ensure that rating criteria better reflect the full range of benefits from New Starts and Small Starts projects, another APTA priority. In addition the President's FY 2012 budget, which contains early policy recommendations for authorization, specifically suggests eliminating the Alternative Analysis process and reducing the number of FTA approval steps in the New Starts process. We look forward to working with Committee and the Administration to speed the delivery of high-quality projects under the New Starts program.

I will talk more about innovative finance later in my testimony, but I want to highlight one additional recommendation for New Starts: previous project applicants have been unable to apply for a loan under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program because of concern that the total amount of any loan taken, not the federal subsidy cost of a TIFIA loan, would be counted toward the federal share of the project's total cost under New Starts project rating criteria. This obstacle should be eliminated. Financing programs should, to the greatest extent possible, be available to accelerate the delivery of New Starts projects.

Formula Program Consolidation and Simplification

To simplify current formula programs and increase program effectiveness, we have several suggestions. APTA recommends the creation of a new Coordinated Mobility Program, which would consolidate three formula programs into one. The new program would combine the Job Access and Reverse Commute, New Freedom, and Elderly and Disabled Formula programs. The goals of the program and the eligible uses of funding would remain consistent with the three existing programs, while planning and coordination of services would be improved. This consolidation would allow more flexibility at the local level for service providers to deploy limited resources in ways that best meet local needs. The proposal would allow communities to continue carry out existing programs, but effectively consolidate the administrative and grant making processes. At present, the size of grants that are available from the three individual programs is small compared to the administrative burden and cost of applying for the funds. The administration has also included this consolidation in its FY 2012 budget proposal.

Another APTA recommendation is intended to balance the various needs of the nation's diverse bus systems. APTA recommends modifying the current Bus and Bus Facilities program to create two separate categories of funding, with fifty-percent distributed under formula, and the remaining fifty-percent available under a discretionary program distributed either through Congressional direction or a competitive grants process administered by FTA. Also within the formula and bus programs, APTA supports legislation to allow public transportation systems in urbanized areas of greater than 200,000 population which operate less than 100 buses in peak operation to utilize formula funds for operating purposes. APTA has also recommended simplification of the fixed guideway modernization formula program, but our proposal is based on the assumption that much-needed, new funding for the program would be provided.

Finally, in SAFETEA-LU, APTA supported the creation of the Small Transit Intensive Cities (STIC) program, which added a service factor to the distribution of funds in small urban areas. The STIC program was designed to address the higher capital costs of those systems with significantly higher service factors. APTA strongly supports the continuation of the program, and it is our hope that the failure to include the STIC formula in the American Recovery and Reinvestment Act (ARRA) will not set a precedent for future formula program funding decisions.

We look forward to discussing additional recommendations to speed project delivery and increase program efficiency. We have additional suggestions about using Categorical Exclusions more frequently for commonplace state of good repair projects to shorten the environmental review process and other ideas. To learn more about APTA's additional recommendations please see, "APTA Recommendations on Federal Public Transportation Authorizing Law," Adopted October 5, 2008, Revised November 1, 2009, available on the APTA website.
http://www.apta.com/gap/legissues/authorization/Documents/apta_authorization_recommendations.pdf

HIGH-SPEED AND INTERCITY PASSENGER RAIL

While APTA recognizes that the Railroads, Pipelines, and Hazardous Materials Subcommittee, and not this subcommittee, has jurisdiction over intercity passenger rail and other Federal Railroad Administration issues, we raise this issues here because it is an important element of APTA's recommendations for surface transportation authorizing law. We intend to work with the Railroads Subcommittee as it develops its portions of the bill and we know it is an important issue for full committee deliberations.

To meet the rapidly expanding needs of an ever-growing and highly mobile population, the United States must develop a fully integrated multimodal high-speed and intercity passenger rail system (HSIPR). APTA strongly supports President Obama's proposal to provide $53 billion dollars over six years to improve and expand high-speed and intercity passenger rail and urges Congress to provide the first $8 billion which was included in the President's Fiscal Year 2012 (FY12) budget request. Further, APTA strongly opposes any attempts to rescind or eliminate HSIPR funding. These funds are needed to ensure that the 32 states and the District of Columbia which are forging ahead with planning and implementing high-speed and intercity passenger rail improvements can continue their efforts to modernize and expand our nation's passenger rail services.

APTA has established principles for a high-speed passenger rail legislative framework, and these principles seek to encourage an efficient combination of private and public sector leadership in the development of new rail service. I would highlight APTA's recommendation to include private sector participation in the construction of new rail infrastructure: "HSIPR corridor projects shall be financed through a combination of federal, state, local, regional and private funding. Tax incentives should be provided to attract private sector investment and participation." I would also highlight our recommendation to facilitate competition among operators: the [HSIPR] program should be designed to encourage open, strong and fair competition among competing pre-qualified operating and rail service companies.

To read APTA's principles on the establishment of an ongoing HSIPR program, see Appendix II, "Fleshing Out an Ongoing Federal High-Speed and Intercity Passenger Rail Program: Principles for a Legislative Framework," Adopted October 23, 2010.

LEVERAGING CURRENT INVESTMENTS: INNOVATIVE FINANCE AND ENCOURAGING PRIVATE SECTOR PARTICPATION IN PUBLIC TRANSPORTATION

In this era of budget constraints, relying on alternative financing mechanisms to more effectively leverage federal investments makes a great deal of sense – but only to a certain extent. New financing tools do not replace the need for expanded federal investment. It is important to recognize, however, while taking out a mortgage on a house allows the owner to build or buy the house, the mortgage must be repaid with interest and it requires a cash down payment.

Current financing mechanisms are not appropriate for all types of projects and are more difficult to use on some modes of transportation than others. Private activity bonds and loan programs that require project-generated revenues to pay back debt are difficult to apply to public transportation projects because transit revenues from the fare box or the state and local sources is generally dedicated to meeting annual operating costs. However, there are modifications that can be made to existing programs, including the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, that could make them more beneficial for public transportation projects.

APTA has developed several recommendations for enhancement of the TIFIA program to make it more useful.

- Expand TIFIA's annual funding level, at least tripling investment
- Increase the maximum federal cost-share to 49 percent
- Authorize the U.S. Department of Transportation (DOT) to agree to upfront agreements (contingent commitments) for large projects or programs of related projects

By broadening program eligibility to include programs of related projects, TIFIA can be utilized for multi-modal, system-oriented investments that are backed by a dedicated revenue stream. This change would enable smaller projects that do not currently meet the minimum size threshold to access TIFIA financing. In addition, opening the program to suites of related projects would reward locally driven efforts to improve a region's transportation network.

For transit projects to have equitable access to TIFIA loans, APTA suggests modifying the statutory provision known as the "springing lien." This provision requires the federal government's claim on a project's pledged revenues or other security to "spring" to the front of the line for repayment in the event of default. Because many transit systems have already pledged part of their dedicated tax revenues to repay previously issued bonds, they are unable to meet the requirement of the springing lien. As a result, even when tax revenue from an existing source (property tax, sales tax) significantly exceeds the cost of repaying current bond holders, a transit project sponsor cannot access the TIFIA program.

APTA suggests eliminating the "springing lien" for projects that m
conditions:

- Are backed by non-project generated revenues, such as a sales or p
- Are rated investment grade
- The TIFIA loan size is not more than 33 percent of project costs

These changes would enhance TIFIA participation by public transp while appropriately managing the federal government's investment risk. noted that the elimination of the springing lien was also recommended by the Transportation Infrastructure Financing Commission.

Legislation recently introduced by Rep. Laura Richardson (H.R. *Expansion Act of 2011* includes several of these provisions and is an important these discussions.

Apart from TIFIA, APTA also sees significant value in creating a new cla credit bonds for surface transportation projects (Qualified Transportation Im or QTIBS) wherein the federal government would fully or partially subsidize th the bonds. We also support a renewed Build America Bonds program. jurisdiction of the tax-writing committees, we urge this committee to work clc developing these programs.

Another topic under the general heading of alternative finance is t private partnerships. In the case of public transportation, public-private partn effective management tool for project delivery. APTA supports providing in public-private partnerships in the project development process. The use partnerships, which include private-sector operations and maintenance (should be encouraged, but not be required. APTA calls on Congress to auth study of the possible wider application of international private sector finance and O&M approaches in the public transportation market.

While APTA believes alternative-financing strategies have their pl authorization law and are highly advantageous for certain types of pr emphasize that financing techniques alone are not the solution to solving ou We have recommended that the purchasing power of the dedicated funding tl the Highway Trust Fund be restored to 1993 levels and then indexed for futur there is a need to consider alternatives such as fees based on Vehicle Miles tra current structure has ensured that system users support investments infrastructure on which they rely. And as noted earlier, the historic 20 perc component must be continued and guaranteed. APTA supports the Presid expand and rename the Highway Trust Fund with appropriate protections anc transportation investment to the mandatory side of the budget.

To review APTA's adopted principles on innovative finance, please see Appendix III, "APTA Principles to Expedite Project Delivery Through Innovative Financing."

RESEARCH AND WORKFORCE DEVELOPMENT

Before I conclude, I want to point out that the federal transit program should continue to invest in research and the development of our workforce. It might seem easy to reduce funding for some of these programs today, but these investments are essential to identifying future cost savings. Let me give you one example. The Transit Cooperative Research Program (TCRP) has been serving the industry since 1992. The program is sponsored by FTA and carried out under a three-way agreement among the National Academies, acting through its Transportation Research Board (TRB); the Transit Development Corporation, an educational and research arm of APTA and the FTA. The program focuses on issues significant to the transit industry, with an emphasis on developing near-term research solutions to a variety of problems involving facilities, vehicles, equipment, operations and other matters. The program has researched issues which have resulted in large dollar savings for public transit agencies while enabling them to improve customer service. For example, a number of transit systems used a TCRP report on low-floor light rail vehicle technologies and characteristics to develop specifications. While the entire grant cost $20 million, savings to just one agency were estimated at $20 million as a result of using low-floor vehicles and not building expensive ramps. Further, TCRP research is not limited to just big city operations. Rural transit systems in states such as West Virginia and Utah have used TCRP research findings to improve coordination of transportation services with human service agencies. TCRP research also helps train transportation professionals by providing teaching tools which have been developed by the Institute of Transportation Engineers, the University of Maryland, the University of Nevada, and George Mason University have all used TCRP in developing textbooks and curriculum for undergraduate and graduate level courses.

APTA also supports efforts to promote workforce development. We applaud Rep. Nadler's Transportation Job Corps Act of 2011 (H.R. 929) which proposes a new National Joint Workforce Development Council, along with 10 Regional Joint Workforce Development Councils, comprised of equal members from labor and management, along with representatives from transit-related public and private sector industries. The goal is to create working partnerships between labor and management. These councils will identify and put forth solutions to issues such as identifying skills gaps and developing corresponding training programs, establishing career ladder programs to bring existing employees into management positions and maintaining an online database of workforce development training materials.

Conclusion

I thank the members of this committee for your many years of leadership on multi-modal surface transportation policy. We hope that our recommendations can speed up the implementation of transportation projects without impacting environmental protections for all Americans and that such streamlining can reduce project costs in the bargain. We have tried to provide specific examples of how improvements can expedite that process. We look forward to working with the committee as more details become available and we appreciate the opportunity to testify today.

APPENDIX I

Additional Recommendations regarding the Section 5309 New Starts Program and the Requirements for Major Capital Investment Projects Alternatives Analysis

Adopted by APTA's Board of Directors on March 12, 2011

Overview:

- On October 5, 2008, the APTA Board of Directors adopted APTA Recommendations on Federal Public Transportation Authorizing Law, and subsequently amended the recommendations on November 1, 2009.

- The Adopted Recommendations included provisions relating to the Section 5309 New Starts Program, urging that steps be taken to streamline and simplify the New Starts review and approval process to expedite project delivery (see Attachment 1).

- Subsequent to adoption and amendment of the APTA Recommendations, the Policy and Planning Committee has held further deliberations on potential changes to streamline and simplify the Section 5309 New Starts Program, including the future disposition of the requirements for a Major Capital Investment Projects Alternatives Analysis.

- Based on these discussions, the APTA Policy and Planning Committee proposes to advance through the APTA committee structure for adoption by the APTA Board of Directors a recommendation that the requirements for Major Capital Investment Projects Alternatives Analysis for Section 5309 New Starts and Small Starts projects be eliminated.

- This recommendation applies only to the elimination of a separate federal requirement for a Major Capital Investment Project Alternatives Analysis, and does not affect the applicability of Federal Transit Administration Section 5309 New Starts evaluation requirements for projects seeking to enter Preliminary Engineering.

Recommendation:

- Streamline transportation decision-making, reduce procedural redundancies and accelerate implementation of Section 5309 New Starts Major Capital Investment Projects by eliminating the requirements for a federal Major Capital Investment Projects Alternatives Analysis.

Background and Rationale:

- Currently the Federal Transit Administration (FTA) is the only modal administration that requires a Major Capital Investment Projects Alternatives Analysis, providing barriers to promotion of a level playing field across modes and programs.

- Because this requirement is unique to FTA, the Major Capital Investment Projects Alternatives Analysis process complicates the delivery of multi-modal projects, often causing delays in overall project delivery, including project elements not subject to the Major Capital Investment Projects Alternatives Analysis process and requirements.

- While the planning level analyses and analytical work that occurs during Alternatives Analysis can be of value, in many instances the work is redundant with planning and/or repeated during the National Environmental Policy Act (NEPA) alternatives analysis required of all federal projects. This can cause redundant expenditure of federal, state and local resources, unnecessary increases in federal staff workload, and confusion in the general public that adversely impacts the ability of the public to comment on alternatives and participate in decision-making.

- The Metropolitan Planning process, used in combination with the NEPA process, offer opportunities for analysis and local decision-making on mode and alignment alternatives. These existing federal processes can provide for the resolution of planning and project development issues, as well as early coordination of federal, state and local decision-making in a comprehensive, regional context. Where this is done, the Alternatives Analysis process and requirements are duplicative and redundant of the activities conducted during planning and environmental review.

- Where local agencies and officials deem that a corridor-level planning study or more formal Alternatives Analysis would be of value for Major Capital Investment Projects, they may still perform such studies. The evaluation criteria used in such studies would be subject to the discretion of local agencies, and may or may not incorporate some or all of the federal Section 5309 New Starts evaluation criteria. This recommendation merely removes the federal requirement for the Major Capital Investment Projects Alternatives Analysis and the specification of the federal criteria to be used in the performance of such locally conducted studies, and assumes that the Section 5309 New Starts evaluation criteria will still be applied by the Federal Transit Administration for projects seeking entry into Preliminary Engineering.

APPENDIX II

Fleshing Out an Ongoing Federal High-Speed and Intercity Passenger Rail Program: Principles for a Legislative Framework

Adopted by the APTA Board of Directors October 3, 2010

1. *Preamble*: The act should clearly state the intent to integrate high-speed and intercity passenger rail (HSIPR) corridors across the United States with the existing Amtrak network, with commuter rail and transit operations wherever possible to create a national passenger rail network. This network would be part of a balanced, multi-modal, and inter-connected national transportation system that would enable America's air, rail, bus and highway systems each to function most efficiently. It should speak to the national benefits to be achieved in doing so, including, among other things:
   - the importance of HSIPR in meeting the critical mobility needs of Americans by adding needed capacity to our transportation network, and in so doing provide new travel options;
   - the relation between transportation policies to overarching national priorities including energy, environment, and economic goals;
   - the opportunity to generate hundreds of thousands of new American jobs and nurture the growth of existing domestic businesses and new domestic businesses, as well as to create many additional jobs due to for economic development around stations; and
   - the national benefits gained through connecting America's economic hubs to each other and to rural America.

Together, this represents a new, forward-looking vision for 21st century transportation enabling choice, mobility options, connectivity and economic growth.

2. *HSIPR Title in Surface Transportation Authorization Legislation:* A separate HSIPR title shall be included in the next authorization of federal surface transportation laws, funded by other than Highway Trust Fund revenues.

3. *Funding levels*: Not less than $50 billion in federal funding should be provided over the initial six-year authorization period, supplementing the $10.5 billion provided through the American Recovery and Reinvestment Act of 2009 and FY 2010 transportation appropriations. In this context, APTA reaffirms its call for a separate transit title of no less than $123 billion over six years.

4. *Funding partnerships*: The federal share shall be the standard 90 percent share consistent with the construction of the interstate highway program. HSIPR corridor projects shall be financed through a combination of federal, state, local, regional and private funding. Tax incentives should be provided to attract private sector investment and participation.

5. *Dedicated funding source*: There should be a dedicated federal revenue source, other than revenue sources used to fund the Highway Trust Fund, for planning, design and construction of HSIPR. Consistent with White House announcements, proceeds from the auction of spectrum for mobile wireless use could be used as a source of funding for the initial years for the federal HSIPR program. This is consistent with previously adopted APTA principles that require that HSIPR investments not interfere with the federal Highway Trust Fund.

6. *Ability to leverage funding*: Revenue streams created through dedicated funding programs should be structured to encourage the leveraging of funds through public and private financing, thus enabling projects to be implemented faster and at less expense, and with shared risk. HSIPR programs should be broadly eligible for all federal credit support programs.

7. *National vision, plan and map*: The national vision for high-speed and intercity passenger rail shall be represented through a national map and corridor descriptions reflecting defined and agreed-to passenger rail corridors that meet criteria and increase the speed of passenger rail transportation. The intent is for these defined and agreed-to corridors to be completed over a multi-year period through a system of scheduled federal payments. Drawing from a dedicated and predictable funding source, projects would be allocated sufficient funds so that they can be completed on a reasonable schedule. This national plan will be updated periodically, shall identify obligation requirements for each corridor, shall add additional corridors as such corridors are justified, and shall recognize that additional projects in the planning stages will be added over time. The map shall include the Northeast Corridor and recognize the cost to bring the Northeast Corridor to a state of good repair and to assure capacity for growth.

8. *A combination of annual and discretionary grants*: Corridors represented on the national map shall receive annual formula allocations of funds consistent with the schedule to complete such projects. Overall, a majority of HSIPR funding should be provided on a steady, predictable basis. Additional funding should be awarded on a discretionary basis to projects which are ready to go and are judged to have special merit and rank high based on national criteria which could include, among other things,

competitive travel times, regional connectivity, frequency of service, and national significance. Consideration would be given where advancing the project schedule would significantly enhance the overall benefits of the project. In addition, projects acquiring separate rights-of-way to avoid operating in mixed traffic should be encouraged through the discretionary grant program. Planning funds shall be provided to nurture the next generation of projects towards national systems goals.

9. *Eligibility:* HSIPR grants shall be awarded to states, groups of states, or public authorities authorized by states or groups of states pursuant to sections 301, 302 and 501 of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA).

10. *Local and regional planning/decision-making*: Projects should be defined at the state and local level, but should align with national goals and objectives. The planning process should determine the type of project most appropriate for the particular region (i.e., Express Rail 150 +mph; Regional Rail 110-150 mph; Emerging Rail 90-110 mph; Conventional Rail 79-90 mph.) Public involvement is a key element. The national vision, plan and map should be the result of a consultative process with state and local governments. State rail plans should address state level funding issues, service integration issues, short and long-term sustainability, and shall establish the terms of private sector involvement consistent with the National Rail Plan.

11. *Grant agreements*: Funding shall be provided through multi-year contract authority. Grants should fund minimal operable segments or provide added utility on selected corridors.

12. *Program delivery*: The federal grants review process should be kept simple. Work in pre-approved corridors should proceed with minimal grant review. Accountability should be enforced through self-certification and post-delivery reviews, rather than through a burdensome process that holds up projects by requiring extensive documentation up-front. However, the U.S. DOT should provide initial reviews and screening as to whether applications or applicants comply with express requirements of grant statutes before grants are released. U.S. DOT should establish common standards, across all U.S. DOT agencies, for the efficient administration of provisions of the National Environmental Protection Act (NEPA). An expanded system of categorical exclusions should be developed and widely applied. A process for waiving non-statutory requirements when needed to expedite projects should be established for HSIPR projects, as it currently exists for FHWA projects under the SEP 15 program. Permits and review shall be treated in an expedited manner, with reviews coordinated in a concurrent manner and not handled sequentially.

13. *Expedited grant process*: The Secretary may approve funding prior to all grant issues being resolved, provided there is agreement on all critical aspects of the project and on key contractual areas and passenger service outcomes, and provided that the grantee shall remain accountable for addressing remaining issues in a reasonable period of time and will be held accountable through normal audits. Adequate funds shall be available for program administration in order that the HSIPR program is managed efficiently and so that grants and project decisions can proceed expeditiously.

14. *Connectivity*: Connectivity with existing transportation systems and networks must be a key element of project plans and should be considered in funding decisions. Project scopes may include activities which establish and support local and regional public transportation services connecting to facilities. All corridor projects shall include a plan outlining strategies for connecting with current passenger rail, urban transit, regional and intercity bus, airports, highways, bicycle networks, and pedestrian networks.

15. *Shared Facilities*: Common, incidental benefits afforded commuter and regional passenger rail systems as a result of investments in HSIPR corridors should be an eligible part of the corridor investment.

16. *Contingencies*: Project agreements should provide for a process that will allow reasonable adjustments to the project cost, scope and schedule based on new information that becomes available and unanticipated new circumstances that arise in the course of implementing a project. Financial risk should be shared by all parties.

17. *Competition*: The federal and state supported HSIPR program should be designed to encourage open, strong and fair competition among competing pre-qualified operating and rail service companies. To ensure fair competition, all competing companies must comply with all federal railroad laws.

18. *Access to rail freight corridors*: Access to freight railroad rights-of-way is a significant issue in the implementation and the eventual outcome of the federal HSIPR program. Federal policies should encourage growth of both rail-passenger and rail-freight operations, as there are substantive public benefits to both. Within this context, an equitable and fair process for negotiating passenger rail operational access on freight railroads and in the use of adjacent freight rail rights-of-way must be established.

19. *Terms of liability*: Within an affirmative context of safety, the existing $200 million cap on liability as established in the Amtrak Reform and Accountability Act of 1997 should

apply to all claims against high-speed and intercity rail operators, sponsoring agencies, host railroads, and commuter railroads and shall apply consistently regardless of the operating entity or its contractor. Without such statutory limits, the cost of obtaining insurance and the cost of rail passenger operations will become prohibitively costly. Host railroads shall not require liability coverage in excess of the statutory cap.

20. *Research, Technology and Standards:* The federal HSIPR program should support standards development, technology research, a cooperative research program, job training, career development, data collection, information management and international exchange. As with the interstate highway program, consideration should be given to establishing common standards to be consistent throughout the national program, to assure inter-operability and other desirable national features.

21. *Disadvantaged Business Enterprise (DBE) Program:* A DBE program for HSIPR should be established.

22. *Grade Crossing Elimination:* Building on the Federal Highway Administration's Section 130 grade-crossing elimination program, a robust federal grade-crossing elimination program should be established and adequately funded within the Federal-aid highway program, with recognition of high-priority passenger rail corridors, and high-risk grade crossings within those corridors.

23. *Access for Persons with Disabilities*: In writing a new HSIPR title, Congress shall recognize and support the continued applicability of the Americans with Disabilities Act.

APPENDIX III

APTA Principles to Expedite Project Delivery Through Innovative Financing
Approved by APTA's Board of Directors on March 12, 2011

Consistent with APTA's authorization recommendations regarding innovative financing techniques, APTA supports initiatives that will:

1. Supplement – not replace – the existing grant programs and relieve some of the funding pressure on the existing grant programs by helping projects in the pipelines with non-grant assistance;

2. Enable the federal government to provide financing assistance in a "budget-friendly" manner (e.g., minimizing the need for budget authority and spreading out the fiscal impacts of financial subsidies for important investments);

3. Support/encourage infrastructure projects and investment programs with state/local revenue streams; and

4. Build upon existing federal initiatives and policies in providing a programmatic framework for delivering targeted subsidies to desired investments with public benefits in an efficient manner;

5. Create innovative financing programs that are accessible to public transportation systems of all sizes.

Specifically, APTA will support legislation that:

A. Supports efforts to enhance the Transportation Infrastructure Finance and Innovation Act (TIFIA) by increasing (at least tripling) the program's annual funding level, increasing the maximum share of eligible costs, and authorizing the U.S. Department of Transportation to enter into upfront agreements (contingent commitments) for large programs of related projects.

B. Endorses the creation of a new class of qualified tax credit bonds for surface transportation projects (Qualified Transportation Improvement Bonds or QTIBs), similar to the Qualified School Construction Bonds (QSCBs) that were authorized by the American Recovery and Reinvestment Act of 2009. These tax-preferred bonds would have an interest subsidy rate of 100% and would be authorized in the magnitude of $45 billion over the next ten federal fiscal years.

C. Allows public transportation systems of all sizes access to innovative financing programs, and access to tools to expedite project delivery. Any QTIB volume cap should be allocated accordingly.

RESPONSES TO QUESTIONS FOR THE RECORD

REGARDING THE TESTIMONY CONCERNING

"IMPROVING AND REFORMING THE NATION'S SURFCE TRANSPORTATION PROGRAMS"

WILLIAM MILLAR, PRESIDENT

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

****

May 2, 2011

SUBMITTED BY

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APTA is a nonprofit international association of more than 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. More than ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

1. Mr. Millar, last July, the Federal Transit Administration released a study that estimated the cost of bringing the nation's rail and bus transit systems into a state of good repair at $77.7 billion. According to the FTA, more than 40 percent of the nation's buses are in poor or marginal condition. The most recent DOT Conditions and Performance Report found that maintaining the current average transit asset conditions and current transit vehicle occupancy levels would require $15.1 billion in total capital investment per year. Given this high level of investment needed, do you believe transit needs can be funded without dedicated source revenue from the Trust Fund, relying solely on appropriations from the General Fund instead? What would the impact be on regional surface transportation networks and mobility if transit does not have a reliable funding stream?

Transit investment needs are unlikely to be met by relying solely on annual appropriations from the General Fund and therefore APTA strongly urges Congress to preserve and increase current dedicated revenues for the federal transit program. Reliable federal funding is essential for transit systems to conduct the long-range planning, financing, and leveraging needed to support a state of good repair for existing public transportation infrastructure as well as undertake projects and rolling stock procurements. APTA urges Congress, at minimum, to restore the purchasing power of dedicated revenue for public transportation and other surface transportation investments to 1993 levels (when federal motor fuels taxes were last raised) and to index these revenue sources to account for future inflation. APTA also supports preservation of at least the 20 percent general fund contribution that currently goes to the federal transit program. It is critical to invest in capital expansion projects as demand for public transportation rises, not try to play catch up later.

With regard to the impact of an unreliable funding stream on transit systems and mobility, the decline in state and local revenues over the past several years due to the economic downturn offers perspective on the potential impacts of unreliable federal investment in public transportation. According to a survey APTA conducted last year, 69 percent of transit agencies projected budget shortfalls for the upcoming fiscal year; 84 percent cut service or raised fares, or are considering either of those actions; and more than half eliminated positions and one-third laid off employees. This lack of an adequate revenue source undermines the ability of transit systems to ensure system integrity and safety, create and sustain employment, or keep the existing system in a state of good repair. It will also make it more difficult to meet the service demands of millions of Americans who rely on public transit to get to and from work, medical appointments, and school. While it is impossible to precisely predict the future, the impact of the recent recession clearly demonstrates the cascading negative effects of reduced and unreliable funding.

Looking ahead over the next 20 years, public transportation ridership is expected to more than double to at least 20 billion trips annually. In recent weeks, the price of gasoline surpassed $4 per gallon in many parts of the country, which is forecast to result in a six percent increase in passenger trips nationwide to 10.8 billion per year. Furthermore, analysis indicates that if gas prices reach an average of $5 per gallon, the number of passenger trips could increase to more than 11.6 billion trips per year. The fact that our nation is dependent on oil imports from politically volatile parts of the world, coupled with demographic changes and higher fuel costs, means that this is a time for robust, long-term federal investment in public transportation. Any cuts would severely hamper Americans' mobility needs and jeopardize the nation's economic competitiveness in the months and years ahead.

2. Mr. Millar, the FY 2012 Budget Resolution passed by the House will require a 35 percent cut overall to surface transportation programs from current investment levels. Would your organization be able to support a long-term reauthorization bill if it contained such funding cuts, regardless of what other policy or financing changes were included?

APTA cannot support a long-term authorization bill that reduces the federal transit program by 35 percent.

3. Mr. Millar, what changes to the Transportation Infrastructure Finance and Innovation Act (TIFIA) program would allow transit projects to more effectively compete and secure credit assistance?

APTA has spent a considerable amount of time identifying specific changes that could be made to the TIFIA program to enhance its use by public transit agencies. It should again be noted that TIFIA assistance still requires using state and local revenues to repay the loans and that while growing the TIFIA program will help meet the increased demand, TIFIA is not a substitute for reliable, predictable grant funding. APTA's recommendations for the future of the TIFIA program are as follows:

Increase TIFIA Program Size

TIFIA has been oversubscribed in recent years and at least tripling the annual funding level, from $122 million to about $375 million per year, would help alleviate demand for loans, loan guarantees, and standby lines of credit. Transit agencies would benefit from TIFIA as another source of long-term fixed rate financing given the ongoing uncertainty in the tax-exempt bond market and the expiration of the Build America Bonds program.

Broaden Eligibility

APTA recommends expanding the eligibility for TIFIA to include *programs or suites* of related projects otherwise eligible. This is consistent with the SAFETEA-LU provision that expands TIFIA eligibility to include a series of freight-related intermodal projects that together meet or exceed the $50 million threshold. (23 U.S.C. § 601(a) (2011).

The expansion of eligibility for programs or suites of related projects would provide a financing option for multimodal, system-oriented investment initiatives that are backed by a common revenue stream or pledge of security. Utilizing federal guarantees to leverage private equity by pledging future tax revenues would accelerate the completion of projects. Further, by broadening the scope of the program to include programs of related projects would open the TIFIA program to smaller transit agencies that may not be able to meet the $50 million size threshold for an individual project.

APTA also recommends that the types of projects eligible for TIFIA assistance should be clarified to include capital improvement and renewal programs that involve major reconstruction or rehabilitation that improves system performance by supporting a state of good repair.

Increase the Maximum TIFIA Share

APTA supports raising the maximum level of TIFIA participation from 33 percent to 49 percent of project costs, provided that the loan has an investment grade rating and a senior lien on the pledged revenues. While APTA has proposed to amend the current TIFIA program to clarify that TIFIA loans remain junior debt, under this scenario of a higher federal commitment, the TIFIA debt would be senior. This could enable additional financial savings to transit borrowers with relatively low risk to the federal government.

Provide Upfront Credit Commitments for Mega Projects/Programs

We also recommend that the U.S. Department of Transportation should be empowered to give a front-end conditional commitment through a Master Credit Agreement (MCA) to provide one or more future loans to certain mega projects or multi-project capital programs that have a transformative impact on regional mobility, air quality, and economic activity. This change to the TIFIA program would provide greater predictability that assistance will be available for large inter-dependent capital projects or programs with a capital raise spanning a 5-10 year period. This structure would mitigate the risk of TIFIA not being available in the later years of an authorization for the largest transit projects/programs that generate major regional and national benefits.

The criteria for qualifying for an MCA would include the following:

- Common dedicated revenue pledge in place
- Project(s) significantly enhance safety, environmental sustainability, economic competitiveness
- Receives not more than 30 percent of funding for capital costs from federal grants
- Has a threshold size of $1 billion

In addition, individual loans under the MCA would be contingent upon the project(s) meeting all relevant federal requirements, including final environmental approvals.

Fix the Springing Lien

The springing lien provision makes it especially difficult for transit agencies to take advantage of TIFIA assistance. Although TIFIA loans are intended to be subordinate to other lenders, in the case of a bankruptcy related event, the TIFIA loan "springs" to parity with other loans. Due to this unclear status, rating agencies and senior lenders do not evaluate the TIFIA loan as truly junior debt, which hampers the intended credit enhancement of the senior debt and limits the benefit of the TIFIA subsidy.

Many major transit agencies already have pledged their dedicated tax revenues to special tax bonds already outstanding under an existing indenture, therefore it is problematic for TIFIA to be treated as subordinate debt, because of the springing lien.

APTA proposes making an exception to the springing lien for TIFIA loans that meet the following criteria:

- Financing not more than 33 percent of project costs with TIFIA assistance
- Rated investment grade
- Backed by a dedicated revenue stream or general pledge unrelated to the performance of the project(s) being financed such as local or state taxes or system pledges of project revenues

Streamline the TIFIA Process for New Starts Projects

APTA recommends eliminating the conflicts and redundant procedures in the review and approval process for projects seeking both New Starts grant funding and TIFIA credit assistance. The Secretary of Transportation should be directed to implement a coordinated, streamlined process for these types of projects. Congress must state unequivocally in law that a TIFIA loan to be repaid from non-federal funds does not count as federal funds for calculating the federal share of capital costs for transit projects.

Today, transit project sponsors must go through a "double jeopardy" process with varying and conflicting hurdles to complete financial feasibility and other requirements in order to obtain New Starts funding from FTA and TIFIA assistance from FHWA. Improving coordination of these processes between FTA and FHWA should encourage more New Starts projects to access the TIFIA program for some amount of their financing needs.

Establish a Stronger Institutional Platform for TIFIA

Currently, the TIFIA program is administered through a small Joint Program Office housed within FHWA that is reliant on assistance and collaboration with divisions of U.S. DOT. Policy determinations are made by a Credit Council made up of modal administrators and other senior U.S. DOT appointees. The timing for application review and decision-making is already often lengthy and uncertain and a significant expansion to the program simply would not be effective without a reinforced organizational platform.

APTA believes that a strengthened, multimodal entity with greater resources should be better positioned to effectively manage an expanded TIFIA program. This would result in more efficient loan processing and responsiveness to applicants.

WRITTEN STATEMENT OF
LISA J. MULLINGS
PRESIDENT & CEO, NATSO, INC.

Good afternoon, Chairman Duncan and Members of the Committee.

Thank you for including NATSO in this important effort to solicit stakeholder input for the upcoming surface transportation reauthorization.

My name is Lisa Mullings and I am the president and chief executive officer of NATSO. Since 1960, NATSO has represented America's travel centers and truck stops, the "home away from home" for our nation's professional drivers. In addition to providing fuel and food, our members provide about 90 percent of the nation's overnight truck parking.

NATSO represents approximately 1,400 truck stop locations, and our membership includes everything from the single family-run operation to large chains. About 80 percent of our members are within one-quarter mile of the Interstate Highway System, and these businesses serve interstate travelers exiting the highway.

I will not ask you for special favors, earmarks, or exceptions to be made for the industry I have represented with pride for more than 16 years. Today, I am here to make one simple request as you move forward with the transportation reauthorization over the next few weeks: I request you strongly oppose any effort to amend or repeal 23 USC 111, which prohibits commercial development on the interstate right-of-way. As I am certain you know, many public policy positions can have unintended consequences. In this instance, a reversal of current law would devastate the 97,000 businesses that operate at the exits along our nation's interstate system. It would put threaten the jobs of the people who work at those businesses, and it would slash funding for county governments that rely on property taxes paid by these businesses.

One of the primary reasons our members and other businesses invested along the Interstate Highway System is because in 1956 Congress had the wisdom to pass legislation which prohibited ". . . service stations or other commercial establishments . . . to be constructed or located on the rights-of-way of the Interstate System. . ." after 1960 (23USC111). At the time, Congress hoped to encourage commercial development along the new system and ensure that America's small towns and communities would not be bypassed by motorists.

That vision has been an undeniable success. As I mentioned, today there are more than 97,000 businesses operating at the exits along our nation's interstates—truck stops, restaurants, gas stations, hotels, convenience stores, car and truck repair services. And while the last couple of years have been difficult for all businesses, NATSO members are optimistic about the future.

The idea of allowing state to lease rest areas is not new. Congress has considered proposals to allow the sale of food and fuel at rest areas before, and has rejected them over and over. It is deceptively easy to mistake this issue as a pro-business initiative, a move to privatize rest area services.

But this is not privatization. True privatization is transferring a service or function from the government to a private sector business, to achieve comparable or superior results. But the government is not in the business of selling food and fuel; the private sector is already meeting that need. This is a move to expand government, at a cost to businesses, county governments and consumers.

That's why so many organizations have joined with us to form the Partnership to Save Highway Communities. Many groups—from McDonald's and Burger King franchisees to the National Association of Convenience Stores and the Blind Entrepreneurs Alliance—want to preserve the dynamic, competitive nature of the Interstate Highway System.

When you hear from state transportation departments, many are bound to tell you that they cannot afford to keep rest areas open. They want to repeal the law that prevents the sale of food and fuel on the interstate right-of-way. They see commercial rest areas in the Northeast—those that were grandfathered in, such as the Delaware House, for example—as potential revenue for their own states.

Certainly we do not dispute their assertion that if this law is repealed, states will save on rest area maintenance expenses. If this request is granted, Congress will solve one problem, but create a much larger one.

Unfortunately, those dollars flowing into the state at a commercial rest area would come at a huge cost to the businesses that were built along the exits of the Interstate Highway System, not to mention the local communities that rely on the property taxes paid by the businesses to fund schools and police departments.

We are not sounding an alarm based on what we think *could* happen. We already have commercial rest areas in more than a dozen states, and we can see for ourselves how they stifle competition and business development. On the highways that have commercial rest areas, the advantageous right-of-way location siphons most of the business away from the exits. Those highways with commercial rest areas have 50 percent fewer businesses at the exits.[1] So while the state would profit by selling food and fuel on the right-of-way, they'd be pulling the rug out from under the small businesses at the exits, along with their employees and the communities they support.

Two of our members in Maryland noticed a sizeable increase in business practically overnight that caused them to question why. That's when they realized that the nearby Delaware House had closed for construction in the fall of 2009. Unfortunately, following its reopening, those travel centers reported declines in every part of their operations. As soon as the Delaware House reopened, fuel sales declined by 35 percent; convenience store sales dropped by 20 percent and the quick service restaurant sales dropped by 40 percent.

Our members are not afraid of competition; stop at nearly any interstate exit to find businesses competing next door and across the street from one another. Would HMSHost or other private sector business agree to pay the state a royalty on rest area sales if the rest area were located at the exit, instead of on the median or shoulder of the highway? Not likely. They are paying the state a premium for the exclusive location.

Opponents of current law say that any private sector business can bid on the rest area concessions. How are our members and other small businesses supposed to abandon their

[1] "Fueling American Prosperity: How Rest Area Commercialization Will Devastate the Economic Contributions of Interstate Businesses," The NATSO Foundation, 2003.

sizable investments at the interstate exit for a chance to lease space at a nearby rest area? In fact, there are *no* small businesses operating commercial rest areas today. The vast majority are managed by HMSHost, a large international corporation.

Money paid by rest area concession operator is not "found" money; it is coming out of the pockets of motorists. If you stop at the Delaware House, you can buy a fast-food hamburger there. If you drive six miles and take an exit ramp, you'll find that same quick-service restaurant, but the hamburger will cost you $1 less. Part of that extra dollar goes to the state—a hidden tax on the traveling public. But the public is not merely covering the costs for the rest area. It is also generating profit for the business selling food and fuel at the rest area. The rest of that dollar goes into the pocket of the business at the rest area, a business that can operate as a monopoly, charging whatever they'd like without fear of competition.

Commercial rest areas threaten truck parking too. Our members have invested heavily to provide truck parking for their customers, and as I have noted, they provide approximately 90 percent of the spaces. While some state DOTs and others have suggested that commercial rest areas would help save the few truck parking spaces at rest areas, they would jeopardize many more located at the exit. Furthermore, commercial rest areas have few truck parking spaces—usually no more than 50, and do not have facilities for drivers parking overnight. In fact, we counted the spaces in about a dozen states and found that there are one-third fewer truck parking spaces on highways with commercial rest areas.[2]

We are not suggesting that states' budget problems are insignificant. We stand ready to work with transportation officials to come up with innovative options that will help solve their problems without threatening existing businesses or county government services. There are other options states can consider for offsetting some of the costs related to rest area maintenance. Most recently, the state of Virginia adopted an innovative program that will enable private-sector firms to establish paid sponsorship and advertising at rest areas. Rather than siphon customers away from the exit businesses, Virginia has found a solution that does not harm small business and does not require that the federal law be changed. In addition, Virginia was able to cut operations costs by outsourcing maintenance of the facilities. These innovative approaches enabled Virginia to keep their rest areas open.

Under SAFETEA-LU, Congress created the Interstate Oasis program, which enables states to partner with private businesses already in operation at the exits to provide services to motorists that are found at a rest area. A signage program would alert motorists that 24-hour services such as rest rooms and truck parking are available at the exit. This program can be implemented at virtually no cost to the state, and Oregon and Utah have begun instituting these partnerships.

Finally, Congress should consider giving states more flexibility to use some of their federal dollars for rest area maintenance. Many would argue that the rest areas contribute to highway safety. This kind of flexibility could ease some of the states' concerns about funding for rest area maintenance.

We thank you for the opportunity to provide input as a transportation stakeholder, and feel we would be remiss in not commenting on a couple of other key issues for NATSO and our partners

[2] "Rest Area Commercialization and Truck Parking Capacity: Commercialization is Not the Answer," NATSO, Februrary 2010.

in the trucking industry. Because of the tough economic times our country has faced in recent years, we recognize that difficult decisions will have to be made as Congress debates transportation funding. Chairman Mica has said that there will be no increase in the fuel tax. While NATSO supports a fuel tax increase as the most cost-effective and efficient means under the current system to fund infrastructure, we recognize that the Chairman and other members of Congress believe it's not in the best interest of the country at this time. We encourage the committee to look ahead at funding and begin slowly moving in the direction of transitioning from a fuel tax system to a new system of taxation that generates the needed revenues for our nation's infrastructure and brings all users into the system – whether they are driving an electric car or hybrid, SUV or tractor-trailer. All users should be contributing to our nation's highways on a fair and equitable basis. As in the past, consistent with NATSO's position to eliminate motor fuels tax evasion, we encourage the development of a strong, fool-proof system that punishes those who evade taxes or cheat. We also encourage Congress to reject tolling of interstates, which taxpayers have already funded and maintained over the years.

I want to emphasize that our industry is not here looking for a special favor, project or earmark. We simply want Congress to continue supporting current law so that our members and tens of thousands of other businesses can keep serving our nation's travelers on a competitive playing field.

Thank you again for including NATSO in this stakeholder hearing, and we look forward to working with you as you move forward with the reauthorization.

PARTNERSHIP TO
Save Highway Communities

NATSO, Representing America's Travel Plazas and Truckstops
National Association of Convenience Stores (NACS)
Petroleum Marketers Association of America (PMAA)
Society of Independent Gasoline Marketers of America (SIGMA)
Blind Entrepreneurs Alliance
Association of Kentucky Fried Chicken Franchisees
Brinker International
Burger King Corporation
McDonald's Corporation
Interstate Dairy Queen Corporation
International Pizza Hut Franchise Holders Association
Coalition of Franchisee Associations
Franchise Management Advisory Council
National Association of Shell Marketers
National Franchise Association (Burger King franchisees)
OSI Restaurant Partners (Outback Steakhouse and other brands)
Taco Bell Franchise Management Advisory Council
Colorado Motor Carriers Association
Petroleum & Convenience Marketers of Alabama
Arizona Petroleum Marketers Association
Arkansas Oil Marketers Association, Inc.
California Independent Oil Marketers Association
Colorado Petroleum Marketers and Convenience Store Association
Idaho Petroleum Marketers and Convenience Store Association
Illinois Petroleum Marketers Association/ Illinois Association of Convenience Stores
Indiana Petroleum Marketers & Convenience Store Association
Petroleum Marketers & Convenience Stores of Iowa
Petroleum Marketers and Convenience Store Association of Kansas
Kentucky Petroleum Marketers Association
Louisiana Oil Marketers and Convenience Store Association
Mid-Atlantic Petroleum Distributors' Association
Michigan Petroleum Association and Michigan Association of Convenience Stores
Missouri Petroleum Marketers and Convenience Store Association
Montana Petroleum Marketers and Convenience Store Association
Nebraska Petroleum Marketers and Convenience Store Association
Nevada Petroleum Marketers & Convenience Store Association
Independent Oil Marketers Association of New England
Fuel Merchants Association of New Jersey
North Carolina Petroleum & Convenience Marketers
North Dakota Petroleum Marketers Association
Oklahoma Petroleum Marketers & Convenience Store Association
Pennsylvania Petroleum Marketers & Convenience Store Association

South Carolina Petroleum Marketers Association
South Dakota Petroleum and Propane Marketers Association
Tennessee Fuel & Convenience Store Association
Utah Petroleum Marketers & Retailers Association
Virginia Petroleum, Convenience and Grocery Association
Washington Oil Marketers Association
West Virginia Oil Marketers and Grocers Association
Wisconsin Petroleum Marketers & Convenience Store Association
Wyoming Petroleum Marketers & Convenience Store Association

AAPA American Association of Port Authorities

Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

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March 29, 2011

Testimony of Kurt J. Nagle

President and CEO
American Association of Port Authorities

Before the
U.S. House Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit

Hearing on
"Improving and Reforming the Nation's Surface Transportation Programs"

Thank you for the opportunity to submit this written testimony for the hearing record. Founded in 1912, AAPA is an alliance of the leading public ports in the Western Hemisphere. Our testimony today reflects the views of our U.S. members.

Seaport Access is Undeniably in the Federal Interest

From the earliest days of our nation, there has been a clear and consistent federal role and national interest in developing and maintaining landside and waterside connections to America's seaports. This vital transportation infrastructure literally connects American farmers, manufacturers and consumers to the world marketplace. Particularly in these challenging economic times, it is crucial that basic, core federal missions, that directly impact America's economic vitality, jobs, and global competitiveness, be recognized and prioritized.

Investments in America's port infrastructure and intermodal connections – both land and waterside – are strongly in the federal interest and provide an opportunity to bolster the country's economic and employment recovery and help sustain long term prosperity.

More than a quarter of the U.S. GDP is accounted for by international trade. From a jobs standpoint, America's seaports support the employment of 13.3 million U.S. workers, and seaport-related jobs account for $649 billion in annual personal income. For every $1 billion in exports shipped though seaports, 15,000 U.S. jobs are created.

Ports are doing their share by investing more than $2 billion annually in capital improvement projects on their terminals. Despite these substantial investments by ports, inadequate infrastructure connecting ports to landside transportation networks and water-side shipping lanes often creates bottlenecks in and around seaports resulting in congestion, productivity losses, and a global economic disadvantage for America.

These congestion issues and productivity losses have the potential to stymie our ability to compete. The pending Free Trade Agreements with South Korea, Colombia and Panama provide a huge opportunity for increasing exports and improving the economy. However, when transportation costs rise due to inadequate infrastructure, our exports become less competitive.

As this Committee considers and identifies core federal missions, we urge you to elevate freight mobility issues and intermodal connectivity to a high priority in this authorization bill.

AAPA has detailed policy recommendations for reauthorization. In my testimony I will highlight a few areas and request that our policy paper be included in the record.

National Freight Policy

In this reauthorization, it is critical that Congress place an emphasis on alleviating freight congestion and provide a mechanism for planning future investments. AAPA urges the implementation of a national freight policy which coordinates with state freight transportation agencies to ensure that implementation and national freight connectivity and capacity goals are met. AAPA strongly recommends that a formula-driven state administered freight program complimented by a federal merit-based investment component to address projects and corridors of national and regional economic significance be included in reauthorization legislation. This merit-based concept was first introduced as part of SAFETEA-LU and was known as the "Projects of National and Regional Significance Program." The program was entirely earmarked and was never implemented as intended. Port Authorities should be eligible to apply directly for project funds through the aforementioned federal and state freight programs.

Port-Related Infrastructure

AAPA strongly recommends that a National Infrastructure Investments (NII) style program be authorized and that a minimum of 25 percent of the available funding be dedicated to port-related infrastructure needs. AAPA supports the NII which has provided discretionary grants for port infrastructure projects. This type of program is the only direct and merit-based federal funding source for port-related infrastructure. Efficient seaports are truly in the federal interest and are critical to U.S. export expansion, international commerce and the global competitiveness of the U.S. economy. Port infrastructure projects, including those that improve landside connections to seaports, are prime candidates for programs like the NII. Federal investments in port-related infrastructure create jobs, spur U.S. exports, enhance the environment, and improve American quality of life.

Funding for Intermodal Freight Connectors

Funding for National Highway System intermodal freight connectors is vital to port efficiency and cargo mobility. The deficiencies of these roads and bridges that connect seaports to the Interstate System and main-line rail networks have not been adequately addressed in the traditional planning and funding processes of States and MPOs.

Roads and rail converge in port areas, often at the same grade, causing congestion and delays as cars and trucks wait for freight trains to clear intersections. As a result, delayed idling vehicles exacerbate negative air quality impacts on the surrounding communities. Many of these roads are in disrepair, have inadequate turning radii, and are generally not fit for the volume of freight traffic they must endure. For these reasons, connector roads and highway access infrastructure around ports are often the weak link in the goods movement network and must be addressed through programs specifically directed at these issues.

NHS freight connectors were determined to be in the worst condition of any roads on the National Highway System and yet are among the most important to our economy, national defense and global competitiveness. As you discuss how to reorganize the existing programs to meet vital infrastructure needs in the federal interest, AAPA strongly recommends that a more targeted way to maintain and improve capacity along these vital connections be included.

Investments in Freight Rail

Investments in freight rail will make the system safer and more efficient, improve environmental sustainability and encourage competitive rail access to seaports. The federal surface transportation program should provide tax credit incentives for main-line and short-line railroads to invest in port access. Legislation should also include a grant program with a cost-share (federal/railroad) for projects with both public and private benefits. In addition, the national freight program should define freight corridors of national significance that are eligible for rail investment. To execute these investments effectively, additional expertise on rail access issues within state departments of transportation and MPOs is imperative.

Development of Marine Highways

The improvement and new development of marine highways will alleviate highway congestion and improve environmental sustainability. A number of steps will be required to effectively catalyze the development of a system of marine highways. Harbor Maintenance Tax exemptions for certain U.S. port-to-port cargo must be enacted by Congress to eliminate a current federal "disincentive" to short sea shipping. Federal funding support for establishing short sea shipping services and incentives for shippers using "greener" modes of transportation would serve as public and private sector economic incentives to help jump-start marine highways. Establishing a new program similar to the ferry boat discretionary program and encouraging more utilization of current federal programs – such as the Congestion Mitigation and Air Quality (CMAQ) Improvement Program – to fund projects for short sea shipping services, would also have a catalyzing effect. Marine highway development could also benefit from a reassessment of federal shipbuilding programs with a focus on how they could support marine highway development. An understanding and expertise at the state/MPO level on marine highway alternatives and benefits is necessary to executing programs and projects in this area.

Program Reform and Project Delivery

With regard to program reform, AAPA supports a performance-based approach which consolidates the existing 108 surface transportation programs into 10 programs (one of which should focus on freight transportation) as recommended by the National Surface Transportation Policy and Revenue Study Commission and AASHTO. AAPA also supports establishment of a multi-modal freight office that reports to the Office of the Secretary at the United States Department of Transportation.

AAPA supports improving project delivery by addressing environmental review inefficiencies and National Environmental Policy Act (NEPA) redundancies that cause project delays and cost overruns, including delegating NEPA responsibilities to appropriate state agencies.

Funding Mechanisms

AAPA believes that a combination of funding mechanisms will be necessary to address freight mobility needs in the U.S. These funding mechanisms should not disadvantage U.S. exports nor hinder ports in their ability to remain competitive.

Supported funding mechanisms include:

- A share of revenue from customs duties devoted to funding freight mobility infrastructure improvements
- An increase in the gas tax and a future indexing mechanism as recommended by the National Surface Transportation Policy and Revenue Study Commission with a percentage of the new proceeds dedicated to funding freight mobility infrastructure improvements
- An increase in the diesel tax, and a future indexing mechanism with a majority of the new proceeds dedicated to freight mobility infrastructure improvements
- A portion of any carbon tax or climate change program revenues be made eligible for investments made by freight transportation to reduce its carbon footprint
- Public-Private Partnerships (PPP) where each sector pays in proportion to the benefits they derive from the capacity generated by the infrastructure

AAPA believes that if a freight trust fund is created under this surface transportation authorization, it should be fully spent on freight transportation and not used for deficit reduction. Appropriate projects that are freight-related should still be eligible to compete for other federal funding sources.

Conclusion

Improving the freight transportation system, particularly port-related infrastructure, helps strengthen our nation's international competitiveness and our ability to accommodate trade growth. As Congress looks to spend limited dollars on priorities that are in the federal interest and provide America with sizable returns, we believe that targeting investments toward the freight transportation system will pay dividends in short and long term economic prosperity.

Thank you for the opportunity to include this testimony as part of the written record of this hearing.

Testimony of Peter J. Pantuso, President and CEO

American Bus Association

Before the

Highway and Transit Subcommittee

United States House of Representatives' Transportation and Infrastructure Committee

March 29, 2011

Mr. Chairman and members of the Committee my name is Peter J. Pantuso and I am President and CEO of the American Bus Association. The ABA is the trade association for private over-the-road bus companies and represents the tour, travel and transportation industries. The ABA represents 800 motorcoach companies and nearl6 60 percent of all motorcoaches on the road. In addition, ABA represents another 3,000 tour operators, destinations, attractions, convention and visitors' bureaus, hotels and restaurants, as well as companies that manufacture motorcoaches and those that provide equipment and services to bus companies. ABA motorcoach operator members provide a variety of transportation services (scheduled service, point-to-point, tour and charter, commuter and airport and employee shuttle) to 760 million passengers a year.

On behalf of the ABA and its members, I want to thank you, Mr. Chairman for convening this hearing. Transportation reauthorization is the highest legislative priority for the ABA and its members. Motorcoach operators as well as the destinations that rely on motorcoach business, require good infrastructure, roads, signage and countless of other items that are all part of the transportation reauthorization. The ABA and our members have spent, as have many transportation stakeholders, countless hours preparing for reauthorization, which is long overdue and should have been resolved in the last Congress. We have consulted with state and regional bus associations and joined with other stakeholders in coalitions to pursue shared aims. ABA staff and member companies have been present at several of this Committee's regional hearings and roundtables. In working to the better understand the needs of our members and the entire motorcoach industry, ABA has identified a number of issues, some of which are problematic, the intercity bus industry. We have also identified those solutions to problems that can, and should be utilized to address our concerns, as part of the transportation reauthorization process. A full ABA presentation of our reauthorization proposals is appended to my testimony.

In summary it is fair to say that the private-independent motorcoach industry, which operates with little or no subsidy, is looking less for funding as part of the reauthorization than it is for opportunity and access to existing programs and funding sources.

In the interest of time I will highlight several of our proposals and append a full review of our proposals to the testimony for review at your convenience.

Of note is the fact that several of ABA's proposals require very little or no money, for implementation. The other thing you will note is that our recommendations are all geared to increasing the transportation options for the public. Our proposals look to increase transportation options for rural America; close mobility "gaps" in America's transportation system; provide transportation options for municipalities (many of whom are struggling to balance their budgets) and increase enforcement of federal regulations ensure that only safe passenger carriers are operating on the nation's highways.

Our first proposal is that the new transportation program ensures that the private bus industry is fully involved in the planning process, with access to all transportation facilities and public transportation funding programs. The private bus industry is often not included in the planning for transportation projects, or when it is, is after an afterthought, long after the project has left the planning stage. Typically, if private bus companies are invited to planning sessions, it is at the end of the process when all the major decisions have been made and there is little opportunity left to change the course of direction, and little for the bus operator to do but to agree or disagree as to the placement of the bus parking slots. We have seen this happen repeatedly and it is, in our view, the wrong approach.

The nation needs an integrated passenger transportation system, not a continuation of the stove-pipe system that keeps transit bus, private bus, intercity passenger rail, and commuter rail all because of competing and non-interactive proposals. At the basic level, a passenger transportation network that fully integrates all modes, utilizing the best resources of each without being duplicative, is a system in which passengers may take one of several modes into or out of a single location, and make a decision about which is best for them. This could be a passenger transportation facility involving all modes. It could be a park and ride lot on the interstate that is adjacent to a bus facility. It could be a bus terminal integrated into a train station. The point is that intermodal facilities development should be viewed as regional transportation centers rather than transportation silos for one mode. Intercity motorcoach services should be included in the design of new rail facilities, transit hubs, airports and seaports.

One indispensable requirement to achieve this systemic approach to passenger transportation, is the necessity that all transportation stakeholders be involved in the planning process from the beginning. The other requirement for this solution is that this consultation process be enforced by tying it to the funding for the project. ABA has learned via hard experience that consultation only works when the "carrot" is accompanied by a "stick", in this case the loss of funding true consultation and inclusion does not exist. Our goal is not to argue that one mode is inherently better than the others but to break down the barriers between modes and allow passenger mobility choice.

The federal government should be a partner in helping to reduce the barriers that prevent private sector providers of transportation from an equal seat at the table when transportation facilities are planned. To the end one of ABA's goals is to establish as a function within the Office of the Secretary of Transportation a program office that provides support to and reduces obstacles for private providers of transportation. One of the goals of this program should be to reduce the federal share of transportation subsidies by providing a frame work for public private interactions, consultation, mobility development and infrastructure planning. In many ways, the conversation about partnerships has focused on private investment and construction of capital assets. As we move into a fiscally constrained planning process we must expand the dialogue to include passenger transportation. Where private sector partners can provide passenger mobility at greater environmental and cost efficiency, our services should be part of the transportation conversation.

Our second proposal is also, at its core, a consultation proposal. Intercity buses provide regular scheduled service to over 2,000 communities nationwide. Companies operating schedules are not only providing essential passenger services, they also provide incidental package express service that may be the only form of daily, scheduled freight service for many of these small towns. In spite of this, more than 20,000 communities have lost their motorcoach service over the last 30 years.

Congress recognized the need to reverse this trend in SAFETEA-LU by reauthorizing the rural intercity bus program. This program provides funds for either the purchase of buses and enhancement of stations and to supplement operations. This 5311(f) program (49 USC 5311(f)), is a maximum of 15% of the overall 5311 program. However, states may allot less than the 15% if, after a state wide consultation with private operators, the governor finds that the state's rural intercity bus needs are being met.

ABA supports the rural intercity bus transportation program. Congress should require the FTA to enforce compliance with SAFETEA-LU provisions requiring consultation with intercity bus operators by state planning organizations. In addition, ABA strongly supports the Private Match Pilot program that allows states to expand 5311(f) projects to include local match provided by the cost of the unsubsidized intercity bus service that connects with the subsidized service. This increases the percentage of the net cost of the subsidized service that 5311(f) funds can subsidize from 50% to 100% and requires collaboration and connection for services using the private match process. In other words, the Private Match Pilot program allows bus operators to serve more rural communities by operating a breakeven service rather than a service operated as a loss. ABA contends that reauthorization should clarify that intercity bus operators are eligible "sub-recipients" for section 5311(f) funding.

Continuing our support for rural transportation, ABA proposes an essential bus service for rural communities. The present Essential Air Service (EAS) program connects approximately 152 rural communities to regional and hub airports. However, costs for the EAS have increased four-fold from 1996 to 2006. Many communities have lost air service because air carriers have refused to continue service in the smallest areas. Millions of rural residents need connections to the national transportation system, yet only a handful receive EAS service. Rural communities need alternative airport connectors to give them convenient and reliable hub airport access.

In order to connect rural communities isolated from the broader transportation network with the contraction yet remaining high cost of EAS service, or elimination of air routes to these communities by the air carriers, Congress should require the U.S. Department of Transportation to establish a pilot program to fund an Essential Bus Service. Private motorcoach operators could create connections between non-urbanized areas and hub airports. The EBS program should be flexible enough to allow operators to make stops at intermediate points to expand the accessibility of the traveling public to the transportation network. In addition, operators must be given meaningful access to existing hub airports and ground transportation facilities to ensure linkages across transportation modes and procedures to operate in and out of airports must be uniform from location to location. Too many times, operators serving multiple airports find that requirements for drivers, security and operations vary from location to location, creating confusion and adding added and useless costs to the operators. Furthermore, some motorcoach companies are excluded from airport grounds all together or must wait in locations that are completely inconvenient to the traveling public.

Another "gap" in the transportation network is the mobility gap for passengers with disabilities. In 1998, in response to Congressional passage of the Americans with Disabilities Act (ADA,) U.S. DOT passed the final rules establishing accessibility requirements for intercity motorcoaches. Motorcoaches now must have a wheelchair lift and two wheelchair securement locations. This is an important but costly endeavor for the motorcoach industry.

A wheelchair lift adds $40,000 in direct costs, to the cost of a motorcoach. This amount does not include the costs of maintenance, repair and employee training and replacement. Congress authorized funding for motorcoach operators to cover "up to 90 percent" of the incremental costs of ADA compliance. However, the grant funds available under SAFETEA-LU for this requirement have been a fraction of the cost of this vital interest. The Transportation Research Board (TRB) has estimated the annual cost of compliance, for equipment alone, to exceed $40 million. SAFETEA-LU provided $10 million annually for the five years through 2009.

Congress should reauthorize and extend the compliance funding program through the life of the next highway and transit bill, increase the available funding for the motorcoach operators to cover the actual costs of ADA compliance for the bus industry. While the industry has the obligation of this ongoing federal mandate, crucial assistance in defraying the cost of equipment, training and maintenance is provided only to other modes of transportation. As part of the national transportation system, the motorcoach industry should be afforded the same level of financial support as other public transportation modes.

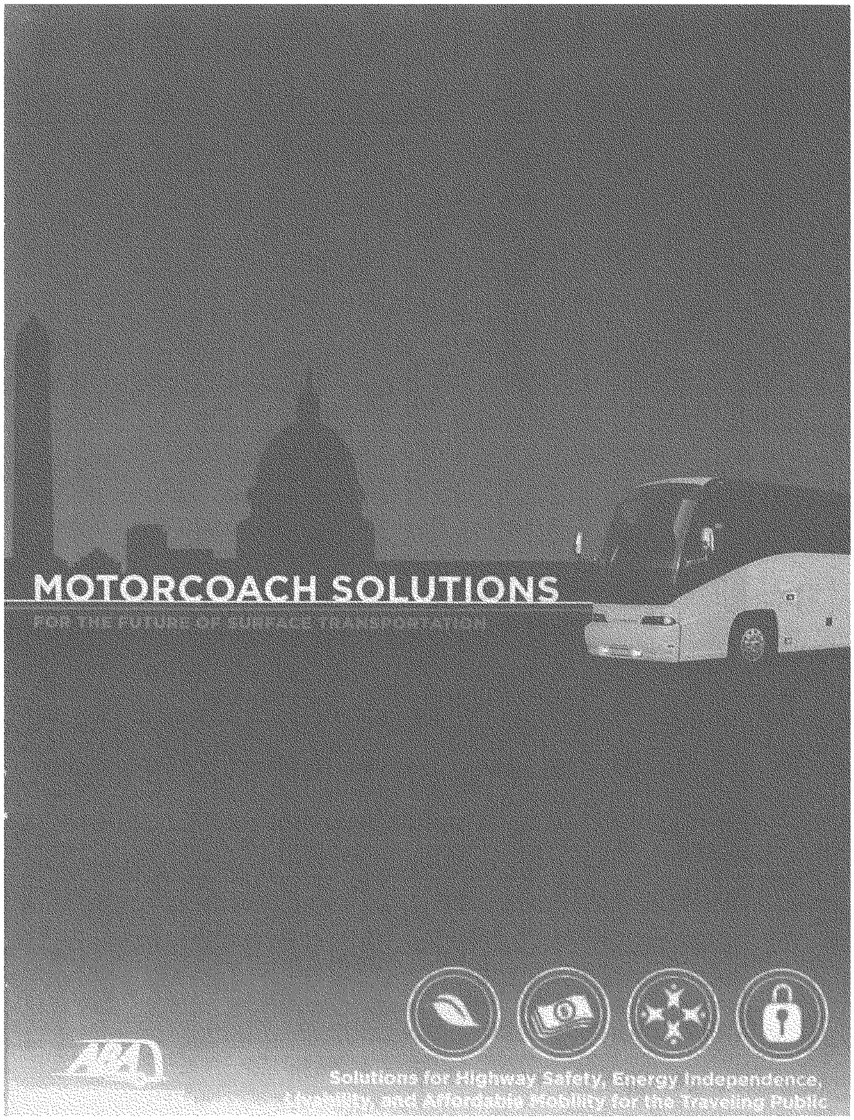
Finally, an important proposal is the need for capital to revitalize the motorcoach industry fleet. Due in part to continuing federal mandates (four EPA engine mandates, ADA accessibility requirements, and coming requirements for seatbelts, fire suppression systems, electronic stability control – ESC, window design, roof strength standards) the average purchase price of a new motorcoach has increased from $340,000 in 2000 to $500,000 or more today. Private motorcoach operators have met these increases without access to federal grant or funding programs that are currently available to funded transit agencies to cover the full cost of these compliance mandates, even though many of the services provided by these private companies are identical to those of publicly funded companies.

This rise in cost has forced companies out of business and driven the average age of the motorcoaches operating today up by nearly 60%. In addition, as costs rise, margins are forced lower which prevents capitalization of new vehicles. If the motorcoach fleet continues to age due to fleet capitalization expenses we will see even greater attrition of small business, the loss of jobs, loss of a domestic motorcoach manufacturing base, loss local tourism dollars, and increased congestion across the nation as people move from the safest mode of surface transportation to their cars.

ABA proposes capital assistance for the industry. Now more than ever is when the industry will need this help. With the anticipation of mandates from Congress and NHTSA that will require redesigning motorcoaches with additional safety features such as electronic stability control, fire suppression systems and seat belts, the cost of motorcoaches will easily increase by $75,000 - $100,000 per coach. In order to assist operators in securing new equipment and to make changes to existing equipment such federal assistance will be essential. This could be accomplished through a combination of tax credits, granting programs, low interest capital loans and private investment. For example, making bus companies or projects eligible for TIFIA loans or for capital under an infrastructure bank would provide some the capital needed. Such investments could have multiple economic benefits, including: encouraging investment in the nation's motorcoach industry; taking more cars off the roads and in so doing reducing pollution and other negative environmental impacts; promoting the expansion, improvement and affordability of bus service to both rural and underserved areas of the United States and supporting job creation and economic stimulus.

Mr. Chairman, Members of the Committee, ABA believes our proposals are workable, reasonable and necessary to ensure that our transportation system continues to provide the people with the transportation options they need and deserve. We are ready to discuss any and all of these proposals with you and the Committee and we hope to work with you to enact these proposals in transportation reauthorization.

Thank you and I am happy to answer any questions.


MOTORCOACH SOLUTIONS
FOR THE FUTURE OF SURFACE TRANSPORTATION
Solutions for Highway Safety, Energy Independence, Livability, and Affordable Mobility for the Traveling Public

This handbook serves to provide a comprehensive picture of the motorcoach industry and the American Bus Association's (ABA) role in promoting a wide range of legislative and policy issues at all levels of government.

ABA represents approximately 1,000 motorcoach and tour companies in the United States and Canada. Its members operate charter, tour, regular route, airport express, special operations, and contract services (commuter, school, transit). Another 2,800 member organizations represent the travel and tourism industry and suppliers of bus products and services who work in partnership with the North American motorcoach industry.

INDUSTRY SEGMENTS

→ **Motorcoach Operators** Operators own motorcoaches and provide services such as charters, tours, sightseeing, scheduled service, school bus service, special operations, and/or local receptive operations.

→ **Tour Operators** Organize tours without owning equipment and contracts for coach and other transportation, for hotels, attractions, and other travel suppliers to offer a package. The tours are primarily to locations away from the company's hometown.

→ **Travel Industry** Tourism-related companies and organizations include travel/tourism/destination marketing organizations, accommodations, attractions, food service organizations, and tourism service professionals, such as receptive operators who specialize in tour planning for a local area.

→ **Associates** Manufacturers and suppliers of bus products and services.

Protecting cost-effective mobility is common sense transportation policy

Independently owned and operated motorcoach companies provide a variety of services including scheduled, charter, sightseeing, and commuter transportation. Private bus operations fill in mobility gaps across the country, providing cost-effective travel options for the American public, whether traveling for work, vacation, connecting to other transportation options or moving people from rural communities to urban centers.

Motorcoaches accounted for 762 million passenger trips in 2008, moving more people than the domestic air carriers do in some years, and more than 30 times what Amtrak does annually.

Motorcoaches Put America in Motion

For millions of rural Americans, motorcoaches are the only available mode of public intercity transportation service, going where air and rail do not. There are five times as many motorcoach terminals nationwide as there are airports, and six times as many bus terminals as there are intercity rail terminals.

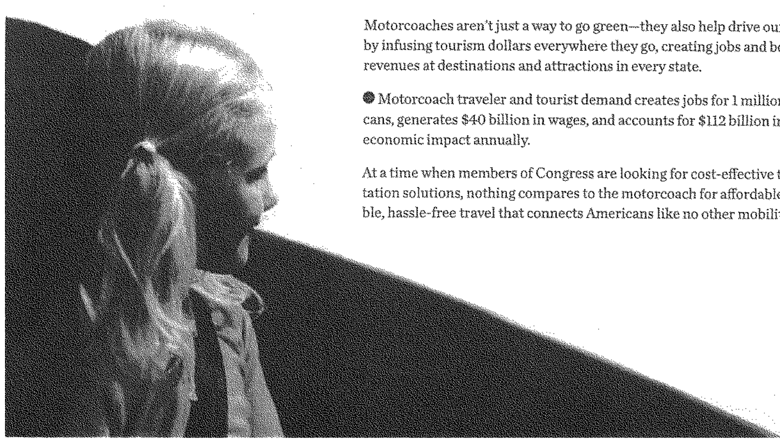
Travel by motorcoach yields priceless ecological dividends, removing cars from the road, reducing energy consumption, and slashing carbon dioxide emissions.

- On average the private motorcoach fleet provides 206 passenger miles per gallon (MPG), the highest among all modes of transportation.
- Commuter rail averages 92 passenger MPG, transit buses achieve 31 passenger MPG.
- Domestic air carriers realize 44 passenger MPG.
- Personal automobiles average 27 passenger MPG, and hybrid cars 46 passenger MPG.
- Each year in the United States, motorcoaches account for 44.2 million gallons of fuel saved, 63 million hours of wasted time saved.

Motorcoaches aren't just a way to go green—they also help drive our economy by infusing tourism dollars everywhere they go, creating jobs and boosting tax revenues at destinations and attractions in every state.

- Motorcoach traveler and tourist demand creates jobs for 1 million Americans, generates $40 billion in wages, and accounts for $112 billion in total economic impact annually.

At a time when members of Congress are looking for cost-effective transportation solutions, nothing compares to the motorcoach for affordable, accessible, hassle-free travel that connects Americans like no other mobility option.



National Economic Impact

The Motorcoach Tour and Travel Industry Creates Jobs in theUnited States

United States companies that provide motorcoach services to intercity travelers and group tours are a critical part of the country's economy. Motorcoach operators, along with the companies that supply services and materials to them, provide well-paying jobs in the United States and pay significant amounts in tax to local, state, and federal governments.

Economic Impact of Motorcoach Based Travel in the United States				
	Direct	Supplier	Induced	TOTAL
JOBS (FTE)	608,200	147,400	301,200	1,056,800
WAGES	$19,010,656,500	$7,808,208,800	$13,768,603,500	$40,587,468,800
ECONOMIC IMPACT	$42,281,666,900	$24,527,578,500	$45,858,287,600	$112,667,533,000

The Motorcoach Industry is a Crucial Part of the Country's Economy

- Companies in the United States that provide motorcoach services to tourists, travelers, and commuters employ as many as 127,600 people in the country. In addition, companies that supply services to motorcoach passengers, such as hotels, restaurants, and entertainment venues employ as many as 480,600 additional people in the United States.

- These are good jobs, paying an average of $31,260 in wages and benefits. And today, every job is important.

The Economic Benefit of the Motorcoach Travel Industry is Felt Throughout the Country

- Not only does the motorcoach travel industry create good jobs in the United States, but the industry also contributes to the economy as a whole. In 2009, about 147,400 people worked for firms that supplied goods and services to companies working with motorcoach passengers. These include a wide range of companies from wholesalers, to accountants, to fueling stations. All told, nearly $112.7 billion in total economic activity in the United States can be attributed to the motorcoach tour and travel industry.

- In addition to providing good paying jobs for thousands of workers in the United States, motorcoaches are the most fuel- and carbon-efficient mode of passenger transportation. Motorcoach travel averages 206 passenger miles per gallon compared to commuter rail at 92, transit bus at 31, personal automobiles at 27 and hybrid cars at 46 passenger miles per gallon.

- Motorcoach travel also alleviates congestion on local roads, city streets, and major arteries by removing cars from travel lanes; adds productivity to the workforce, and reduces pavement wear. In the United States, motorcoach travel saves 44 million gallons of fuel, 63 million hours of wasted time, and $1.2 billion annually.

- Motorcoaches bring millions of tourists who support local economies, and provide efficient, flexible and cost-effective transportation, linking commuters to employment, and airports and rail stations to the surface transportation network. Motorcoaches provide the only form of public intercity transportation to millions of rural residents. This is all accomplished by an industry of small businesses with little to no taxpayer subsidies.

The United States Also Benefits From the Taxes Paid by the Industry

- Not only do the motorcoach travel and tourism industry create jobs, it also generates substantial revenues for state and local governments. In the United States, the industry and its employees pay more than $7,498 million in taxes including property, income, and sales-based levies.

Taxes Generated in the United States	
	Tax Impact
FEDERAL TAXES	$9,001,064,160
STATE TAXES	$7,498,049,137
TOTAL TAXES	$16,499,113,297

1) John Dunham and Associates, New York, July 2009.

2) Schrank, David and Tim Lomax, Mobility Benefits from Motorcoach Service, Texas Transportation Institute, December 2009.

3) op cit, John Dunham and Associates.

Motorcoach Industry Key Legislative Priorities

- Provide private motorcoach industry diesel fuel tax parity with passenger rail and publicly funded mass transportation.
- Provide tax credits and granting programs for new motorcoach purchases to support rural transportation, job creation, and environmental stewardship.
- Increase funding for ADA compliance to $47 million annually. This money will cover the actual cost of compliance, and help motorcoach operators provide service to all Americans.
- Increase transportation access for rural Americans by enforcing consultation requirements and supporting the FTA Private Match Program.
- Establish an Essential Bus Service program to help fill in the gaps in America's rail and air transportation network.
- Protect the millions of Americans who travel on private motorcoaches every year by enacting long-term authorizing legislation providing "Over-the-Road Bus Security Assistance."
- In order to continue serving the traveling public and incorporate federally mandated safety and environmental standards the private motorcoach industry needs to maintain the current axle weight exemption.
- Give the Federal Motor Carrier Safety Administration additional enforcement tools to keep our roads safe.
- Incorporate motorcoach services in federal and state transportation planning as part of an integrated mass transportation solution

The Motorcoach Industry Position on Fuel Taxes

ISSUE

The Highway Trust Fund (HTF) spending outpaced the level of fuel tax revenues that support the fund in 2009. Changes in fuel tax collection sources and procedures, which could have a significant impact on the motorcoach industry, are under serious consideration in response to this deficit situation.

BACKGROUND

Congress is simultaneously facing large budget deficits and public expectations that investment in transportation infrastructure will continue to grow. The HTF revenues come largely from the fuel tax but also from taxes on trucks, trailers, heavy vehicles, and tires. In the future, the country cannot depend on fossil-based fuel taxes to fund its surface transportation system, in part because increasing fuel efficiency standards and alternative fuels make the already inadequate gas tax a declining revenue source.

Much effort was focused in SAFETEA-LU on addressing the funding shortage through tackling fuel tax evasion; reconciling payments that needed to flow into the HTF for dedicated transportation spending versus the general fund; and focusing on unnecessary exemptions. But because those changes are not sufficient to address the problem in the future, more options are under consideration. In the last few years, there have been several test projects to use road-user fees to back bonding on road improvements and manage access to the road capacity, particularly at peak hours. Other options include: eliminating fuel tax exemptions taken at the pump in favor of fuel tax exemptions being paid through revenues (presumably reducing current "abuses"); shifting costs to states to help fund the infrastructure; indexing the fuel tax to the Consumer Price Index, retroactively to the last federal fuel tax increase; creative ways to increase the HTF contributions of alternatively fueled vehicles; and a vehicle miles tax (VMT) for all highway users regardless of the vehicles they operate (under such a system the gas tax would be substituted with a mileage-based fee).

Currently, motorcoaches pay 7.3 cents in taxes on diesel fuel as a result of an industrywide 17 cent exemption from the current 24.3 cent diesel fuel tax. The benefits private operators bring to the system are the same contributions made by transit operators receiving a total fuel tax exemption: taking cars off the road and the resulting congestion mitigation, rural access, commuter efficiencies, environmental and pavement-wear benefits. Motorcoaches are the most fuel-efficient commercial passenger transportation service.

SOLUTION

Motor coach operators seek to gain parity with passenger rail and publicly funded mass transportation in the application of diesel fuel taxes based on the following arguments: 1) buses take cars off the road helping to mitigate congestion and minimize pavement wear; 2) use of motorcoaches, the most fuel and carbon efficient mass transportation mode, provides a positive environmental impact; and 3) heavily subsidized transit agencies and Amtrak are exempt from fuel taxes, private operators providing the same benefits should receive the same benefits. If the existing subsidy gap is allowed to grow an additional burden will be placed on the privately operated public transportation network causing these operators to cancel marginal or rural service and increasing the need for public resources. This additional burden will reduce transportation alternatives and increase the demand on services that cost taxpayers more.

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Motorcoach Fleet Reinvestment and Revitalization

ISSUE

Due to federal mandates on new technology and the reduction in the overall fleet size the cost of the average motorcoach has increased over the last 10 years by more tha n 40 percent. The unprecedented rise in vehicle cost has forced companies out of business and driven the average age of the motorcoaches operating today up by nearly 60 percent. As federal regulators prepare another round of safety and environmental mandates they must also consider ways to help the motorcoach industry cope with the costs of more regulation.

BACKGROUND

Over the last 10 years, federal mandates that include four Environmental Protection Agency (EPA) engine mandates and American's with Disabilities Act (ADA) accessibility requirements have increased the average purchase price of a new motorcoach from approximately $340,000 in the year 2000 to $480,000 in 2009.

While similar ADA requirements have been imposed on publicly funded transit systems, they have enjoyed granting and funding programs that cover 100 percent of the compliance costs associated with the purchase of equipment and training. In regards to EPA engine mandates, the motorcoach industry cannot take advantage of the economies of scale like other industries, due to the relatively low production volume. Motorcoach manufacturers produced approximately 1,600 units in 2009 and have not exceeded 3,200 units in the last 10 years. Despite the costs, the industry has embraced new engine standards and increased accessibility. Travel by motorcoach is now the most the environmentally efficient means of motorized travel on the road today[1]. The industry has also worked with our colleagues in the disability rights community to create best practices so our services are open to all people.

However, these advances have come at considerable cost borne almost entirely by bus operators. As costs rise, margins are forced lower, which prevents capitalization of new vehicles. If the motorcoach fleet continues to age due to fleet capitalization expenses we will see even greater attrition of small business, the loss of jobs, local tourism dollars, and increased congestion across our country.

SOLUTION

The motorcoach industry needs capital assistance through a combination of tax credits, granting programs, low-interest capital loans, and private investment. Pathways to achieve this could be through the implementation of investment tax credits, federal granting programs, as an eligible project under TIFIA or a newly created infrastructure bank. Ultimately, such investment could have multiple economic benefits including: 1) encouraging capital investment in the nation's motorcoach industry (the most energy-efficient and environmentally beneficial form of motorized transportation) while working to curb the economic downturn in the motorcoach industry; 2) taking more cars off the road, and in doing so reducing pollution and other negative environmental impacts; 3) promoting the expansion, improvement and affordability of bus service to both rural and underserved areas of the United States; 4) assisting motorcoach companies in bringing down the average age of their fleet; 5) promoting the creation of new motorcoach companies to serve the traveling public; 6) supporting job creation and economic stimulus; and 7) opening up capital markets with new equipment sales, new and old motorcoach sales and expansion of service routes.

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[1] "Getting There Greener" Union of Concerned Scientists (2008).

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Motorcoaches Inclusion in National Planning Initiatives

ISSUE

Motorcoaches provided 723 million passenger trips in 2009 and are a key transportation linkage for rural to urban, mode-to-mode and home-to-work transportation. In spite of the role motorcoaches play in the transportation system the motorcoach industry is not actively included in transportation planning.

BACKGROUND

In 1992, Congress passed the Intermodal Surface Transportation Efficiency Act (ISTEA) the goal of which was to connect transportation investments to planned needs and improvements in the transportation system. At that time motorcoach transportation was not integrated as part of the transportation planning process. Private bus operators were included in ISTEA and subsequent authorization legislation as part of specific programming and enforcement but not part of the overall transportation system.

From then until now the motorcoach industry involvement in transportation planning and therefore project development has been sporadic at best and project specific. Larger goals and broader understanding of the private bus industry and the important role it plays in the transportation system have been ignored in most regions by transportation planners. This is done in part because transportation planning in many ways is driven by the availability and permissible uses of federal and state dollars. As the motorcoach industry is not directly a part of the publicly funded system tracking of available services within states is almost nonexistent.

SOLUTION

Modern transportation planning brings environmental, connectivity and economic development concerns together to plan for growth and change in communities. Motorcoaches provide the most cost-effective, flexible, and environmentally conscience means of public transportation available. Private bus operators need to be included in transportation, environmental, and development planning initiatives. This will maximize the value of the public investment in transportation, reduce fuel consumption and green house gas emissions, and provide American jobs.

Congress should require the DOT to collect basic statistical information about the motorcoach industry including: passenger miles, efficiency, number of vehicles, and other basic information. The federal data collection should be unified under one definition for motorcoach rather than a generic "bus" classification that includes other vehicle types. Furthermore, state transportation planning authorities and metropolitan planning organizations (MPOs) should be required to create and coordinate a data collection of motorcoach transportation providers in their regions. This collection would help to provide information about motorcoach operations that are available to individual states and localities. In addition federal funding provisions should require that states conduct a verifiable and proactive consultation process with private operators in which states and MPOs are required to include private operators in transportation planning. This process should extent to the construction and creation of transportation facilities, which if federal funding is used should be intermodal.

Intermodal facilities development should be viewed as regional transportation centers, rather than transportation silos for one mode. Intercity motorcoach services should be included in the design of new rail facilities, transit hubs, airports, and seaports. The same required consultation process that is created for transportation planning should be part of the facilities development process.

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Increased Funding for Rural Transportation Needs

ISSUE

The rural intercity bus program in 49 USC Section 5311(f) has helped stem the decline in bus service to rural communities. The FTA Private Match program has to be institutionalized and far greater federal support is needed to ensure that rural communities have adequate connections to the nation's public transportation system including air and rail service.

BACKGROUND

Intercity buses provide daily scheduled service to more than 2,000 communities nationwide. This service not only provides essential passenger services, its incidental package express service is the only form of daily, scheduled freight service for many of these small towns. Although motorcoaches serve roughly eight times as many communities as either the airlines or Amtrak, more than 20,000 communities have lost their motorcoach service over the last 30 years.

Congress recognized the need to reverse this trend in SAFETEA-LU by reauthorizing the rural intercity bus program. The rural intercity bus transportation program provides funds for either buses and stations or operations. The 5311(f) program is funded at approximately $70 million per year through 2009, for rural intercity bus transportation, which doubled what was previously available. This represents 15 percent of a state's total FTA rural transportation funding. A state can spend more than 15 percent and can only allot less than that amount if after doing a statewide plan and consultation process with private operators the governor finds that rural intercity bus needs are already being met. Furthermore, all eligible bus companies in a given state must be made aware when the state has begun their transportation planning process so these companies may be included in the process and propose projects.

SOLUTION

ABA supports the rural intercity bus transportation program. Congress should instruct the FTA to track and enforce compliance with SAFETEA-LU provisions requiring consultation with intercity bus operators on the part of state planning organizations. Any state's consultation with intercity bus operators must be substantive and any subsequent certification must be rationally related to that consultation. ABA strongly supports the private match program that allows states to expand Section 5311(f) projects to include local match provided by the cost of the unsubsidized intercity bus service that connects with the subsidized service. This increases the percentage of the net cost of the subsidized service that Section 5311(f) funds can subsidize from 50 percent to 100 percent and requires collaboration and connection for services using the private match process. Finally, any surface transportation reauthorization should clarify that intercity bus operators are eligible "sub-recipients" for Section 5311(f) funding.

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Motorcoach Industry Position Essential Bus Service

ISSUE

The Essential Air Service (EAS) program continues to contract under the pressure of high fuel costs and a slowing economy effectively disenfranchising many rural communities from the broader transportation network. However, even with fewer flights serving fewer Americans program costs have increased four fold from 1996 to 2006[1].

Thousands of rural communities need connections to the national transportation system, yet only a handful receive service from the Essential Air Service program. In order to sustain their economic vitality, rural communities need alternative airport connectors to give them convenient and reliable hub airport access.

BACKGROUND

EAS connects approximately 152 rural communities in the United States and its territories to regional and hub airports. The connections are provided by private airlines operating small aircraft on a contract basis. Communities are eligible for funding if they are located between 70 and 750 miles from the nearest hub airport. Within the Department of Transportation, the Office of Aviation Analysis administers the EAS program through the Essential Air Service and Domestic Analysis Division. The Office of Aviation Analysis has a program budget of more than $100 million for EAS and another $20 million for marketing, research, and aircraft acquisition[2].

In contrast to EAS, the motorcoach industry has been providing nearly unsubsidized service to 14 million rural Americans without access to any other means of intercity connectivity. However, this service is primarily focused on creating connections with the surface transportation network.

SOLUTION

In order to reconnect rural communities that have been isolated from the broader transportation network with the contraction of EAS, Congress should instruct the U.S. Department of Transportation (DOT) to establish a pilot program to fund Essential Bus Service (EBS). Private motorcoach operators should be empowered to create connections between non-urbanized areas and hub airports. The EBS program should be flexible enough to allow operators to make stops at intermediate points to expand the accessibility of the traveling public to the transportation network. Furthermore, operators should be given meaningful access to existing hub airports and ground transportation facilities to ensure critical linkages across transportation modes.

EBS funding of $50 million per year could be used for activities such as:

1) Capital grants for bus shelters, park and ride facilities, and joint-use facilities.

2) Operating grants through purchase-of-service agreements, user-side subsidies, and demonstration projects.

3) Developing and enhancing security procedures for bus passengers connecting to commercial air services.

4) Enhancing connections between bus service and commercial air services at the airport.

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[1] Programs and Options for the Federal Approach to Providing and Improving Airline Service to Small Communities. General Accounting Office, September 2006.

[2] Ibid.

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Motorcoach Security

ISSUE

Since the horrific events of September 11, 2001, security of public transportation systems has become a national concern. Government support is needed to assist in establishing and funding industry security training protocols and security enhancements. The private over-the-road bus industry has received approximately $10 million in each fiscal year since FY 2002 through the Congressional Appropriations process. Long-term authorizing legislation to support and enhance motorcoach security programs has been passed, but requires full funding.

BACKGROUND

The safety of the millions of passengers who ride intercity motorcoaches has been partially addressed through provisions in the USA Patriot Act, the REAL ID Act and the 9/11 Commission Act. These statutes, respectively, establish that terrorist activities in mass transportation systems are federal crimes and require states to issue secure drivers licenses and identification documents, which make certain the applying individual is not a known security risk or has committed disqualifying criminal acts. The 9/11 Act requires intercity bus company provide security training to their employees and have and implement company security policies. TSA regulations to this effect are expected to be promulgated in 2010. Furthermore, prior federal security grants have provided operators with critical sources of capital to upgrade their company security programs. Grant funds have allowed the ABA, in conjunction with others, to develop and deliver a detailed security training program and security planning template to the entire industry. The Transportation Security Administration (TSA) has determined that these security training and planning materials will establish the federal security baseline for our industry in the forthcoming security regulations.

In FY 2008-2010, the Office of Management and Budget (OMB) zeroed out the Intercity Bus Security Grant budget line from the Administration's budget recommendation to Congress. In effect, OMB made a blanket determination that no matter how worthy the bus industry's security need no further federal grants would be available. However, over the last two years, Congress has appropriated money to continue the program based on the vital role motorcoach travel plays in the transportation network.

SOLUTION

Congress needs to continue to fully fund the intercity bus security grant program as suggested in the 2010 TSA Motorcoach Threat Vulnerability Analysis. Congress should enact long-term authorizing legislation in the amount of $25 million annually, which will provide "Over-the-Road Bus Security Assistance" through continued security funding. This successful program should remain at the forefront and distinct from other efforts to provide preparedness.

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ADA: Closing the Mobility Gap for Passengers with Disabilities

ISSUE

In 1998, the U.S. DOT passed final rules establishing accessibility requirements for intercity motorcoaches. To be considered accessible, a motorcoach must now have a wheelchair lift and two wheelchair securement locations. This is an important and costly endeavor for the motorcoach industry, particularly fixed route operators.

BACKGROUND

The Americans with Disabilities Act (ADA) requires accessibility based on vehicle type. In October 2001, the ADA implementation schedule required fixed-route motorcoaches to provide lift-equipped service on 48 hours notice until their fleets were fully lift-equipped. The ADA implementation schedule calls for 100 percent lift access by 2012. Charter and tour operators must provide lift-equipped service on 48 hours notice with no requirement for fleet accessibility.

The purpose of the ADA is to provide access to transportation for persons with disabilities needing special accommodation. The requirement for reporting and analysis is to assess the relationship of the accommodation to the need for service and whether the rule is a "reasonable accommodation." For fixed-route services, compliance is indicated by the accessibility of the fleet rather than accessible services provided to customers. At the inception of the law, it was not clear what a "reasonable accommodation" was and whether the cost of lifts and the use of them indicated a benefit to users that bore a reasonable relationship to the cost to providers to comply with the rules.

A wheelchair lift adds $40,000 to the cost of a motorcoach, excluding the costs of maintenance, repair and employee training. Congress authorized funding for motorcoach operators to cover "up to 90 percent" of the incremental costs of ADA compliance. The grant funds available have been a fraction of the cost of this vital social interest. The Transportation Research Board has estimated the annual cost of compliance to exceed $40 million. SAFETEA-LU provided approximately $40 million for the five years through 2009.

SOLUTION

Congress needs to reauthorize and extend the compliance funding program through the life of the next highway and transit bill, and increase the available funding for motorcoach operators to $47 million[2] annually to cover the actual costs of ADA compliance for intercity, charter, and commuter services. The motorcoach industry has the obligation of an ongoing federal mandate to supply on-demand accessible transportation to the general public. This obligation is part of being a public mass transportation provider. However, crucial assistance in defraying the cost of equipment, training, and maintenance is disproportionately provided to other modes of transportation. As part of the national transportation system, the motorcoach industry should be afforded the same level of financial support as other public mass transportation modes.

[2] The TRB study of 2002 concluded that $40 million was an appropriate annual dollar amount for ADA accessibility over the next reauthorization period. However, from 2002 to January of 2008 there has been an average annual rate of inflation of approximately 3.2 percent. Therefore, over the six years a total of 19.19 percent inflation has occurred. By January 2008 inflation has reduced the buying value of the initial 40 million 2002 dollars to a net present value of just over $32 million. The historical average annual inflation rate since 1914 is approximately 3.4 percent. It is a reasonable assumption that the average annual inflation rate through the next reauthorization period will fall within the 3.2 to 3.4 percent ranges. Future accessibility grant funding considerations should acknowledge the annual inflation rate as a factor when establishing funding levels.

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Motorcoach Axle Weight Regulations

ISSUE

Over-the-road buses (OTRBs), like traditional transit buses, have been carrying progressively more weight on each axle due to government mandates, such as new engine exhaust reduction technology and wheelchair lifts required by the ADA, as well as market driven amenities. As a consequence, fully loaded OTRBs approach, and sometimes may exceed the federal axle weight restrictions of 34,000 pounds on the tandem axle (with no single axle allowed to carry more than 20,000 pounds).

BACKGROUND

Since 1982, federal law has prohibited (with certain exceptions) any vehicle that exceeds 80,000 pounds gross vehicle weight from using the interstate highway system. The law also prohibits any one axle from carrying a load in excess of 20,000 pounds, and tandem axles cannot exceed 34,000 pounds gross weight.

Intercity motorcoaches and trucks are both defined as "commercial motor vehicles" under federal law, and are regulated the same with respect to size, weight, and length regulations. However, motorcoaches and trucks are significantly different: There are approximately 40,000 motorcoaches currently operating on our highways, compared with nearly 1.5 million trucks; the gross weight of a fully loaded motorcoach rarely exceeds 55,000 pounds, while a truck may weigh as much as 80,000 pounds fully loaded; motorcoaches have inherent design restrictions that limit them to a maximum of three axles, while a tractor-trailer combination may have five or more axles; and unlike trucks, the TAG (non-drive) axle of a motorcoach has only two tires, and is not designed to carry the same load as the drive axle, which has four tires.

For several years, ABA endeavored to have the private bus industry subject to the same axle weight exemption as the transit buses. The fiscal year 2006 transportation appropriations legislation included a provision that prevents individual states from imposing lower axle weight limits on their portions of the interstate highway system, which a few states used as a reason to levy fines against private bus operators.

SOLUTION

Congress should support the continuation of exemption language for the private motorcoach industry.

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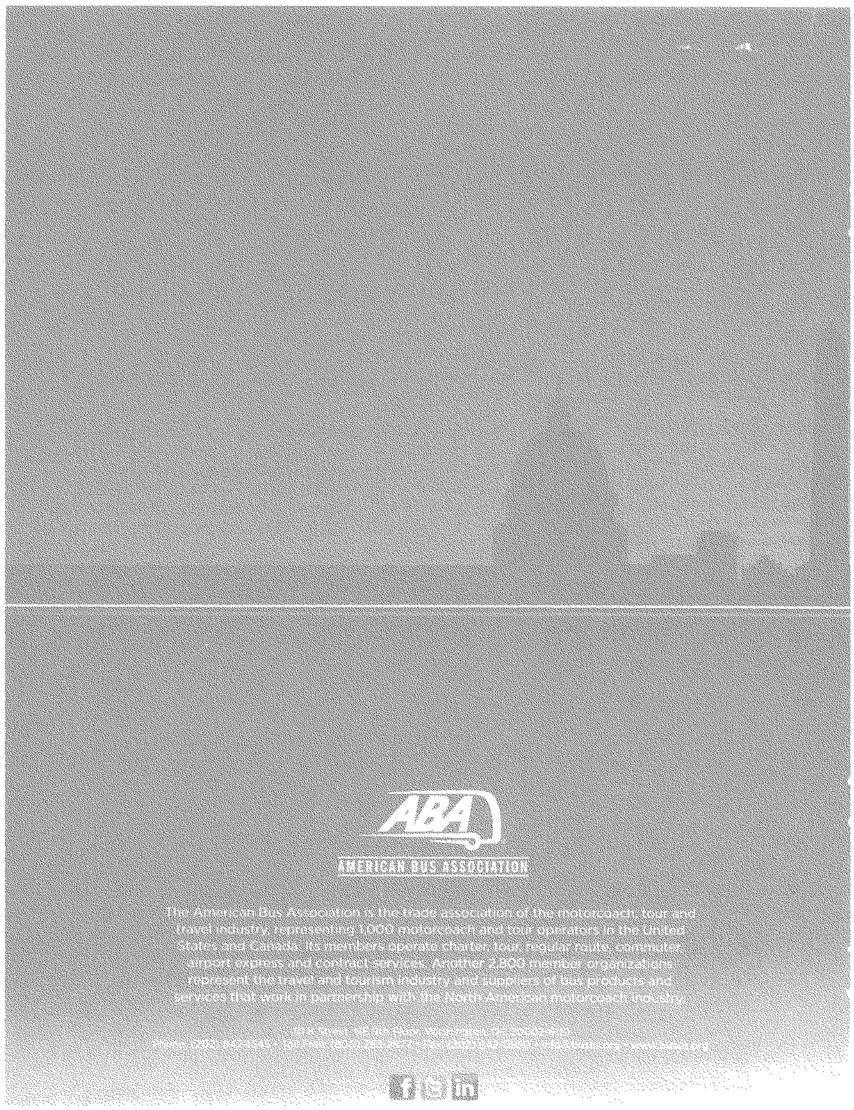
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ADVOCATES
for Highway & Auto Safety

STATEMENT OF JUDITH LEE STONE
PRESIDENT
ADVOCATES FOR HIGHWAY AND AUTO SAFETY

IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

BEFORE THE

HOUSE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

MARCH 29, 2011

Good morning. My name is Judie Stone and I am president of Advocates for Highway and Auto Safety (Advocates) a coalition of consumer, health and safety and major insurance companies and agents organizations working together to support adoption of laws and programs to reduce deaths and injuries on our highways. Advocates is a unique organization. We focus our efforts on all areas affecting highway and auto safety – the roadway, the vehicle, and the driver. Founded in 1989, Advocates has a long history of working with the House Committee on Transportation and Infrastructure advancing public health and safety in surface transportation legislation. We appreciate the opportunity to testify at this afternoon's hearing addressing federal legislative safety priorities for the surface transportation authorization legislation that will result in significant safety gains and reductions in deaths and injuries on our highways.

Although our nation's highway system has created mobility opportunities that are the envy of the world, it has resulted in a morbidity and mortality toll that is not a source of pride. Motor vehicle crashes are the leading cause of death for all Americans between the ages of 3 and 33, with the exception of 6, 7, and 10 year olds.[1] Every day an average of 93 people are killed on America's highways and nearly 6,075 more are injured.[2]

Any progress in achieving significant reductions in motor vehicle deaths and injuries will require Congress to address these realities. Currently, too many states have too few of the most successful, cost-effective traffic safety laws that have been proven to save lives, prevent serious injuries and reduce the expenditure of billions of dollars in medical, government and other economic costs. At the same time, highway deterioration and potential catastrophic bridge failures across the country threaten the safety of motorists while special interests continue to push and prod state legislatures and Congress to increase the size and weight of big trucks.

Overview of Traffic Safety

Traffic safety for the past two decades reflects both our successes and failures as a nation to protect our citizens from the tragic loss of life, serious physical injuries and enormous costs imposed by motor vehicle crashes. We have been successful in driving down the annual fatality rate by increasing the rate of seat belt use, enacting tough drunk driving countermeasures, adopting truck size limits, requiring vehicles to be equipped with proven safety technologies like airbags and electronic stability control, and designing more crashworthy vehicles.

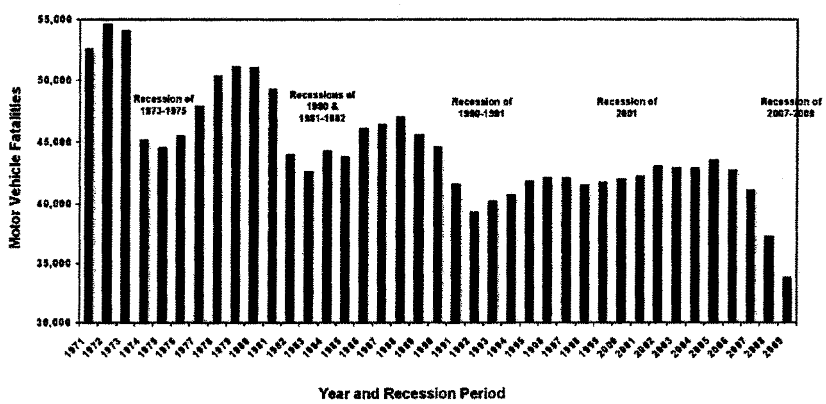
At the same time, however, there is a major unfinished safety agenda that Congress needs to address. In January, Advocates released its "2011 Roadmap to State Highway Safety Laws". The report clearly shows that we have failed to close gaps in state traffic safety laws that would prevent many drunk drivers from getting behind the wheel, stop the huge number of occupant fatalities by requiring seat belt and motorcycle helmet use, adequately protect our children with strong teen driving laws and protect the public from the widespread safety threat of distracted driving. We must also address the issue of dangerous overweight trucks. All of these safety problems result in thousands of preventable highway fatalities each year.

Although the traffic fatality total dropped below 40,000 deaths in 2007-2009, the majority of this recent decline is likely the result of reduced discretionary driving due to high gas prices and a weak economy rather than significant or lasting breakthroughs in safety policy or safe driving behavior. As the Honorable David Strickland, Administrator of the National Highway Traffic Safety Administration (NHTSA) cautioned in his Fiscal Year 2011 Budget Statement, while the downward trend is encouraging, "do not expect [it] to continue once the country rebounds from its current economic hardships. With any rebound, the expectation is that discretionary driving will increase, which in turn may reverse fatality reductions with increased exposure."[3]

To place the recent fatality figures in perspective, the chart below indicates that since 1971, highway traffic deaths have temporarily declined each time the national economy went into a recession. Should this pattern continue the nation will see a return to higher fatality totals in the coming years as the economy recovers, unemployment eases, and discretionary travel along with concomitant increases in fatal crash exposure return to pre-recession levels. For this reason it is critical that Congress adopt strong safety measures in the surface transportation reauthorization bill.

U.S. Recession Periods and Motor Vehicle Fatalities

Chart shows correlation between U.S. recessions and motor vehicle fatalities, 1971-2009.



Sources: The National Bureau of Economic Research, http://www.nber.org/cycles/cyclesmain.html; Fatality Analysis Reporting System (FARS), National Highway Traffic Safety Administration

When It Comes To Public Safety –Sanctions Save Lives

Many opportunities to improve safety involving changes in behavior on the part of motor vehicle drivers and occupants are governed by state laws, but have a clear and compelling national impact. As Advocates' "2011 Roadmap Report"[4] evaluating state adoption of 15 basic traffic safety laws makes abundantly evident, many states have not taken the vitally important and proven safety actions that are urgently needed to save lives on our highways. This is where federal leadership is critical and has been effective in encouraging state action with the adoption of federal sanctions.

The potential withholding of federal funds, also know as "sanctions", has been an effective and successful means to encourage state passage of safety laws and to create a uniform, national safety policy. Over 20 years of legislative history has proven that when Congress reinforces the need for states to pass a lifesaving law by invoking sanctions, states consistently and promptly enact those life-saving laws, and thousands of lives are saved. It is important to point out that no state has ever lost a single dollar of federal highway funds as a result of a federal sanction.

In the 1980s, for example, Americans lacked a uniform law across all 50 states that set a minimum drinking age of 21 to eliminate the "blood borders" problem. The differences in drinking age laws resulted in young drivers from states with a minimum drinking age of 21 driving to adjacent states with a lower legal drinking age, consuming alcohol, and then driving home while under the influence. This resulted in the deaths of tens of thousands of teen drivers and young passengers, earning these areas the designation, "blood borders." In 1984, with the leadership of former Committee Chairman James Howard (D-NJ), Congress enacted the Uniform Drinking Age Act,[5] which required states to enact a minimum age 21 law for the purchase and use of alcoholic beverages or face a potential decrease in federal highway funds.[6] The law was championed by then-Secretary of Transportation, Elizabeth Dole, and signed into law by President Ronald Reagan. Within 3 years, the District of Columbia and the 28 states that lacked an age 21 minimum drinking age law met the federal standard. Since the enactment of the national 21 drinking age, the overall alcohol-related traffic fatality rate has been reduced by half,[7] and NHTSA estimates that more than 27,000 lives have been saved as a result.[8]

Similarly, in the Commercial Motor Vehicle Safety Act of 1986,[9] Congress included a sanction to encourage states to pass a law requiring specific criteria for the testing and licensing of commercial drivers.[10] By 1992, every state had passed a law requiring the testing and licensing standards outlined by the Secretary of Transportation. In 1995, 26 states lacked a zero tolerance law to better enforce the age 21 drinking law. Congress responded by enacting the National Highway Systems Designation Act,[11] which required that a portion of highway funds be withheld from states that failed to enact a zero tolerance law for drivers under the age of 21. By 1998, every state and the District of Columbia had passed a zero tolerance law. Finally, in the Department of Transportation Appropriations Act of FY 2001, Congress required each state to pass a law lowering the legal blood alcohol concentration (BAC) limit for drivers to .08 BAC or lose a portion of their highway funds.[12] By 2005, all 33 states that lacked a .08 BAC law had adopted one.

When Congress Acts, States React and Lives are Saved

As illustrated, the use of sanctions by Congress to prompt states to enact lifesaving laws has been universally effective. Not only have the states enacted these safety laws in a timely fashion, but not one state has lost any federal highway funds. In contrast, when Congress has used the weaker strategy of providing only incentive grants to encourage state enactment of public health laws, the states have responded at a much slower pace, if at all. Congress initially tried using incentive grants to encourage states to pass .08 BAC laws in 1998. After several years, only 2 states and the District of Columbia had passed a .08 BAC law, a far cry from the 10 states that passed .08 BAC laws within the first year after a sanction was applied. More recently, the $500 million primary enforcement seatbelt grant program in the 1995 Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU),[13] has underscored the fact that incentive grants alone are not effective in galvanizing all states to act. Only ten (10) States have responded to this program by adopting a primary enforcement seatbelt law.[14]

The opportunities to improve transportation safety are many. This testimony addresses six (6) critical safety measures that this Committee and Congress should pass that will protect every family in every state. Advocates' proposals include setting national goals on specific behavioral safety issues and a national truck safety law. These opportunities will save thousands of lives and include passage of a freeze on truck size and weights as well as sanctions to accelerate uniform state adoption of traffic safety laws that require:

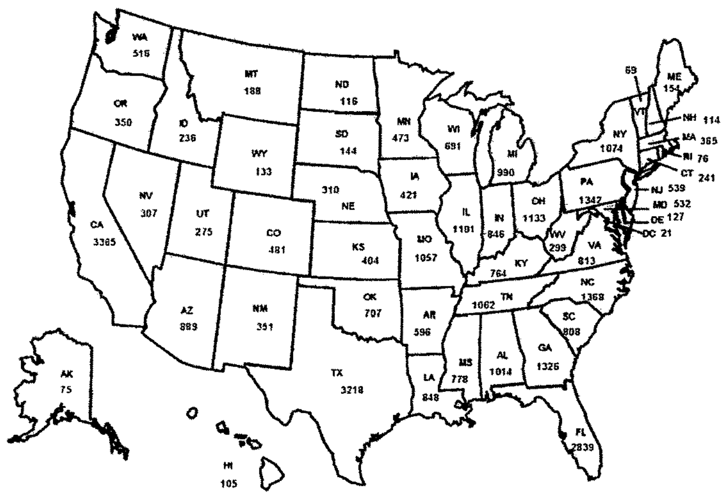
- optimal graduated driver license requirements for teenage drivers;
- primary enforcement seat belt use laws;
- alcohol ignition interlock technology for convicted drunk and drugged drivers;
- ban on the use of distracting electronic devices while driving; and
- all-rider motorcycle helmet use.

Every Teen in Every State Should be Protected by an Effective Graduated Driver Licensing (GDL) Law

Motor vehicle crashes remain the leading cause of death for teenagers between 15 and 20 years of age.[15] Motor vehicle crashes are responsible for more teen deaths than homicide, suicide, and cancer combined. The number and percentage of young licensed drivers in the U.S. population has increased from 12.6 million (4.8 percent) in 1997, to 13.3 million (6.4 percent) in 2008.[16] Young drivers are over-represented in terms of motor vehicle crashes. In 2009, 5,148 drivers, ages 15 to 20 years old, were involved in fatal crashes, comprising 11 percent of all drivers who were involved in fatal crashes.[17] Young drivers also represented 14 percent of all drivers involved in police-reported crashes in 2009.[18] A total of 5,623 people were killed in the fatal crashes involving young drivers in 2009, including young drivers themselves, their passengers, pedestrians, bicyclists, and the drivers and occupants of other vehicles.[19]

Over the past seven years, from 2003 through 2009, a staggering total of 53,475 fatalities have occurred in motor vehicle crashes involving teen drivers nationwide. See map below. This makes a convincing and compelling case for protecting teen drivers in a uniform manner, from state-to-state, regardless of where novice drivers learn to drive.

FATALITIES IN MOTOR VEHICLE CRASHES INVOLVING TEEN DRIVERS
2005-2009 based on NHTSA FARS Data



Fortunately, there is a proven method for reducing teen driving deaths. Graduated driver licensing (GDL) laws phase-in driving privileges over time and in low risk circumstances. This allows teen drivers to be introduced slowly to driving and to obtain driving experience under safer conditions. Research has shown the effectiveness of state GDL programs in reducing teen driver crashes and teenage fatalities. A recent study evaluating New Jersey's unique combination of a higher licensing age and a strong GDL system applicable to all novice drivers shows that after GDL implementation, there were significant reductions in the crash rates of 17-year-olds in all reported crashes (16%), injury crashes (14%) and fatal crashes (25%).[20] In Illinois, there has been a dramatic drop – more than 50 percent – in teen-related fatalities since their comprehensive GDL program took effect in January, 2008.[21] Even factoring in fewer fatalities due to reduced exposure in an economic downturn, Illinois' strong set of GDL laws undoubtedly played a significant role in this successful outcome. There are few public health interventions that achieve such successful and significant outcomes.

Advocates recommends six components for an optimal GDL law based on the National Transportation Safety Board (NTSB) recommendations, extensive research conducted on the effectiveness of strong GDL laws, and policies supported by the American Academy of Pediatrics and other public health and safety organizations:

- minimum age limit of 16 years to obtain a learners permit;

- minimum six-month holding period for a learners permit;
- restriction on non-emergency use of cell phone and other communication devices during learners permit and intermediate stage;
- restriction on unsupervised nighttime driving in intermediate stage;
- restriction on more than one non-familial teenage passenger in intermediate stage;
- minimum age limit of 18 years to obtain an unrestricted license.

Despite the proven safety effectiveness of GDL laws that meet these optimal features, there remains a patchwork quilt of teen driving laws in states across the nation. Some states have weak laws while others have stronger laws creating a confusing system in which millions of novice teen drivers lack some of the most basic protections that could prevent teen crashes and save lives. It is time for Congress to intercede in this public health crisis to encourage state adoption of comprehensive GDL laws.

A national release in August 2010 by the Insurance Institute for Highway Safety (IIHS) on the views of parents of 15-18 year olds revealed astoundingly high levels of support for stronger driving laws including raising the age for learner's permits and licenses for beginning teen drivers, as well as more stringent nighttime driving and passenger restrictions.[22] Key findings of the survey include the following:

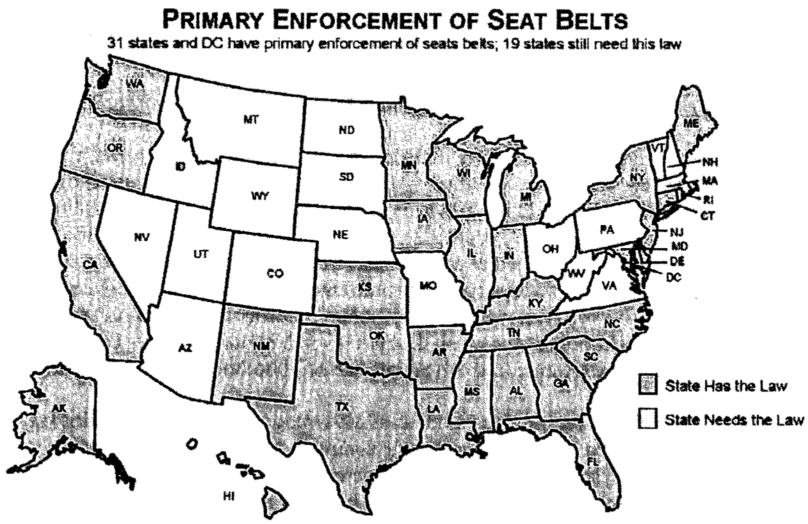
- Two-thirds of parents surveyed want learner's permits to be issued starting at age 16, not before;
- More than half of the parents surveyed think the minimum age for the unsupervised, or intermediate driving phase of GDL should be 17 or older; the same number want the learner's permit period to last at least a year;
- Sixty percent support supervised driving requirements for new teen drivers of at least 50 hours, with 40 percent saying 100 or more hours;
- Ninety percent of parents want a nighttime driving restriction, most of whom would have it start at 10 pm or earlier;
- Eighty-nine percent want passenger restrictions, with the largest majority of those saying teens should be allowed only one non-family passenger.

Teen driving legislation, the Safe Teen And Novice Driver Uniform Protection (STANDUP) Act, was introduced in the House during the 111th Congress sponsored by Representatives Tim Bishop (D-NY), Michael Castle (R-DE) and Chris Van Hollen (D-MD). In the 112th Congress, Senator Kirsten Gillibrand (D-NY) introduced the legislation on March 9, 2011 along with Senators Ben Cardin (D-MD), Thomas Carper (D-DE), Amy Klobuchar (D-MN), and Sheldon Whitehouse (D-RI). The STANDUP Act sets minimum standards for state GDL laws. The bill also provides for $25 million per year for three years as incentive grants to entice states to adopt these laws. Furthermore, the bill includes a potential sanction on federal-aid highway funds to ensure that when all is said and done, uniform state GDL laws across the nation will save the lives of our most precious citizens – our children. This legislation is supported by the Saferoads4teens Coalition whose members includes more than 140 national, state and local groups representing teens and parents, consumer, health, and safety interests, emergency doctors and nurses, the American Academy of Pediatrics, Mothers Against Drunk Driving (MADD), firefighters, law enforcement, insurance companies and the auto industry. We strongly urge the committee to include STANDUP in the surface transportation authorization legislation. It has high potential for significant reductions in teen crashes, deaths and injuries.

Primary Enforcement Seat Belt Laws Save Lives

Seat belts remain the most effective occupant protection safety device in motor vehicles. Research shows that when lap/shoulder seat belts are used they reduce the risk of fatal injury by 45 percent, and the risk of moderate-to-critical injuries by 50 percent to front-seat passenger occupants in passenger cars. Yet, in 2009, more than half of the occupants killed in fatal crashes, 53 percent, were unrestrained in crashes where restraint use was known.[23]

Seat belts save lives by keeping occupants in the vehicle, thus preventing complete ejection in a crash. Ejection from the vehicle is one of the most serious and deadly events that can occur in a crash. In fatal crashes in 2009, 77 percent of occupants who were totally ejected from the vehicle were killed.[24] Our national observed seat belt use rate was 84 percent in 2009,[25] while only 31 states and the District of Columbia allow primary enforcement seat belt use and 19 states do not. See map below.



In states with primary enforcement laws, belt use is higher. A study conducted by the Insurance Institute for Highway Safety (IIHS) found that when states strengthen their laws from secondary enforcement to primary, driver death rates decline by an estimated seven percent.[26] Use levels are typically 10 to 15 percentage points higher in these states than in states without primary enforcement laws. Needless deaths and injuries that result from a lack of seat belt use cost society an estimated $60 billion annually in medical care, lost productivity, and other injury-related costs.[27]

NHTSA estimates that in 2009, seat belts saved 12,713 lives among passenger vehicle occupants over age 4.[28] If all passenger occupants over age 4 had worn seat belts in 2009 an estimated 16,401 lives, or an additional 3,688 lives, could have been saved.[29] NHTSA calculates that between 1975 and 2008 seat belts saved an estimated total of more than 255,000 lives.[30] Had seat belt use rates been 100 percent over the years, more than 350,000 additional lives would have been saved.[31]

Congress has already tried to persuade states to adopt primary seat belt enforcement laws with a generous grant program. In the 1995 SAFETEA-LU Act, Congress provided $500 million in incentive grant funding to entice states to pass primary enforcement seat belt laws. In the six years since that incentive program took effect, only eleven (11) states enacted primary seat belt enforcement laws and, as previously mentioned, 19 states still have not.

Incentive grants must be coupled with potential sanctions in order to boost the national seat belt use rate and to save thousands more lives each year. That is why Advocates supports the measure included in last year's draft bill by the House Transportation and Infrastructure Committee to amend existing law to include a potential sanction for states that do not adopt a primary enforcement seat belt use law within 3 years.[32]

Alcohol Ignition Interlock Devices Keep Drunk Drivers Off Our Neighborhood Streets and Roads

Drinking and driving continues to be a national scourge on our nation's highways. While a number of measures have successfully reduced the historically high levels of carnage caused by drunk driving back in the 1980s, in 2009, 10,839 people were still killed in alcohol-impaired-driving crashes, accounting for 32 percent of all traffic fatalities.[33] Previous decreases in fatalities were in large measure due to a wave of enactment of state anti-impaired driving laws, serious enforcement of those laws and educational efforts by MADD and others to raise awareness of the problem. In order to continue to reduce the number of needless alcohol related crash deaths suffered on our highways each year, more must be done to keep impaired drivers off our neighborhood streets and roads.

One such measure is the required installation of technology to prevent drunk driving recidivism. An effort led by MADD is already underway to urge states to adopt a mandatory interlock system to prevent persons convicted of impaired driving, including first time offenders, from starting their vehicle when they are, yet again, impaired. A breath alcohol ignition interlock device (IID) is similar to a breathalyzer used by police to determine if a driver has an illegally high BAC level. The IID is linked to a vehicle's ignition system and requires a driver who has been convicted of an impaired driving offense to breathe into the device. If the analyzed result exceeds the programmed BAC limit for the driver, the vehicle will not start. But if the alcohol in the driver's system registers below the prohibited limit they can start the vehicle and continue on their way.

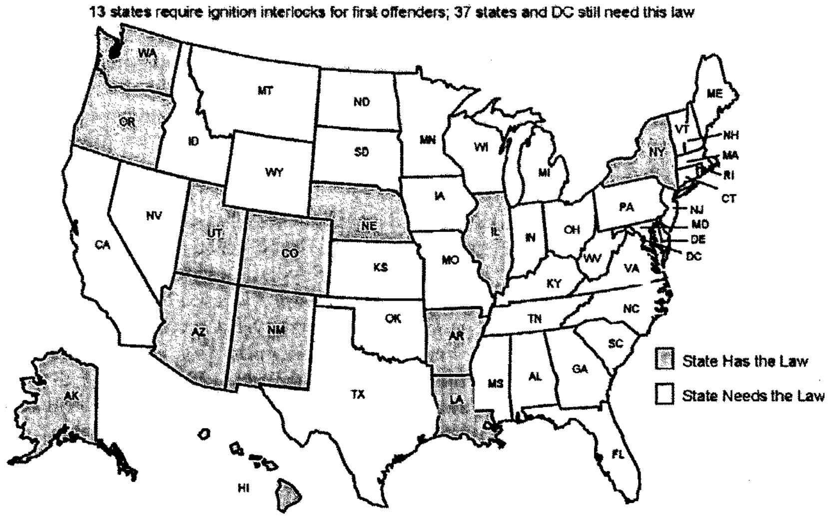
Today, modern technology is used not just to provide drivers with vital safety information, but also to allow internet access and entertainment and business communications that can interfere with the driving task. There is every reason that technology should be used to prevent impaired drivers who have previous convictions for that offense from operating motor vehicles.

The great majority of Americans support this initiative as well. In 2009, a survey conducted by the Insurance Institute for Highway Safety (IIHS) found that 84 percent of respondents said that ignition interlock devices for convicted drunk drivers is a good idea.[34]

However, only 13 states have adopted the use of IID technology to prevent first time offenders convicted of impaired driving from repeating the same dangerous behavior at the expense of others. Thirty-seven states and the District of Columbia have yet to adopt this life-saving law. See map below.

IGNITION INTERLOCK DEVICES FOR FIRST OFFENDERS

13 states require ignition interlocks for first offenders; 37 states and DC still need this law



Advocates strongly supports legislation that requires the use of ignition interlocks for all drunk driving offenders in every state. Every family deserves to be protected from drunk drivers and every state should have this law.

Distracted Driving – Ban the Use of Electronic Devices While Driving

Although various kinds of distractions have been a part of driving since the automobile was invented, the emergence of personal electronic communications devices that can readily be used while operating a vehicle has presented a whole new category of driver distraction and danger than ever before. The growing use of built-in and after-market or nomadic devices by drivers began with cell phone use but has proliferated with a myriad of personal electronics that allow drivers to access the internet, perform office work and to send and receive text messages while driving. As a result, in 2009, there were an estimated 5,474 fatalities and 448,000 injuries in crashes where driver distraction was a factor.[35]

Text messaging while driving poses the most extreme and evident crash risk danger. Diversion of attention from the driving task to input or read a text message clearly interferes with drivers' ability to safely operate a motor vehicle. A 2009 study found that text messaging while driving increases the risk of a safety-critical event by more than 23 times compared to drivers who are focused on the driving task.[36]

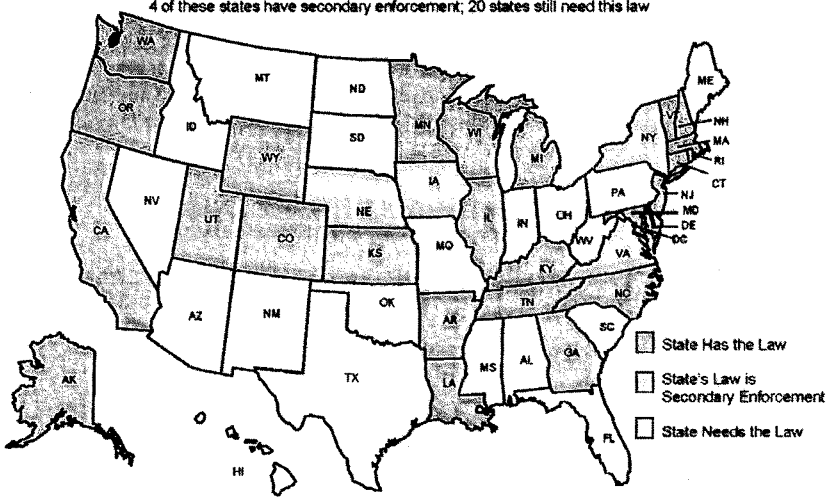
A mounting number of research studies and data show that the use of a mobile telephone while driving, whether hand-held or hands-free, is equivalent to driving under the influence of alcohol at the threshold of the legal limit of .08 percent blood alcohol concentration (BAC). Hand-held mobile phone use and dialing while driving require drivers to divert attention from the road and from the driving task, and both hand-held and hands-free phone use has also been shown to involve cognitive distraction that is no less dangerous in terms of diverting attention from the driving task and the potential risk of crash involvement.

Transportation Secretary Ray LaHood hosted a national summit on distracted driving in 2009, with a follow-up meeting in 2010,[37] the White House issued a Presidential proclamation banning text messaging by federal employees,[38] and measures have been taken by the Department of Transportation (DOT) to curb distracted driving in commercial vehicles[39]: these are all good first steps. However, the problem of distracted driving in commercial vehicles is not limited only to text messaging. For that reason, in 2009, Advocates filed a petition for rulemaking with the Federal Motor Carrier Safety Administration (FMCSA), the DOT administration that regulates commercial vehicle operations, seeking a review of all types of electronic devices used in commercial vehicles, not just those that permit the transmission of text messages.[40] FMCSA issued a final rule prohibiting texting by CMV drivers in September 2010 but has not yet addressed other types of electronic devices.

As the Committee is aware, the problem of distracted driving is not limited to commercial vehicles alone. To date, only 26 states and the District of Columbia have enacted all-driver text messaging bans, with 24 states having no such law. See map on the following page. Two pieces of legislation were introduced in the 111th Congress to prohibit drivers from sending, receiving and accessing text messages while driving passenger vehicles: Advocates supports the use of potential sanctions to ensure that all-driver text messaging prohibitions are expeditiously adopted in all states. These laws send a message to the public that text messaging is unsafe and illegal.

ALL-DRIVER TEXT MESSAGING BANS

30 states and DC have text messaging bans for all drivers, 4 of these states have secondary enforcement; 20 states still need this law



Motorcycle Deaths are Climbing and Helmet Laws are Under Attack

NHTSA estimates that 80 percent of motorcycle crashes injure or kill a rider.[41] In 2009, 4,462 motorcyclists were killed and 90,000 were injured.[42] Before 2009, motorcycle crash fatalities increased every year for more than a decade.

At present, motorcycles make up less than three percent of all registered vehicles and only 0.4 percent of all vehicle miles traveled, but motorcyclists account for 13 percent of total traffic fatalities. NHTSA estimates that helmets saved the lives of 1,483 motorcyclists in 2009 and that if all motorcyclists had worn helmets, an additional 732 lives could have been saved.[43] NHTSA estimates that 148,000 motorcyclists have been killed in traffic crashes since 1966.[44]

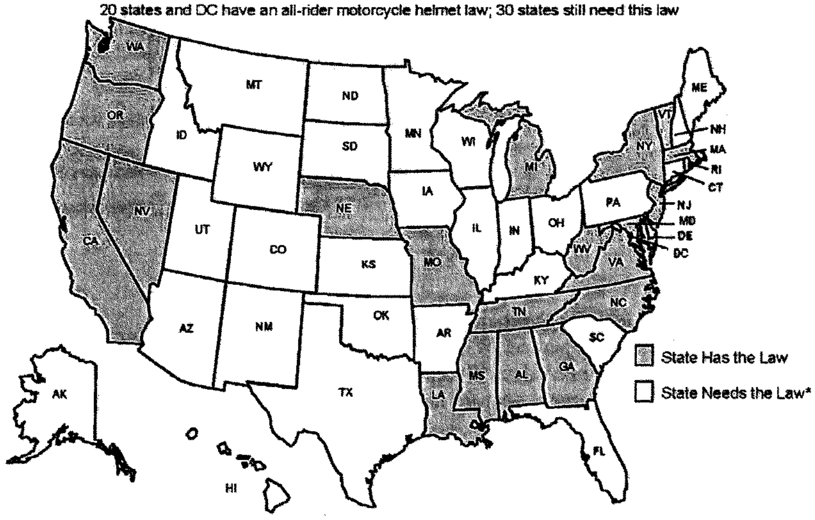
In the past, annual motorcycle rider deaths were much lower in part because most states had all-rider motorcycle helmet laws. Congress used the power of the sanction to require states to enact helmet use laws.[45] When the sanction was repealed by Congress, the states followed suit with more than half the states repealing their helmet laws.[46]

Some motorcycle enthusiasts who oppose motorcycle helmet use laws have wrongly asserted that training and education alone are the way to improve motorcycle safety. However, in SAFETEA-LU, Congress included a number of measures aimed at promoting motorcycle training and education. These programs have been ineffective at reversing the recent doubling of motorcycle fatalities. In a 2008 report by NHTSA guiding states on highway safety actions that work, a state all-rider motorcycle helmet use law was the only countermeasure rated as "Proven" in the "Effectiveness" category.[47]

Today, only 20 states and the District of Columbia require helmet use by all motorcycle riders. See map below. Last year, 12 of those state laws were under attack by repeal attempts. In 2007, the NTSB recommended that all states without an all-rider helmet law should adopt one.[48] Research conclusively and convincingly shows that all-rider helmet laws save lives and reduce medical costs. While helmets will not prevent crashes from occurring, they have a significant and positive effect on preventing head and brain injuries during crashes. These are the most life-threatening and long-term injuries as well as the most costly.

ALL-RIDER MOTORCYCLE HELMET LAWS

20 states and DC have an all-rider motorcycle helmet law; 30 states still need this law



Helmet laws are the most effective countermeasure to prevent motorcycle rider fatalities, and they save state and federal costs associated with crashes and injuries. According to NHTSA, almost 50 percent of motorcycle crash victims have no private health insurance, so their medical bills are paid by taxpayers.[49] In 1992, California's all-rider helmet law took effect resulting in a 40 percent drop in its Medicaid costs and total hospital charges for medical treatment of motorcycle riders.[50]

In states that have all-rider helmet laws, helmet use is nearly 100 percent.

Stopping Truck Size & Weight Increases Protects Safety and Yields Other Important Policy and Societal Benefits

I would like to turn now to the serious issue of large truck safety in the U.S. In the decade from 2000 through 2009, an average of 4,676 people were killed in truck-involved crashes each year.[51] When large trucks collide with passenger vehicles, 98 percent of the people who die are the occupants of the cars and light trucks.[52] As with passenger vehicle deaths, large truck-involved fatalities have shown a recent decline, due in part to economic conditions.[53] Large, heavy trucks are dramatically overrepresented each year in severe, especially fatal crashes. Large trucks, although four percent of registered motor vehicles in the U.S., are nevertheless involved in 11 percent of annual traffic fatalities.[54] In 2008, one of every nine people killed in a traffic crash was a victim of a large truck crash.[55]

Proponents of bigger, heavier trucks want to increase truck weights to 97,000 pounds or more, and allow super-sized trucks to operate on roads throughout the U.S. Increases in large truck sizes and weights will inevitably lead to even more, not fewer, large trucks than ever before, a fact that has been documented repeatedly over the past 40 years. Since 1974, every time truck sizes and weights have increased, so have the number of large trucks on the highways. Policies that allow ever increasing dependence on more and bigger, heavier trucks invite a death spiral that not only poses greater safety risk, but has negative outcomes for environmental enhancement, infrastructure protection, fuel use, Highway Trust Fund revenues, and a balanced, long-term national transportation freight strategy.

In order to advance highway safety, protect the environment, preserve transportation infrastructure, and provide a truly equitable, inter-modal national freight policy, Congress should permanently adopt the current limits on large trucks. The bi-partisan *Safe Highways and Infrastructure Preservation Act of 2010* (SHIPA), introduced in the 111th Congress by Sen. Frank Lautenberg (D-NJ) and Rep. James McGovern (D-MA) and 137 Republican and Democratic Members of Congress, would save lives, preserve our roads and bridges and promote a variety of important national policy interests.

First, SHIPA can stop the growth in numbers of bigger, heavier trucks by placing a freeze on trailer lengths. That freeze not only would govern maximum length on the Interstate system, but on the entire National Highway System (NHS), the country's prime set of interconnected roads for freight transportation. SHIPA builds on the 1991 longer combination vehicle (LCV) freeze that protects states from being pressured to open their roads to excessively long trucks.[56]

Next, SHIPA is crucial to a rational program of surface freight transportation that simultaneously advances the most desirable features of big truck safety, highway pavement and bridge infrastructure protection, and fuel and environmental conservation. The current astounding rate of pavement and bridge destruction already inflicted by extra-heavy trucks will increase dramatically if SHIPA is not enacted to preserve highway roads and bridges from further infrastructure deterioration. Furthermore, the need to raise additional funds to repair the even greater degree of road and bridge damage caused by heavier trucks places another burden on states and the federal government.

Conclusion

The quality of life for all Americans depends on a safe, reliable, economical and environmentally sound surface transportation system.

Every year, highway crashes are costing our nation more than $230 billion. This is money that could be better spent on addressing surface transportation needs. Many of the top priorities outlined in my testimony today can be realized by expending minimal funds from the Highway Trust Fund while achieving maximum gains in saving lives and preventing costly, disabling injuries. There are no acceptable excuses for delaying any longer the adoption of commonsense, cost-effective and successful safety measures while the death and injury toll continues to grow, year after year.

Thank you and I am pleased to answer any questions.

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[1] *Overview, Traffic Safety Facts 2009.* DOT HS 811 392. NHTSA (2010), *available at* http://www-nrd.nhtsa.dot.gov/Pubs/811392.pdf

[2] *Id.*

[3] Budget Estimates, Fiscal Year 2011, Statement of the Administrator at 1-2, NHTSA (Feb. 2011).

[4] *State Budget Wipeout,* The 2011 Roadmap To State Highway Safety Laws, Advocates (Jan. 2011), *available at* http://www.saferoads.org/2011-roadmap-state-highway-safety-laws

[5] Pub. L. 98-363 (July 17, 1984), *codified as* National Minimum Drinking Age, 23 U.S.C. § 158.

[6] *Determine Why There Are Fewer Young Alcohol-Impaired Drivers, What caused the decrease?*, DOT HS 809 348. NHTSA (1998), *available at* http://www.nhtsa.dot.gov/people/injury/research/FewerYoungDrivers/iv__what_caused.htm

[7] *Statistical Analysis of Alcohol-Related Driving Trends, 1982-2005*, DOT HS 810 942, at 17, NHTSA (2008), *available at* http://www-nrd.nhtsa.dot.gov/Pubs/810942.PDF

[8] *Young Drivers. Traffic Safety Facts 2009*, DOT HS 811 400. NHTSA (2011), *available at* http://www-nrd.nhtsa.dot.gov/Pubs/811400.pdf

[9] Title XII, Pub. L. 99-570 (Oct. 27, 1986), *codified as* 49 U.S.C. §§ 31301 *et seq.*.

[10] The Commercial Motor Vehicle Safety Act of 1986 and Classified Driver Licensing. Transportation Research Board Publications Index, Accession Number 00475965, at 14, 1988, *available at* http://pubsindex.trb.org/view.aspx?id=286034

[11] Title III, § 320, Pub. L. 104-59 (Nov. 28, 1995), *codified as* 23 U.S.C. § 161.

[12] Title III, § 351, Pub. L. 106-346 (Oct. 23, 2000), *codified as* 23 U.S.C. § 163. *See* .08 BAC illegal *per se* level, Traffic Safety Facts, vol. 2 No. 1, NHTSA (March 2004), *available at* http://www.nhtsa.dot.gov/People/injury/New-fact-sheet03/fact-sheets04/Laws-08BAC.pdf

[13] Title I, Subtitle D, § 1406, Pub. L. 109-59 (Aug. 18, 1995), *codified at* 23 U.S.C. § 157.

[14] 2011 Roadmap Report at 16.

[15] *Young Drivers,* Traffic Safety Facts 2009, at 1, DOT HS 811 400 (2010).

[16] *Id.*

[17] *Id.* at 1-2.

[18] *Id.* at 2.

[19] *Id.* at 6.

[20] Williams, *et al.*, *Evaluation of New Jersey's Graduated Driver Licensing Program*, Traffic Injury Prevention 11:1-7 (Feb. 2010).

[21] Information provided by the Office of the Illinois Secretary of State, available at www.cyberdriveillinois.com/press/2009/january/090128d1.html, and from the Illinois Department of Transportation, available at http://www.dot.il.gov/press/r040709.html

[22] *Parents Want Strict Limits on Teen Drivers,* Insurance Institute for Highway Safety Status Report. Aug. 2010, *available at* http://www.iihs.org/externaldata/srdata/docs/sr4507.pdf

[23] *Highlights of 2009 Motor Vehicle Crashes, Traffic Safety Facts August 2010,* NHTSA, DOT HS 811 363, *available at* http://www-nrd.nhtsa.dot.gov/Pubs/811363.PDF

[24] *Overview, Traffic Safety Facts 2009.* DOT HS 811 392. NHTSA (2010), *available at* http://www-nrd.nhtsa.dot.gov/Pubs/811392.pdf

[25] *Id.*

[26] Farmer, C. M. & Williams, A. F., *Effect on Fatality Risk of Changing from Secondary to Primary Seat Belt Enforcement*, Insurance Institute for Highway Safety (Dec. 2004), *available at* http://www.gahighwaysafety.org/pdf/iihsseatbeltsof.pdf

[27] Miller, Ted R.Ph.D. & Zaloshnja, Eduard, Ph.D., "On a Crash Course: The Dangers and Health Costs of Deficient Roadways," Pacific Institute for Research and Evaluation, commissioned by The Transportation Construction Coalition, at 7, May 2009, *available at* http://www.pire.org/documents/PireStudyLowRes.pdf

[28] Lives Saved in 2009 by Restraint Use and Minimum-Drinking-Age Laws, Traffic Safety Facts, September 2009, NHTSA, DOT HS 811 383, *available at* http://www-nrd.nhtsa.dot.gov/pubs/811383.pdf

[29] *Id.*

[30] *Id.*

[31] *Traffic Safety Facts 2008,* Early Edition, Lives Saved by Restraint Use and 21-Year-Old Minimum Legal Drinking Age Laws Chart, Inside Back Cover, DOT HS 811 170, NHTSA (2009).

[32] Surface Transportation Authorization Act of 2009, § 1516, Transportation and Infrastructure Committee, markup draft, [Committee Print] (June, 2009).

[33] *Alcohol-Impaired Driving*, Traffic Safety Facts 2009, DOT HS 811 385 NHTSA (2010).

[34] 2011 Roadmap Report at 30.

[35] *Distracted Driving 2009*, Traffic Safety Facts, DOT HS 811 379, NHTSA (Sept. 2010).

[36] Olson, et al., *Driver Distraction in Commercial Motor Vehicle Operations,* Virginia Tech Transportation Institute (2009).

[37] Distracted Driving Summit, September 30 – October 1, 2009 (Washington, D.C.)

[38] *Federal Leadership on Reducing Text Messaging While Driving*, Executive Order No. 13513 (Oct. 1, 2009), 74 FR 51225 (Oct. 6, 2009).

[39] *See Limiting the Use of Wireless Communications Devices*, Notice of Proposed Rulemaking request for comments, 75 FR 16391 (Apr. 1, 2010); *Regulatory Guidance Concerning the Applicability of the Federal Motor Carrier Safety Regulations to Texting by Commercial Motor Vehicle Drivers*, Notice of Regulatory Guidance, 75 FR 4305 (Jan. 27, 2010).

[40] *Distracted Driving Petition for Rulemaking: Requesting Issuance of a Rule to Consider Prohibiting or Restricting the Use of Electronic Devices During the Operation of Commercial Motor Vehicles*, filed by

Advocates for Highway and Auto Safety with the Acting Administrator, Federal Motor Carrier Safety Administration, dated September 24, 2009.

[41] Motorcycle Safety, National Highway and Traffic Safety Administration, DOT HS 807 709 (Oct. 1999), *available at* http://www.nhtsa.dot.gov/people/injury/pedbimot/motorcycle/motosafety.html

[42] *Overview, Traffic Safety Facts 2009.* DOT HS 811 392. NHTSA (2010), *available at* http://www-nrd.nhtsa.dot.gov/Pubs/811392.pdf

[43] *Id.*

[44] *Motorcycles*, Traffic Safety Facts 2008, DOT HS 811 159, at 1, NHTSA (2009).

[45] The National Motor Vehicle and Traffic Safety Act of 1966, Pub. L. 89-563 (Sept. 9, 1966).

[46] *See e.g., Evaluation of the Reinstatement of the Helmet Law in Louisiana*, DOT HS 810 956, NHTSA (May 2008), *available at* http://www.nhtsa.gov/portal/nhtsa_static_file_downloader.jsp?file=/staticfiles/DOT/NHTSA/Traffic%20Injury%20Control/Articles/Associated%20Files/810956.pdf

[47] NHTSA Safety Countermeasures Guide, p. 5-4.

[48] NTSB Recommendations H-07-38, available at http://www.ntsb.gov/Recs/letters/2007/H07_38.pdf, and H-07-39, available at http://www.ntsb.gov/Recs/letters/2007/H07_39.pdf

[49] 2011 Roadmap Report at 17.

[50] *Id.*

[51] *Insurance Institute for Highway Safety Fatality Facts 2009: Large Trucks.*

[52] *Id.*

[53] Although truck crash fatalities have declined in 2007 and 2008, this reduced death toll is strongly linked with a major decrease in truck freight demand, including substantially reduced truck tonnage in the latter part of 2007, with continuing reductions through 2008 and into 2009. *See, e.g., http://www.glgroup.com/News/Leading-Indicator---2008-North-America-Freight-Market--Truck-Build-Numbers-Down---2009-Predicted-To-Be-Worse-With-2010-30689.html*, demonstrating 7 consecutive quarterly declines in truck freight tonnage through the third quarter of 2009. Also *see*, http://www.ttnews.com/articles/basetemplate.aspx?storyid=22609, " ATA's Costello Hopeful Freight Levels Have Bottomed Out," *Transport Topics*, Aug. 27, 2009, and a similar, earlier report in *Transport Topics*, March 2, 2009.

[54] *Insurance Institute for Highway Safety Fatality Facts 2009: Large Trucks.*

[55] *Traffic Safety Facts 2008*, DOT HS 811 158, NHTSA (2009).

[56] Intermodal Surface Transportation Efficiency Act of 1991, Title I, § 1023(b), Pub. L. 102-240 (Dec. 18, 1991) *codified at* 23 U.S.C. § 127(d).

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HEARING ON: IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS
QUESTIONS FOR THE RECORD
JUDITH LEE STONE
MARCH 29, 2011

Question:

"Ms. Stone, your written testimony focused on ways to reduce accidents and fatalities resulting from the choices and actions of drivers. Serious accidents and fatalities are often the result of unsafe design and crumbling infrastructure. What does the most current research show regarding the number of accidents and fatalities that result from unsafe design and lagging system maintenance?"

Response:

The design and condition of our nation's roadways play an integral role in the occurrence of crashes and fatalities. Under the umbrella term of "environmental factors", which includes the condition of roads and highway bridges, road design and condition are one of three major factors in the occurrence of any collision as identified by Dr. William Haddon, the first Administrator of the National Highway Traffic Safety Administration, in the Haddon Matrix, the preeminent analysis tool for automotive safety. Environmental factors typically combine with driver and vehicle factors in identifying the causation and outcome of automotive collisions. The August 1, 2007 collapse of the I-35W bridge in Minneapolis, Minnesota, in which 13 people died and another 145 were injured, is a case in point and a tragic example of environmental factors alone, specifically lagging system maintenance, causing automotive injuries.

Since vehicle crashes frequently result from several contributing causal factors, all too often environmental factors such as poor roadway design and lack of maintenance are overlooked in their contribution to the causation of collisions. As such, gathering summary data on the overall contribution of these factors to the annual total of crashes and fatalities is challenging.

Roadway Design Contribution

The Federal Highway Administration (FHWA) has indicated that "53 percent of the fatal crashes in the United States" involved roadway departure.[1] This realization has led FHWA to focus on various improvements in roadway design including departure prevention devices (guard rails and rumble strips), pavement marking, signage, and attenuation barriers. These improvements help overcome roadway design problems and reduce the occurrence of numerous crashes, at the same time mitigating the severity of injury in crashes which continue to occur. Sharp curves, tight ramp geometry, roadside obstacles and lack of shoulders off the right-of-way are among the poor design features that consistently contribute to crashes by unwary drivers. While not all run-off-road crashes are caused by roadway design alone, at over half of all traffic fatalities and serious injuries, any headway related to

[1] FHWA, "Roadway Departure Safety", 2009 FARS Data, http://safety.fhwa.dot.gov/roadway_dept/

this cause of crashes by way of improved roadway design would potentially have a tremendous impact. FHWA estimated that the annual cost of roadway departure crashes is $100 billion.[2]

Poor roadway design which reduces visibility, increases driver confusion, or fails to meet the demands required of the roadway (curvature, superelevation, length, width) can all contribute to on-road crashes as well. However, the contribution of roadway design to this population of crashes and fatalities is often masked by the contribution of driver and vehicle factors to the cause of the collision. Additionally, current databases which collect information on crashes on U.S. roadways are not necessarily designed to focus on the influence of roadway design. The contribution of poor roadway design to this additional population of crashes and fatalities will only increase the effectiveness of roadway design improvements and increased maintenance.

System Maintenance Contribution

Lagging system maintenance directly affects the total number of crashes and fatalities in a variety of ways. Lack of adequate highway maintenance contributes to deteriorating conditions of the roadway itself (pot holes, surface inconsistencies, failing infrastructures) which can directly contribute to crash causation or in combination with other factors, such as precipitation (changes in road surface which cause pools of water to form or ice to be deposited on the road), can indirectly be a cause of collisions. Additionally, failing system maintenance can increase the complexity and duration of essential repair work which increases the exposure of workers on the road and increases the likelihood of work zone crashes.

The devastating I-35W bridge collapse mentioned earlier is an example of a direct cause of injury from deteriorating conditions of the roadway due to lagging system maintenance. Slightly less clear are examples of indirect causes of crashes from deteriorating conditions, given that environmental conditions, such as ice on the road, can be caused by the weather itself rather than poor road condition. However, roadways which have not been maintained may have an increased likelihood of ice formation which can lead to crashes. Similarly, failing road conditions due to poor maintenance can lead to a proclivity for formation of puddles on the roadway which can induce hydroplaning. Moreover, failure to replace road surfaces that become polished through use and have low friction levels can result in similar conditions that permit high frequencies of vehicle skidding.

Road repairs are essential, regardless of the current state of the road, in order to maintain the roadway and update safety features. Road repair crews and equipment introduce into functioning roadways a hazard to all road users (workers, drivers, other pedestrians). Careful planning is performed in order to create safe work zone designs which minimize the cognitive burden on the driver trying to navigate the work zone while maximizing the protection of the workers. Despite this, the American Society of Civil Engineers (ASCE) identified that work zone crashes cost $8.66 billion, averaging 700 deaths annually.[3]

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[2] FHWA, "Rumble Strips", 2003, http://www.fhwa.dot.gov/resourcecenter/teams/safety/safe_8rum.cfm

[3] Mohan, S.B., Gautam, P.; "Cost of Highway Work Zone Injuries", Pract. Periodical on Struct. Des. and Constr. 7, 68 (2002); doi:10.1061/(ASCE)1084-0680(2002)7:2(68) (6 pages)

Only 57 percent of the nation's pavement lane miles are rated in good condition by the FHWA.[4] Considering that the ASCE in 2009 gave U.S. roads a grade of "D-" and infrastructure a grade of "C",[5] it is foreseeable that as the nation's transportation system continues to deteriorate, the number of repairs required will increase, as does exposure of workers and motorists alike to dangerous conditions.

Bridge infrastructure is of particular concern because although bridges represent only a small portion of the mileage on the U.S. highway system, they are a vital connecting link on nearly all roads. According to the bridge inventory data, 23.3% of the nation's more than 600,000 bridges are considered either structurally deficient or functionally obsolete.[6] Bridge collapses occur infrequently but every few years a major failure takes lives and causes local economic disruption. On a regular basis, however, bridge closings and the posting of bridges at weights below those which the bridge was designed to carry cause economic hardship and inefficiencies in local communities.

Conclusion

The examples provided above illustrate just some of the benefits of improving roadway design and providing adequate system maintenance. While the U.S. does not currently have a means of evaluating the direct benefit of improved roadway design and system maintenance, other countries have already attempted just such analyses. This month, the Road Safety Foundation released a report in which they identified that, in Britain, road design projects to improve safety would have an economic benefit with a number of individual projects with benefit-cost ratios as high as 5, 10 and even 20.[7] Well designed roadways with adequate maintenance provide the best possible levels of safety to all of the nation's road users from motorists and motorcyclists to pedestrians and road workers, while also benefiting local, regional and national economic interests. While the overall impact of design and maintenance is tough to quantify, the selected examples above illustrate the immense opportunity to protect all who use the nation's roads.

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[4] Conditions and Performance Report, FHWA (2008), available at http://www.fhwa.dot.gov/policy/2008cpr/index.htm).

[5] ASCE, "2009 Infrastructure Fact Sheet"

[6] Better Roads, Bridge Inventory, 2010, available at http://www.betterroads.com/category/bridge-inventory/).

[7] Hill, J., Starrs, C., "Saving Lives, Saving Money: The costs and benefits of achieving safe roads", Road Safety Foundation, April 2011

Before the

Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit

United States House of Representatives

Statement of

Barbara Windsor
Chairman of ATA
and
President & CEO
Hahn Transportation, Inc.
New Market, Maryland

On
Improving and Reforming our Nation's Surface Transportation Programs

March 29, 2011

AMERICAN TRUCKING ASSOCIATIONS

Driving Trucking's Success

HIGHWAY PROGRAM COMMENTS

INTRODUCTION

Chairman Duncan, Congressman DeFazio and members of the Subcommittee, thank you very much for inviting me to testify on behalf of the American Trucking Associations (ATA).[1] My name is Barbara Windsor, and I am president and CEO of Hahn Transportation, based in New Market, Maryland. I currently also serve as ATA's chairman. Hahn is a specialized regional trucking firm that hauls petroleum, aluminum, cement, and other products throughout the Mid-Atlantic corridor.

Mr. Chairman, a safe, efficient system of highways connecting America's cities, towns and rural areas is essential to our country's economic well-being, military security, and overall quality of life. Our predecessors recognized this reality by creating the Interstate Highway System, which has served our country well, and today allows even the smallest entrepreneur to serve markets throughout the country and around the world.

Every day, thousands of trailers and containers, carrying everything from grain to machine parts, flow through our ports, across our borders, and on our rail, highway, air and waterway systems as part of a global multimodal transportation logistics system. It is a complex array of moving parts that provides millions of good jobs to Americans, broadens the choices of products on store shelves, and creates new and expanding markets for U.S. businesses. Highways are the key to this system. Trucks move 70% of our Nation's freight tonnage[2] and draw 82% of freight revenue.[3] In addition, trucks move $8.3 trillion worth of freight each year, nearly 60% of the U.S. economy.[4] The trucking industry is expected to move an even greater share of freight in the future.[5]

Trucks are also crucial to freight moved by rail, air, and water. The highway system connects all of these modes to manufacturing and assembly plants, warehouses, retail outlets, and homes. An efficient highway system is the key to a fluid global supply chain, which in turn is a fundamental element of a growing and prosperous economy. It should also be noted that despite the emphasis on promoting the use of intermodal transportation for moving the Nation's freight, 93% of freight moves by a single mode.[6] The reason for this is that moving freight by multiple modes adds handling costs and additional time, and increases the possibility of breakage. Therefore, the share of additional freight that could benefit from intermodal service is extremely small, and the

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[1] The American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of other trucking groups, the industry-related conferences and its 50 affiliated state trucking associations, ATA represents more than 37,000 members covering every type of motor carrier in the United States.

[2] U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

[3] Global Insight, *U.S. Freight Transportation Forecast to…2021*, 2010

[4] U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

[5] Global Insight, *U.S. Freight Transportation Forecast to…2021*, 2010

[6] U.S. Census Bureau, *2007 Commodity Flow Survey*, Dec. 22, 2009

vast majority of freight will continue to be carried by trucks on the highway system well into the foreseeable future.

Unfortunately, Mr. Chairman, our current highway system no longer meets our transportation needs. While the condition of our highways and bridges has steadily improved in recent years, the performance of the system is deteriorating.

In 2009, drivers in metropolitan areas wasted 4.8 billion hours sitting in traffic and burning 3.9 billion gallons of excess fuel, at a cost of $115 billion.[7] The cost to the trucking industry was $33 billion.[8] Disruptions to the movement of freight on our nation's highway system due to congestion jeopardize the tremendous gains the trucking industry has made to improve supply chain efficiencies. Congestion slows delivery times, creates unpredictability in supply chains, and ultimately makes U.S. businesses less competitive and consumer products more expensive. Indeed, in its 2008 *State of Logistics Report*, the Council of Supply Chain Management Professionals described a logistics system whose costs between 2003 and 2007 rose nearly twice as fast as GDP.[9] Mr. Chairman, if we fail to address congestion, these costs will continue to rise, and will translate into higher consumer prices and slower job growth, and weaken the United States' ability to compete in the global economy. However, the real costs of congestion are largely hidden. The supply chain is wound so tightly that any disruption or slow-down can cause significant ripple effects.

Mr. Chairman, incremental solutions will not allow us to meet the Nation's current and future transportation needs. The federal surface transportation program in its current form will not suffice. While more resources than are currently available will be necessary to finance the transportation improvements needed to get our country out of traffic gridlock and to make driving less hazardous, we can no longer afford to spend limited federal resources on projects that do not meet our most important national needs. Therefore, federal funds must be invested in a manner that will most effectively address these requirements. Furthermore, outdated federal laws and regulations that are detrimental to motorists and to society at large must be reformed.

CONSOLIDATE AND IMPROVE THE PERFORMANCE OF PROGRAMS

When the federal highway program was created, it had a clearly defined mission: to finance construction of the Interstate Highway System. When that mission was complete, highway user revenues were still flowing into the Highway Trust Fund (HTF), but Congress did not identify a new federal role. As a result, the federal program lost its focus, and now gives as much priority to funding bicycle paths as to providing resources for the improvement of Interstate highways responsible for the safe and efficient movement of millions of people and trillions of dollars worth of freight. It is time to acknowledge the fact that the program does not have sufficient resources to satisfy all

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[7] Texas Transportation Institute, *2010 Urban Mobility Report, Dec. 2010*
[8] Ibid.
[9] Council of Supply Chain Management Professionals, 19th Annual *State of Logistics Report*, June 18, 2008.

constituencies. The program should be refocused to address the most pressing needs from a national perspective, and should eliminate extraneous programs and project eligibilities that are more appropriately dealt with at the local or state level, or through General Fund resources.

Consolidated Highway Program
The various federal-aid highway program categories should be consolidated into a single program to eliminate unnecessary red tape that has little practical effect, but creates bureaucratic headaches for both state and federal agency employees. Furthermore, eligibility should be limited to the National Highway System (NHS) and a limited number of other highways with significant passenger vehicle and freight traffic. States should be given broad authority to use the revenue for construction, reconstruction, rehabilitation, planning, capital safety improvements, operational improvements, and other projects and activities designed to improve the safety and efficiency of eligible highways. Revenue from the program should not be transferable to non-highway projects or programs. According to the Federal Highway Administration's 2008 *Conditions and Performance* report, federal highway user fee revenue is sufficient to maintain current levels of condition and performance on the NHS, and to begin to make improvements in the system.

Address Freight Bottlenecks
Freight tends to be concentrated along a few major corridors, principally the Interstate System and other highways that are part of the NHS. Many of these corridors are also among the most heavily congested in the nation. Providing funding to address the immediate and longer-term deficiencies plaguing these important corridors is a necessary and appropriate feature of a nationally focused federal-aid program.

A study for the Federal Highway Administration (FHWA)[10] identified the highway bottlenecks that cause the greatest amount of delay for trucks. Based on the agency's estimates, ATA calculates that these bottlenecks cost the trucking industry approximately $19 billion per year in lost fuel, wages, and equipment utilization. The study estimated that highway bottlenecks account for 40 percent of congestion.

Eliminate Extraneous Programs and Eligibilities
In an era of limited resources for transportation, it is difficult to justify federal funding for projects whose benefits are extremely localized, or which provide limited benefit to those paying into the program. Therefore, ATA recommends eliminating the Enhancements program, the Congestion Mitigation and Air Quality Program, and other programs which specifically fund non-highway projects.

Preserve Funding for Safety Programs

[10] Cambridge Systematics for the Federal Highway Administration, *Estimated Cost of Freight Involved in Highway Bottlenecks*, Nov. 12, 2008.

Funding for motor carrier and passenger vehicle safety programs should continue to come primarily from the HTF. ATA's safety recommendations are included in the "Safety Program Comments" section below.

Transit
Because funding is so constrained now, we encourage you to consider funding all or a portion of the transit program out of the General Fund. This would provide an immediate injection of approximately $5 billion in highway funding annually, while strengthening the user pays principle that has historically been the foundation of the Highway Trust Fund. New or expanded transit projects increasingly justify their federal funding based on benefits that have little to do with improving highway mobility. This includes providing transportation services to underserved populations such as the elderly or handicapped, spurring community economic development, and supporting "livability" initiatives. The Obama Administration acknowledged this shift in policy with the issuance of new guidance in 2010.[11] It is appropriate, therefore, that these investments, made for the general good and not for the benefit of those paying into the HTF, should be financed out of the General Fund.

Eliminate Earmarks
Mr. Chairman, ATA supports the moratorium on highway earmarks. Project selection must be based on sound economic analysis. It is also evident that the money for many earmarks is never spent because the project is not a priority for the State or because the earmark will fund only a small portion of the project's total cost.

SOURCES OF FUNDING

Trucking companies are willing to support an increase in the fuel tax if the revenues are dedicated to projects and programs that will benefit goods movement on the nation's highways. While we understand that a fuel tax increase may be off the table in this Congress, the fact remains that no other source of funding has been identified that –

- Will produce the level of revenues needed to meet current and future highway infrastructure needs;
- is easy and inexpensive to pay and collect;
- has a low evasion rate;
- is tied to highway use; and
- does not create impediments to interstate commerce.

Private financing of highway infrastructure can play only a very limited role in addressing future transportation needs, and certain practices may generate unintended consequences whose costs will vastly exceed their short-term economic benefits. In particular, we are very concerned about attempts by some states to carve up the most important segments of the Interstate highway system for long-term lease to the highest bidder. We believe that leasing existing Interstate highways to private interests is

[11] http://www.fta.dot.gov/news/news_events_11036.html

inconsistent with the efficient and cost-effective movement of freight, is not in the public's best interest, and represents a vision for the Nation's transportation system that is short-sighted and ill-conceived. We therefore oppose these schemes.

ATA is strongly opposed to tolls on existing Interstate highways, a view we understand you share, Mr. Chairman. While federal law generally prohibits this practice, Congress has, over the years, created a number of exceptions. Imposing tolls on existing lanes of the Interstate System would have a devastating effect on the trucking industry. The industry is highly competitive and taxes of this magnitude simply cannot be passed along to shippers. Furthermore, tolls cause diversion of traffic to alternative routes which are usually less safe and were not built to handle the additional traffic. We urge the Committee to eliminate pilot programs which provide tolling authority for existing Interstate Highways and to refrain from authorizing additional tolling flexibility.

We also support substituting the 12% federal excise tax (FET) on the retail sale of trucks, tractors, and trailers with a higher diesel fuel tax. According to the Joint Committee on Taxation, an increase of 7.3 cents per gallon of diesel fuel tax would be sufficient to recover revenue from elimination of the FET. The FET provides a disincentive to carriers who wish to purchase new equipment, which is normally safer and cleaner than the equipment they replace. Aftermarket equipment designed to improve safety or reduce emissions, such as lane departure warning systems and aerodynamic packages, are also taxed. Another benefit of replacing the FET with a diesel tax increase is that year-over-year revenues from the diesel tax tend to have small fluctuations, while FET revenues can fluctuate significantly, depending on the state of the industry. For example, FET revenues dropped from $3.8 billion in 2007 to $1.4 billion in 2008.

CUT GOVERNMENT RED TAPE AND STREAMLINE THE PROJECT DELIVERY PROCESS

Streamlining of Project Approvals

Mr. Chairman, we commend you for focusing on a long-standing concern which must be addressed if we are to do more with fewer resources. Federal rules that extend the timeline for project delivery by seven to 10 years must be reformed. Based on experience with projects such as the replacement of the I-35 bridge in Minneapolis and reconstruction of I-15 in Salt Lake City in preparation for the Winter Olympics, we know that streamlining can be accomplished without compromising the environment or overlooking community impacts. ATA recommends that several steps be taken to streamline the project delivery process:

- Eliminate redundancies in the NEPA process by allowing alternatives analyses, studies and other planning processes that are completed outside of NEPA to be accepted as part of the NEPA process.
- Streamline the permitting process among various agencies by eliminating redundant requirements, centralizing coordination within FHWA, and setting strict time limits for reviews.
- Allow for a simplified NEPA process for projects with few significant impacts.

- Revise Council on Environmental Quality regulations to narrow the number of "reasonable alternatives" on a project-level basis.
- Allow for a single EIS rather than a draft and final EIS, while preserving adequate opportunities for public comment and review.

More Effective Utilization of Highways Through the Use of More Productive Trucks
In addition to better, less congested highways, the trucking industry needs to improve its equipment utilization to meet current and future demands. The United States has the most restrictive truck weight regulations of any developed country. At the same time, America's freight transportation demands are greater than any other nation's, and we have the world's most well-developed highway system. Based on projected increases in demand for truck transportation, increases in truck productivity will be essential if we are to avoid total gridlock on our highways.

More productive vehicles would also produce important environmental benefits by reducing vehicle miles traveled, fuel consumption, and greenhouse gas emissions. Use of these vehicles could reduce fuel usage by up to 39%, with similar reductions in criteria and greenhouse gas emissions.[12]

Research demonstrates that more productive trucks can be as safe as or safer than existing configurations. Furthermore, because fewer truck trips will be needed to haul a set amount of freight, crash exposure – and therefore the number of crashes – will be reduced.[13]

A new federal-state partnership is necessary to promote truck size and weight reforms that meet the important and legitimate financial goals of U.S. businesses, while also addressing the equally important and legitimate concerns of federal and state government agencies and officials who seek to safeguard public safety, promote air quality goals and protect their investments in highway infrastructure. In order to take advantage of the benefits that productivity increases can deliver, Congress must reform its laws to give states greater flexibility to change their size and weight regulations, with oversight by the U.S. Department of Transportation.

Ultimately, it is the consumer who will benefit most from size and weight reform, because more productive trucks will keep costs down for virtually every product Americans make, buy, and sell. More productive trucks will not harm the freight railroads; only a small portion of truck freight is actually conducive to movement by rail.

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[12] American Transportation Research Institute, *Energy and Emissions Impacts of Operating Higher Productivity Vehicles, March* 2008.
[13] See for example: Campbell, K.L., *et al.*, "Analysis of Accident Rates of Heavy-Duty Vehicles," University of Michigan Transportation Research Institute (UMTRI), Report No. UMTRI-88-17, Ann Arbor, MI, 1988.; Transportation Research Board, National Research Council, "Truck Weight Limits," Special Report 225, Washington, D.C., 1990; Cornell University School of Civil and Environmental Engineering, "Economic and Safety Consequences of Increased Truck Weights," Dec. 1987; Scientex, "Accident Rates For Longer Combination Vehicles," 1996; Woodrooffe and Assoc., "Longer Combination Vehicle Safety Performance in Alberta 1995 to 1998," March 2001.

We would also like to note that ATA members are big users of rail intermodal service, and trucking companies are among the railroads' largest customers. We find the railroads' opposition to improvements in truck productivity very disingenuous given our members' importance to their traffic levels and bottom lines.

THE OBAMA ADMINISTRATION'S REAUTHORIZATION PROPOSAL

Mr. Chairman, ATA has many serious concerns with what we know so far about the Obama Administration's reauthorization proposal. While we appreciate the Administration's support for significant increases in funding for transportation, the complete lack of an explanation for how the massive spending increases are to be paid for is troubling, and does not help to advance the debate. Furthermore, the Administration has proposed to include programs not traditionally funded from the HTF in a new Transportation Trust Fund. In order to qualify for trust fund status, these projects must be funded primarily from user fees. It is unlikely that new user fees will be identified, and therefore we can only assume that highway users may be required to pay for these programs. ATA will strongly oppoe any additional diversion of highway user fees to other modes of transportation.

While the proposal purports to significantly increase funding for highways (without an identified funding source), the ramp-up in funding over time is dwarfed by increases to transit and passenger rail. Given the serious deficiencies facing the highway system and the fact that 70% of freight[14] and 89% of passenger-miles[15] move on highways, the Administration's priorities seem to based more on ideology than on practical analysis. Compounding this lack of resources for highways, the USDOT's proposal would prevent states from spending a significant share of their highway allocations on capacity expansion, despite the need for more resources to address a costly and worsening congestion problem in cities throughout the country.

ATA opposes the Administration's proposal to fund a livable communities program from the HTF. Projects funded under this program are unlikely to be in the national interest, will not produce significant safety, mobility and economic benefits, and are more appropriately funded from local sources than from federal highway user fees.

We also oppose the Transportation Leadership Awards program. A program designed to promote innovations in transportation policy may be laudatory under some circumstances. However, USDOT under its current leadership is likely to only support projects which meet an ideological vision that is out of step with the vast majority of the American public, and which do little to improve highway safety or mobility.

ATA is also concerned about the Administration's Infrastructure Bank, or I-Bank proposal. Once again, funding for this proposal has not been identified, and we will oppose any attempts to fund it from highway user fees. The Administration's proposal to select projects for funding or financing from the I-Bank without any input from outside

[14] Global Insight, *U.S. Freight Transportation Forecast to...2021*, 2010.
[15] USDOT Bureau of Transportation Statistics, *National Transportation Statistics*, 2008

sources is a thinly veiled attempt to once again put the Administration's ideological stamp on the federal transportation program. And at the end of the day, the basic issue remains – what will be the revenue stream to repay I-Bank loans.

SAFETY PROGRAM COMMENTS

THE INDUSTRY'S SAFETY RECORD

The trucking industry is the safest it has ever been and continues to get even safer. For example:

- From 1998 to 2008 (the most recent year for which rates are available), the truck-involved fatality rate dropped by 32 percent.
- In actual numbers, there were 1,166 fewer fatalities in 2008 than in 1998—remarkable progress in light of the trucking industry operating 1.3 million additional trucks and 31 billion more miles in 2008 compared to 1998.
- The truck-involved *injury* rate has also decreased 58 percent since 1988, the first year USDOT began keeping records, and 39% in just the past ten years.
- In 2008, truck-involved fatality and injury rates fell to their lowest levels since USDOT began keeping statistics.
- More recently, in 2009, **the number of injuries and fatalities** in truck-involved crashes reached their **lowest levels** since USDOT began keeping records.

NECESSARY STEPS FOR CONTINUED IMPROVEMENT

ATA and the trucking industry is proud of its safety progress and we believe it is, at least in part, the result of the many safety initiatives ATA has advocated for – and achieved – over the past decades, including mandatory drug and alcohol testing, the commercial driver's license program, and hours of service regulations based on sound science. Yet, truck safety is about more than regulations. It is about understanding the factors that create crash risk and the behaviors and events that precipitate crashes. It is about programs, countermeasures and preventive actions that truly address those risks and behaviors. Future FMCSA rules and programs will only succeed to the degree to which they focus on and address crash risk and causation.

CRASH CAUSATION AND PREVENTION

FMCSA only regulates part of the highway safety equation: commercial motor vehicles. Yet the single largest factor impacting truck safety is the behavior of other motorists.

Approximately 85% of truck crashes involve other vehicles. Since FMCSA does not regulate the operation of all vehicles, it is encumbered in its efforts to reduce truck-involved crashes.

As mentioned earlier, to truly be effective in improving commercial motor vehicle safety, FMCSA must address the primary causes of crashes. FMCSA's own research shows that in the majority of large truck/passenger vehicle crashes, the driver of a passenger vehicle was the sole party cited for a related factor (e.g., speeding, failure to yield).[16] Numerous additional studies have analyzed crash data and arrived at the same conclusion.

For instance, a University of Michigan Research Institute (UMTRI) study of 8,309 fatal car-truck crashes examined driver factors in these crashes and found that car drivers made errors in 81% of these crashes and truck drivers only 26%. Some suggest these figures are slanted because in most instances the truck driver survives the collision to "tell his side of the story." However, the same study looked at crashes where both drivers survived (but there was some other resulting fatality). The result: the driver error proportions for these crashes were very similar to the entire sample.

In 2002, the AAA Foundation for Traffic Safety sponsored research similar to the aforementioned UMTRI study. The AAA study analyzed more than 10,000 fatal car-truck crashes that occurred between 1995 and 1998. This study, too, found car drivers to be disproportionately coded for related factors (e.g., speeding, failure to yield) in these crashes. Specifically, 80% of the car drivers had been attributed a related factor by the investigating officer while 27% of truck drivers had been attributed a related factor in these events.[17]

In addition, two recent studies conducted by the Virginia Tech Transportation Institute (VTTI) collected data on 210 car/truck incidents using both video and non-video data. The evidence, much of it video, showed that 78% of these incidents were initiated by car drivers, while the remaining 22% were initiated by truck drivers.[18]

Since meaningful solutions to commercial motor vehicle safety require a focus on the primary causes of crashes, FMCSA should direct even more resources toward awareness, education, and traffic enforcement programs to address the role of passenger vehicles in car/truck crashes. FMCSA's "Ticketing Aggressive Cars and Trucks" program is one such program, albeit a small one, aimed directly at the high-risk behaviors of both car and truck drivers. This program has been evaluated and shown to be effective. As a result, FMCSA should work to implement it as part of each state's motor carrier safety assistance program.

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[16] Department of Transportation: Federal Motor Carrier Safety Administration, *Report to Congress on the Large Truck Crash Causation Study,* (2006).

[17] AAA Foundation for Traffic Safety, *Identifying Unsafe Driver Actions that Lead to Fatal Car-Truck Crashes*, Washington, D.C., (2002).

[18] Virginia Tech Transportation Institute, *A Descriptive Analysis of Light Vehicle-Heavy Vehicle Interactions Using In Situ Driving Data*, (2006).

Another means FMCSA has to impact truck-involved multi-vehicle crashes is to give motor carriers the tools to avert them. For example, tax incentives to adopt crash avoidance technologies will give motor carriers the means to better prevent such crashes. Additional discussion on these technologies is in the *ATA's Priority Safety Recommendations* section below.

As a matter of practice, the trucking industry holds itself to a very high standard with respect to crash accountability. Trucking companies evaluate each crash not merely to establish fault, but to determine if the crash could have been prevented in any way. Carriers determine whether the driver could have taken any action to avert the crash. If the motor carrier finds that the accident was preventable (based on a set of uniformly accepted industry criteria), then the driver is held responsible for the crash. FMCSA's *Safety Rating Methodology* employs a similar standard. Any crash that is preventable is counted against the carrier in FMCSA's *Safety Rating Methodology*. [19]

This is worthy of note because motor carriers recognize that the key to reducing crashes is finding ways to prevent them, regardless of fault. Congress and FMCSA must adopt a similar approach as well. In order to further reduce commercial motor vehicle crashes, as a community, we must recognize the scope of the problem, understand the primary causes of these crashes, and have the political will to put programs in place that address <u>all parts</u> of the truck safety equation.

THE REGULATORY COMPLIANCE AND ENFORCEMENT MODEL

Using the regulatory compliance and enforcement model in the future as the primary means to impact truck safety will yield limited returns, since it only addresses one of the many essential elements of an effective safety program. ATA recognizes that this model is necessary, and we support it. However, this model alone will be insufficient to achieve maximum results. Other safety interventions and countermeasures, beyond regulatory compliance, can address the main causes of crashes even more directly. Taking a broader approach to safety and moving beyond a compliance and enforcement model will enable even greater safety improvements.

This broader approach must embrace a variety of solutions. Government and industry together can facilitate various active safety interventions, and in fact, some of these interventions depend on government and industry action in order to be implemented. In ATA's view, the most innovative and effective future oversight programs will be the ones that provide motor carriers with the tools to support carrier-based safety improvements.

THE SAFETY MANAGEMENT MODEL

Today's safety professionals see compliance with safety rules and regulations as a single component of a more comprehensive safety management program. The most effective programs are founded on the principle that the best way to reduce accidents is to focus on

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[19] 49 C.F.R., Part 385, Appendix B, Section II, Subsection B, (e).

individual behaviors that create the greatest risk. Most crashes are the result of personal judgments and poor decisions, not compliance or non-compliance with a regulation.

If every driver were motivated by avoidance of government-imposed consequences, then the compliance and enforcement model would be adequate. Yet, individuals respond not only to rules, but to a sense of personal responsibility, personal enrichment and formal recognition. In other words, people generally respond better to the carrot versus the stick. Understanding this key principle, FMCSA could employ creative initiatives such as a formal recognition of safe drivers in its safety monitoring systems, advocating a special CDL designation for drivers with exemplary safety records, and the like.

The National Safety Council promotes *14 Elements of a Successful Safety and Health Program*. Of note, though, is that only one of these elements is directly related to regulatory compliance. In addition, FMCSA's own Motor Carrier Safety Advisory Committee has identified 20 non-regulatory safety practices that can improve commercial motor vehicle safety. In short, both of these groups recognize that compliance alone is insufficient for maximum safety.

ATA'S PRIORITY SAFETY RECOMMENDATIONS

Here are some examples of how a broader approach to addressing true crash risk could be more effective.

Fatigue
ATA has learned from the medical community that drivers with certain health issues and poor sleep hygiene/habits are far more likely to suffer from chronic drowsiness. We also know that time of day, specifically the body's natural circadian rhythms, plays a far greater role in driver alertness than time on task (i.e., driving hours). In lieu of tinkering with the hours of service rules, FMCSA could more effectively address fatigue-related incidents and crashes by incentivizng carriers to implement wellness programs, to install alertness monitoring systems, and to implement fatigue management programs that help drivers understand and better manage circadian rhythms.

Drug and Alcohol Test Clearinghouse
The current drug and alcohol testing regulations have helped to ensure that alcohol and drugs play a very limited role in commercial motor vehicle crashes. However, there is a well-known loophole in the current testing program that is being exploited by some drug-abusing drivers. When a driver moves from one trucking company to another, some "positive" drug and alcohol test results are not discovered by the hiring company because these "positive" results and the driver's work history are self-reported, and not centrally tracked.

To close this loophole, ATA has, for more than a decade, advocated the development of a clearinghouse for positive drug and alcohol test results, so that drivers cannot evade the consequences of their actions by "job-hopping," intentionally miscommunicating their work histories, or otherwise failing to remove themselves from service. However, until very recently, neither FMCSA nor the U.S. Department of Transportation's drug and alcohol policy office seemed to share ATA's urgency to create such a database, but instead focused its resources on verifying that motor carriers comply with required random testing rates.

Employer Notification Systems
Systems operated by state licensing agencies that alert motor carriers to drivers' moving violations are yet another creative means to improve commercial motor vehicle safety. Research has demonstrated that drivers convicted of moving violations are more likely to be involved in future crashes. However, under the current process, carriers may not know of these violations for up to 12 months when they conduct the required annual review of the driver's motor vehicle record. An active system that alerts the motor carrier to convictions for moving violations will foster more timely action (e.g., training, countermeasures) on the part of the motor carrier that will help avert future crashes.

Speed Limiters & Speed Limits
Speeding is one of the most common contributing factors to motor vehicle crashes. However, the current approach to reducing truck speed - on-road speed limit enforcement by state and local enforcement agencies - is only minimally effective. These jurisdictions lack the resources to create an enforcement deterrence that will materially reduce speeding incidences. Moreover, applying resources in this manner is simply impractical.

A more efficient approach would be to require that speed limiters on all new trucks be set at 65 miles per hour at time of manufacture. Naturally, we would need a parallel requirement that drivers and motor carriers be prohibited from tampering with or adjusting these limiters. While this action would only reduce the incidences of drivers exceeding highway speed limits, it would be effective in reducing the number and severity of the most devastating high speed crashes.

In 2006, ATA petitioned NHTSA and FMCSA to require that these limiters be set at time of manufacture. Fortunately, in late 2010, NHTSA announced that it had accepted ATA's petition and would be initiating a rulemaking on this matter sometime in 2012. While grateful that NHTSA is taking this action, ATA urges the agency to initiate this rulemaking sooner, given the importance of this issue.

While politically unpopular, ATA also believes all traffic must be slowed down. ATA continues to support a national 65 mile per hour speed limit for <u>all</u> vehicles.

Safety Technology Incentives
FMCSA's current approach to preventing motor vehicle crashes is to focus on motor carriers' safety management controls as measured through regulatory compliance levels. Specifically, the agency enforces requirements that motor carriers screen, qualify, and monitor their drivers and properly maintain their equipment. However, as discussed above, the benefits of this approach are limited.

Fortunately, FMCSA has also begun evaluating the effectiveness of several vehicle technologies to help prevent or reduce the severity of commercial motor vehicle crashes. These technologies include Brake Stroke Monitoring Systems, Vehicle Stability Systems, Lane Departure Warning Systems (with Blind Spot Detection) and Collision Warning Systems. While these evaluations have shown promising results, it is premature to mandate these devices in all trucks, since the benefits and limitations of these systems are not yet fully understood. Also, while there may be very certain benefits in some types of operations (over-the-road), the benefits in other types of operations (intra-city) may be very limited.

Congress should provide tax incentives for motor carriers to install and test these systems. Doing so will facilitate their deployment in the segments of the industry where they would be most beneficial. Also, such incentives will foster growing acceptance of the devices and the ability to further understand their capabilities and limitations, before requiring their deployment in all vehicles.

New Carrier Training
ATA recommends that new motor carrier owners, both interstate and intrastate, be required to satisfactorily complete a safety training class before commencing operation. Proof of training completion should be required to be attached to a new carrier's application for a DOT number. The safety training curricula for these classes should meet uniform standards nationwide. ATA also urges that new entrant safety audits be conducted within six months of initiating operations, not 18 months as is the current practice.

Truck Crashworthiness Standards
ATA supports additional crash-worthiness research for potential standards for newly manufactured class 7 and 8 trucks. While crashworthiness standards exist for passenger vehicles, there are no such requirements for newly manufactured trucks.

HOURS OF SERVICE

FMCSA recently proposed changes to its hours of service (HOS) rules--rules that have been functioning effectively for more than seven years. The proposed changes are unnecessary, unjustified, and would be a significant step back for trucking industry safety and productivity. ATA strongly believes that retention of current HOS regulations is the only justifiable course open to the Agency. That belief is founded upon the following tenets:

- The trucking industry has dramatically improved its safety record while operating under the current HOS rules. Regulatory compliance has also substantially improved. In contrast, the complex proposed changes in the HOS proposal will undermine compliance and will very likely undermine industry safety.

- The changes proposed by FMCSA will have virtually no benefit in terms of reducing fatigue-related truck crashes and, in fact, will create other types of truck safety concerns such as promoting aggressive driving and driving during peak hours of congestion.

- The changes proposed by FMCSA will occasion enormous productivity losses in the trucking industry. The Agency's past estimates of more than $2 billion annually related to such changes are much closer to the mark than the unsophisticated analysis in the current proposal that improperly reduces those costs by more than half.

- The Agency's cost/benefit assessment of the changes in the proposed rule is fundamentally flawed. As demonstrated in a February 2011 Edgeworth Economics Report[20], the Agency made numerous crucial errors in its assessment that individually and cumulatively render its conclusions meaningless.

- The Agency's attempt to include health benefits as justification for changes in the HOS rules is also unsupportable. As a February 2011 report[21] by Professor Francesco Cappuccio explains, the Agency has misapplied the sleep duration/mortality risk studies it relied upon and there is simply no scientific support for the health benefits the Agency presumes.

In its HOS proposal, the Agency has abandoned years of objective analysis in favor of speculation and internal "judgments" of critical areas. As described in ATA's comprehensive comments to the HOS docket, FMCSA's approach in its proposal cannot be squared with its prior factual conclusions and analytical approach; is contrary to the real-world circumstances to which the rules apply; and its financial computations whither under objective scrutiny. In short, FMCSA is far from making any sort of case that the HOS rules should be changed and the obvious strains in its attempt to justify those changes illustrates how ill-considered they are.

HAZARDOUS MATERIALS PROGRAM RECOMMENDATIONS

Security Background Checks [49 U.S.C. §5103a]
ATA supports a risk-based approach to background checks of drivers that transport hazardous materials. This risk-based approach is embodied in the SAFE TRUCKERS ACT, which passed the House of Representatives as part of the TSA Reauthorization Act (H.R. 2200) during the 111th Congress. H.R. 2200 would require the Department of Homeland Security to work with the USDOT to identify a subset of hazardous materials

[20] Edgeworth Economics, *Review of FMCSA's Regulatory Impact Analysis for the 2010-2011 Hours of Service Rule*, February 15, 2011.
[21] Cappuccio, Francesco, P., *Analysis and expert opinion on the Federal Motor Carrier Safety Administration's (FMCSA) Methodology for Valuing Health Benefits as presented in 2010-2011 Hours of Service Rule Regulatory Impact Analysis (RIN 2126-AB26) Section 5,* February 23, 2011.

that are "security sensitive" (*i.e.*, capable of being used as a weapon of mass destruction). Individuals that transport security sensitive hazardous materials would undergo a fingerprint-based background check and obtain a Transportation Worker Identification Credential (TWIC), which would serve as a single credential evidencing a hazmat driver's fitness to transport these materials. Redundant security background checks and duplicative security credentials are a significant financial burden upon drivers and would be eliminated. *Congress should enact the SAFE TRUCKERS ACT to ensure that the TWIC is the only security credential required for hazardous materials drivers.*

Cargo Tank Wetlines
According to DOT's hazmat incident database, between 1999 and 2009, there were 8 incidents that resulted in a fatality or injury that are attributable to wetlines releases. By contrast, more than 50,000 cargo tank shipments of flammable liquids occur each day. These government statistics indicate that the risk of a fatal wetlines incident is approximately 1 in 30,000,000. Notwithstanding this incredibly low incident rate, PHMSA has proposed a wetlines regulation (76 FR 4847) that overstates the benefits and dramatically underestimates the cost to the trucking industry. *Congress should preclude PHMSA from finalizing this regulation and require the National Academy of Sciences to quantify the risk and costs of abating infrequent wetlines incidents.*

Equitable and Uniform Enforcement [49 U.S.C. §5125(j)]
The hazardous materials regulations (HMRs) consist of more than 500 pages of regulatory text that varies depending upon the types and quantities of materials being transported. Compliance with many of these regulations rests with the offeror of the materials, who must properly classify the material, select appropriate packaging, mark and label the package and prepare a compliant hazardous materials shipping paper. Because most violations of the HMRs are discovered during roadside inspections, drivers and motor carriers frequently receive citations for violations of the HMRs that they cannot reasonably be expected to discover. To address this inequity, *Congress should distinguish between functions that are normally performed by a shipper and functions that are the responsibility of the carrier, and clarify that a carrier is not responsible for violations that result from pre-transportation functions performed by another person, unless the carrier has actual knowledge of the violation.* Carriers would continue to be responsible for compliance with the HMRs for activities that they perform (placarding, load securement, segregation, etc.). *State enforcement actions must be based on "knowing" or "willful" violations of the HMRs.*

State Hazmat Transportation Permits [49 U.S.C. §§5119 and 5125(c)(1)(F)]
There are more than 40 separate state hazardous materials permitting programs. Compliance with these separate programs is an enormous administrative burden for the interstate trucking industry. At the same time the incremental safety benefit is questionable, especially in light of PHMSA's federal registration requirements and the ability of states to inspect hazardous materials carriers at roadside. While some states actually conduct motor carrier fitness reviews, most simply treat this permitting authority as a paperwork exercise that enables them to raise revenue from interstate motor carriers that are based outside of the states' jurisdiction. In light of existing federal registration

and permitting requirements, *Congress should preempt state-based hazardous materials transportation permitting programs.*

Incident Reporting Requirements [49 U.S.C. §5125(c)(1)(G)]
ATA recognizes the need for government entities to obtain information concerning hazardous materials incidents. Unfortunately, there are dozens of individual reporting requirements that vary from jurisdiction to jurisdiction. As a result, drivers have no way of knowing whether a particular incident triggers a local reporting requirement, where the incident occurred or how to comply with such requirements. Off the shelf technology now exists that would enable a centralized reporting system. Existing federal notification requirements (49 CFR § 171.15) can ensure that the appropriate local emergency response officials are notified in the event of a hazardous materials incident and can replace the dozens of state and local reporting requirements. *Congress should preempt state-based incident reporting requirements.*

OSHA'S Overlapping Jurisdiction [49 U.S.C. § 5107(f)]
ATA supports a modification to the joint regulatory authority that OSHA and DOT exercise with respect to the transportation of hazardous materials. This overlapping jurisdiction erodes the regulatory uniformity necessary for the safe and efficient transportation of hazardous materials and makes it difficult to train drivers who must perform their duties in multiple jurisdictions. *ATA supports a solution that would require the Secretary of Labor to identify any gaps in the hazardous materials regulations that create an unsafe condition for employees and require the Secretary of Transportation to address those gaps.*

Highway Routing Disclosure by States [49 U.S.C § 5125(d)]
Highway routing of hazardous materials is a shared responsibility between the federal and state governments. The procedural requirements for designating hazardous materials routes has worked well and helps ensure that routing designations enhance the safety and security of hazardous materials shipments and do not simply export the risk from these materials to other jurisdictions. Motor carriers are responsible for ensuring that they travel on appropriately designated routes. *To facilitate compliance with hazardous materials routing designations, states must be required to report route restrictions to FMCSA, and FMCSA must add them to the published route registry.* Hazardous materials route restrictions that do not appear on FMCSA's hazmat route registry should be invalidated.

CONCLUSIONS

Mr. Chairman, thank you for the opportunity to offer our views on how, collectively, we can further improve truck and highway mobility and safety. A strong federal highway program is necessary to improve freight and passenger mobility. Significant additional resources must be made available to this purpose. However, in the absence of new resources, the federal program should be reformed to ensure that revenues are invested in critical projects that serve the national interest. Furthermore, outdated project review and size and weight regulations should be changed to improve the efficiency of our highway system.

The trucking industry is justifiably proud of its recent safety accomplishments as well as its excellent long-term safety improvement. While as an industry we will strive to continue this safety progress, it will be incremental at best if we don't have the political will to change the fundamental government approach to truck safety oversight.

We must move beyond the current regulatory compliance and enforcement model as the primary means to improve truck safety. Instead, we must move toward an active safety management model that more directly attacks the main causes of crashes. This new model must be based on understanding the factors that create crash risk and the behaviors and events that precipitate crashes. It must also focus resources on giving motor carriers tools, like a drug and alcohol clearinghouse and an employer notification system, which will help motor carriers to more effectively facilitate truck and highway safety improvements.

Subcommittee on Highways and Transit
Hearing on Improving and Reforming the Nation's Surface Transportation Programs
March 29, 2011
Questions for the Record

Questions from Rep. Peter DeFazio

1. Ms. Windsor, the Texas Transportation Institute's periodic congestion report found that the cost of congestion has risen from $24 billion in 1982 to $115 billion in 2009. Trucks stuck in congestion cost $33 billion in 2009, much of which is passed on to consumers in the form of higher prices. What impact do operational inefficiencies in the supply chain have on the cost of your members' businesses?

A wide array of variables impact our costs as motor carriers. Some of these variables we can control and others we cannot. As you rightly point out, congestion on America's highways is one of the greatest inefficiencies we face as an industry. Congestion attributable to overuse/over-capacity is a variable that provides motor carriers with a Hobbesian choice related to costs. We can sit in the congestion, losing productive use of our equipment and burning unnecessary fuel, or, where permitted by states and localities, we may re-route, which often adds unnecessary miles and again burns unnecessary fuel. That is why trucking companies and American Trucking Associations (ATA) repeatedly stress the need to adequately fund our Nation's highways.

However, volume congestion is just one such variable. Other variables that create inefficiencies in the movement of goods throughout the supply chain include bad weather and weather-related closures, congestion created by highway accidents/incidents and delayed incident response times, and delays in other segments of the supply chain such as steamship lines or railroads. All of these add costs. Most of these variables are beyond the motor carrier's control or ability to reliably address.

I am aware that you have introduced legislation to address another inefficiency – delays in loading and unloading by shippers or consignees. In order to make the entire supply chain more efficient and to bring about savings to consumers, our nation's manufacturers and retailers have turned to the just-in-time model. The efficiency extracted from this model has led, from time to time, to inefficient utilization of motor carrier equipment and drivers as drivers wait for trailers to be loaded or unloaded. However, this is an efficiency that my company and my peers in the trucking industry already have some tools to address. The industry frequently includes provisions in transportation agreements, including detention clauses, to disincentivize shippers and consignees from unreasonably detaining equipment and drivers. Further, carriers may refuse to provide service to shippers or consignees that serially detain equipment and drivers for unreasonable lengths of time. In ATA's view, motor carriers and their drivers would benefit most from the government addressing those variables that are beyond the motor carrier's ability to reliably address.

2. Ms. Windsor, the lack of adequate public sector investment has lead to increased focus on public-private partnerships as a tool to financing surface transportation projects. What role and under what conditions do you think public-private partnerships can play in helping to financing infrastructure investments?

While private financing can play a limited role in funding highway projects, the vast majority of projects are not suitable for PPPs and will continue to rely on traditional funding sources. It is unfortunate that supporters of PPPs have overstated the role that private financing can play in closing the highway funding gap. Many of these supporters claim that there are countless billions of dollars just waiting to be invested in transportation infrastructure. What they fail to disclose unless pressed is that this is not free money. Private investors will put their money into highway projects because they expect a return on their investments. Motorists will cover the cost of the investment through tolls, which are feasible for only a handful of the thousands of highway projects that must be funded each year. In many states and in rural areas, there is insufficient traffic to make tolls a feasible option. Even for projects that are suitable for toll financing, it must be recognized that toll financing will cost highway users far more than projects funded by traditional sources. While the additional collection cost of a higher fuel tax would be zero, collection costs for tolls can easily exceed 10 percent, and in many cases will approach 20 percent, even when the most advanced electronic collection technologies are utilized. Further, private borrowing is more expensive than public borrowing. Even though this gap can be closed through the use of certain federal bonding mechanisms, it must be recognized that the public is subsidizing those funding mechanisms. Ultimately it is the public who bears the additional cost of PPPs, whether through tolls or by providing a subsidy with their taxes,.

We are very concerned about attempts by some states to carve up the most important segments of the highway system for long-term lease to the highest bidder. We believe that leasing existing highways to private interests is inconsistent with the efficient and cost-effective movement of freight, is not in the public's best interest, and represents a vision for the Nation's transportation system that is short-sighted and ill-conceived.

While privatization discussions tend to center on financing concepts and the great public benefits from concession fee revenue, what often gets lost or ignored is the impact of these deals on the users of the toll facilities and on the general public. Chief among the concerns is the impact of toll road privatization on toll rates. Demand elasticity, the art and science of determining how high rates can increase before a significant number of users will abandon the toll road, is the private operator's chief method for deciding appropriate toll rates. Private toll road operators need not be concerned about the social impacts of toll rates on low-income workers, or on the costs to businesses that depend on the highway for transporting employees, customers, goods or services. Nor do private operators care about the extent of traffic diversion to lower quality, less safe, roads. Their main concern is to maximize the toll road's profitability within the confines of the lease agreement and the law.

Supporters of privatization point out that toll rates are unlikely to increase substantially because customers will choose to simply migrate to toll-free roads. In some cases, this may be true – a reasonable toll-free alternative may be available. On most major toll roads, however the only alternative may be a two-lane road with traffic lights and a significant amount of local traffic or, in the case of a toll bridge or tunnel, no alternative at all. Complicating the situation is a standard practice of including non-compete clauses in lease agreements, which prohibit or severely restrict improvements to competing roads.

Privatization boosters also point to caps on toll rate increases that have been a standard part of privatization agreements. However, two major lease agreements that have been completed in the United States – the Indiana Toll Road and Chicago Skyway – have been accompanied by very large initial rate increases combined with caps on future increases that by some estimates could exceed six percent annually.

Beyond the concerns over toll rates, there are also questions about whether private toll road operators will act in the public's best interest. It is impossible to predict changing circumstances over the life of a lease, which tends to be long-term – up to 99 years in duration. Many of the facilities under consideration for private takeover are among the most critical links in our freight and military logistics chains. They are also important commuter and tourist arteries. Will the private operators act in the public interest, even if it cuts into their bottom line? Given that their responsibility is to their shareholders, this is unlikely. When other corporations act in a manner that is not perceived to be in the public's best interest, the free market tends to correct their behavior. In a situation where the corporation essentially has a monopoly, these market forces do not exist. When the free market fails, government must often step in to protect the public. ATA believes that when it comes to the long-term lease of critical highway infrastructure, it is necessary and appropriate for the federal government to take action to protect the public interest and to establish interstate commerce protections, as required of the federal government by the Constitution.

3. Ms. Windsor, studies conducted by the Federal Highway Administration have found that combination trucks weighing below 80,000 only pay 80 percent of their fair share of the costs; those between 80,000 and 100,000 pounds pay only 50 percent of the cost of the damage they cause; and trucks weighing more than 100,000 pounds pay only 40 percent. The estimated underpayment per vehicle increases as weights increase -- from approximately $1,300 per year for an 80,000 pound truck to $6,000 per year for a 97,000 pound truck. Does ATA support the imposition of a fee or a diesel fuel tax surcharge so that trucks pay the true, full infrastructure cost they impose on roads and bridges?

ATA believes that vehicle fees should be determined according to a fair share analysis of imposed infrastructure costs, and we have consistently stated our support for fuel tax increases provided the money is invested in highway projects with national or regional benefits. The Federal Highway Administration (FHWA) study that is referenced is the 1997 *Federal Highway Cost Allocation Study.* The study contains several deficiencies that make it an unreliable benchmark of cost allocation across vehicle classes (see discussion below). Furthermore, because the data the study uses is now 16 years old, it is too dated to be a reliable benchmark for determining appropriate highway user fees. FHWA has completed a new cost allocation study that has been "under review" for several months. We strongly encourage the Committee to request the study's immediate release in order to have a more current basis for determining appropriate user fees.

First, DOT's methods for estimating bridge damage costs have been universally criticized, and tend to overestimate the cost responsibility of heavier trucks, a fact acknowledged by the authors. The analysis assumes that trucks traveling over bridges that were underdesigned for actual traffic would have to be immediately replaced. In the real world, these trucks would be rerouted or the bridge's repair and replacement cycle would simply be accelerated, with both strategies resulting in much lower costs than the strategy assumed by the study.

Second, the report's projected user fee payments underestimated the actual highway user fee payments by trucks and overestimated payments by passenger vehicles, resulting in a discrepancy of nearly $3 billion. Since the study is actually a comparison of highway user cost responsibility across vehicle class, this would have a significant impact on trucks' relative cost equity.

Third, the underpayments cited take into account only Federal highway user fee payments. Trucks pay more than $20 billion in state and local user fees annually, which account for the majority of the industry's total highway user fee payments.

Fourth, the DOT study did not take into account new diesel engines and ultra low-sulphur diesel that were introduced into the marketplace after the study was completed. These new technologies will significantly reduce trucks' pollution-related cost responsibility.

Finally, the analysis does not take into account the fact that during peak travel periods in urban areas, trucks are a very small percentage of the vehicles on the road. Therefore, highway expansion costs due to congestion, which comprise a significant portion of overall costs, are attributed to trucks in a manner that is disproportionate to trucks' actual impacts on congestion and the need for capacity expansion.

Most state cost allocation studies have found that trucks pay close to or more than their fair share. There is no standardized way to perform a cost allocation study, and the results can be affected substantially by the availability and accuracy of data, by the assumptions that are made and the methodology that is used.

In addition, while cost allocation studies calculate external costs, they do not account for external benefits. The trucking industry provides a low-cost, high-speed, extremely reliable freight transportation service that is unmatched throughout the world. This has allowed retailers, manufacturers and wholesalers to establish logistics systems that save the U.S. hundreds of billions of dollars every year, make the nation more competitive, reduce consumer prices and create jobs. Cost allocation studies fail to account for the impacts on this system if taxes are increased. It is possible, perhaps likely, that if costs increase too much, trucking industry customers will be forced to hold more inventory and abandon some of the strategies that have helped to create the unprecedented economic growth that the U.S. has experienced since the industry was deregulated in 1980.

Statement of Jan Withers
MADD National President Elect
Before the House Subcommittee on Highways and Transit
Transportation & Infrastructure Committee
Hearing on Improving and Reforming the Nation's Surface Transportation Programs
March 29, 2011

Thank you Chairman Duncan and Ranking Member DeFazio for giving me the opportunity to speak on behalf of MADD to share our organization's priorities as you look to reauthorize the nation's surface transportation programs.

As you can imagine, MADD is very interested in how this committee will address highway safety in your upcoming legislation and we look forward to continuing the dialogue with both you and your staff as we seek ways to save lives and prevent injuries on our nation's roadways.

Drunk driving continues to be the leading cause of death on our nation's roads. In 2009, 10,839 people were killed in drunk driving crashes representing 32 percent of all highway fatalities. In Tennessee and Oregon, 303 and 115 people respectively were killed in drunk driving crashes. As a nation, we should find these numbers inexcusable.

I came to MADD in 1992 after my 15-year-old daughter, Alisa Joy, was killed by an underage drinker who chose to drive after consuming numerous beers. Alisa was a gift of sunshine to us. She was a kind and funny person, evoking a gracefulness of spirit as well as movement. I loved watching her friends naturally gravitate to her as much as I loved watching her dance. In both, she radiated joy.

On a balmy evening during spring vacation, Alisa and two of her friends decided to go out with two senior boys. While out, the guys drank a couple of "six-packs" they had previously hidden in the woods. On the way home, when the driver's judgment and reactions were impaired, he lost control of the car. As the car was vaulted into the air after hitting a guardrail, the right side was sliced away and Alisa was ejected from the car. She sustained massive injuries as her body was hurled through the forest of trees.

The driver had a blood alcohol concentration of .08 – just at the illegal limit. I personally know what the effects of a *.08 BAC* sound like as I listened to a respirator pump air into Alisa's lungs in the emergency room. I personally know what the effects of *underage drinking* feel like when Alisa was declared dead. A piece of me died with her at that moment.

The statistics we often hear are not just numbers to me. Alisa Joy Withers was *my* baby. She had a face and a story to tell. Now *I* must tell her story, instead. Many of you have children with stories to tell. We want them to be able to tell their *own* stories – not have their mother telling it for them after they died. This is why I am here representing MADD.

Campaign to Eliminate Drunk Driving

In 2006, following research and strategies proven to work, MADD announced its Campaign to Eliminate Drunk Driving which:

- First, supports more resources for high-visibility law enforcement;
- Second, requires convicted drunk drivers to install an ignition interlock device; and,
- Lastly, turns cars into the cure through the development of advanced in-vehicle technology.

Interlocks Save Lives

An ignition interlock is a breath test device linked to a vehicle's ignition system. The interlock allows a DUI offender to continue to drive wherever they need to go -- they just can't drive drunk. The research on interlocks is crystal clear and irrefutable. Since New Mexico and Arizona implemented all offender interlock laws, DUI fatalities in those states have been reduced by over 30 and 40 percent respectively.

What's more, interlocks are fair. Under most current laws, convicted DUI offenders will lose their drivers license causing them to miss work and to be unable to provide for their family. With an interlock, the offender can go to work, school, treatment, or anywhere else they would like to go. They just can't drive drunk and hurt your family or mine.

Every American should be protected under an all-offender interlock law. Currently, 13 states require all drunk drivers to use these devices. Eleven states require these devices for high BAC offenders, or those convicted with a BAC of over .15.

MADD is now hitting roadblocks from the alcohol industry and DUI defense attorneys as we try to pass this law in state legislatures. In my home state of Maryland, we have one particular DUI defense attorney who refuses to hold a vote on meaningful ignition interlock legislation. I believe that if a vote was held, Maryland would pass a law requiring interlocks for all convicted drunk drivers. I have submitted for the record an April 21, 2010 Editorial from the Washington Post describing in detail Delegate Vallario's brazenness to kill good DUI policy.

I point out this story because there are other Joe Vallario's across the country and MADD needs this Committee's help. Interlocks are proven effective and they work. A few weeks ago the Centers for Disease Control acknowledged the effectiveness of interlocks by recommending them for all convicted drunk drivers. Unfortunately, without the help of this committee, these lifesaving devices will never realize their full potential.

Therefore, we strongly urge this Committee to work to find ways to increase the number of DUI offenders required to use an ignition interlock device. This lifesaving measure is sound policy.

Advanced Alcohol Detection Technology

While interlocks are currently the most proven technology available to stop drunk driving, a program is underway to provide an advanced in-vehicle option for consumers. This technology could potentially eliminate drunk driving. The Driver Alcohol Detection System for Safety, or DADSS, is the result of a research agreement between NHTSA and many of the world's leading auto manufacturers.

The purpose of this project is to research, develop, and demonstrate non-invasive in-vehicle alcohol detection technologies that can very quickly and accurately measure a driver's BAC. The Insurance Institute for Highway Safety estimates that over 8,000 live could be saved if the technology is widely deployed in the U.S.

Last Congress, Rep. Vern Ehlers and Rep. John Sarbanes, along with Senator Tom Udall and Senator Bob Corker, introduced bipartisan legislation, called ROADS SAFE, which would authorize an additional $12 million per year for DADSS.

On January 28, both Secretary LaHood and Administrator David Strickland attended a press event at the DADSS lab in Boston to witness first-hand how this technology works and how quickly the project is progressing. They were joined by MADD National President Laura Dean-Mooney and by Shane Karr of the Alliance for Automobile Manufacturers. Everyone showed a high level of support and enthusiasm for this project. I would like to submit for the record a copy of the Department of Transportation's press release on this event.

ROADS SAFE was included as part of the Motor Vehicle Safety Act (MVSA) in both the House and the Senate. Unfortunately, the legislation never passed the House or Senate. MADD would ask this committee to authorize $12 million per year to continue the DADSS program. It is our hope that one day consumers will be able to purchase this technology as an option for their car. MADD believes it would be very appealing to many consumers, starting with parents of teen drivers, and for those who would like to ensure that they do not illegally operate their vehicle, putting themselves and others at risk.

State DUI Coordinator

MADD urges the committee to retain a provision included in the last Congress's e Surface Transportation Authorization Act that requires states to appoint a statewide DUI coordinator.

The concept is based on a New Mexico model in which then Governor Richardson appointed a DUI Czar as a cabinet level official. The goal is to have one key person who can help coordinate DUI efforts.

This is important because of the many different agencies involved in reducing DUI fatalities. Law enforcement and probation officers, prosecutors, judges, treatment professionals, and others would be much more effective working together if their efforts were more coordinated.

Reevaluating the Highway Safety Grant Formula Program

Turning to the grant programs, MADD agrees with the Governors Highway Safety Association (GHSA) that highway safety grant programs need to be streamlined. It is also critical that dollars are spent on programs that work. SAFETEA-LU traffic safety grants represent the majority of funds that states spend on drunk driving prevention. With respect to the impaired driving grant program, MADD recommends doing away with the qualifying criteria so that all states automatically receive their funding. But funding must be spent on activities that save the most lives, with meaningful performance and activity measures in place to gauge program effectiveness. NHTSA must have the authority to ensure states are moving in the right direction.

A series of DOT Office of the Inspector General (IG) and Government Accountability Office (GAO) reports have been released, showing what is needed to improve traffic safety grant programs. The IG and GAO have made several recommendations to NHTSA, including the development of performance measures in coordination with the states. While NHTSA has since worked with the states to develop performance measures, MADD does not feel that these measures are meaningful enough to fulfill the intent of the IG and GAO.

MADD appreciates the work this Committee has done over the years in directing GAO and the IG to review NHTSA's programs, and outlining steps that NHTSA can take to improve its oversight functions and the effectiveness of state expenditures. I would also like to submit for the record a memo outlining specific recommendations from both the IG and GAO reports which I hope the committee finds useful. We look forward to working with the Committee to make additional improvements.

Conclusion

With this Committee's leadership, we will eliminate drunk driving. MADD asks the committee to consider ways to make ignition interlocks an important part of the next reauthorization bill.

We also ask for the support of Congress to turn cars into the cure for drunk driving by passing the ROADS SAFE Act.

And by revamping highway safety grant programs, changes can be made to ensure states receive funding, and spend it on activities that will save the most lives and prevent the most injuries.

Thank you to this Committee, and thank you to Chairman Duncan and Congressman DeFazio for holding this important listening session, and for your leadership on this issue.

DOT Inspector General Report Highlights Performance Measure Deficiencies for Alcohol-Impaired Driving Traffic Safety Program

This brief serves to summarize the U.S Department of Transportation's Office of the Inspector General's (IG) March 2007 audit of the National Highway Traffic Safety Administration's (NHTSA) alcohol-impaired driving program, as well as the IG's subsequent testimony before the Senate EPW Committee in October 2007. The IG's work clearly shows that NHTSA and the states must do more to show how SAFETEA-LU grant funds are being used effectively to combat impaired driving. Currently no performance measures are included in states' plans and reports demonstrating the use of key strategies to deter impaired driving.

In August 2008, in response to the IG's report, NHTSA and the Governors Highway Safety Association (GHSA) released a report with a set of agreed upon minimum performance measures to be used by States and Federal agencies in the development and implementation of behavioral highway safety programs. These measures do not adequately respond to concerns raised by the IG, as the NHTSA/GHSA report only includes fatality data and number of arrests as impaired driving performance measures. The IG, as noted below, has more specific recommendations in the areas of law enforcement, prosecution and sanctions.

Highlights From the IG Report #MH-2007-036, "Audit of the National Highway Traffic Safety Administration's Alcohol-Impaired Driving Traffic Safety Program"

- "Our audit objectives were to:
  - compare the scope, direction, resources and expenditures of programs and activities of selected states with the highest and lowest alcohol-related fatalities, and identify best practices and challenges;
  - determine the Federal resources dedicated to reducing alcohol-related traffic fatalities; and
  - explore what actions NHTSA could take, particularly regarding improved performance measures, to better ensure that funds are targeted towards strategies that will have the most impact on reducing alcohol-impaired driving." (page 2)
- "Officials in NHTSA and the 10 states we reviewed attributed success...to many factors. They agreed that, while other strategies may be important, a successful...program should include...two key program elements: 1) sustained enforcement of laws (to include highly visible police presence and media efforts) and 2) effective prosecution and full application of available sanctions." (page 3 – further details on specific best practices are outlined later in the report)
- "[W]e concluded that **NHTSA should do more to measure state implementation of these strategies...**" (page 3)
- "In addition to the best practices reported, states noted significant challenges that needed to be overcome so that the full benefit of the key program strategies could be achieved. These challenges included an inability to fund all police patrols requested

and problems created due to lengthy arrest procedures." (page 3 – further details on specific challenges are outlined later in the report)

- "Ensuring the wise use of future funding requires a way of measuring which programs have been most effective...NHTSA's ability to fully gauge the impact of Federal resources and the effectiveness of state strategies could improve if it required states to include in their annual plans and reports more meaningful performance measures linked to the key program strategies." (page 4)
- **"According to NHTSA, sustained enforcement was defined as 'at least one enforcement event conducted weekly in areas of a state where 60 percent or more of the alcohol-related fatalities occurred.' Yet, none of the states included this measure in their annual plans or reports provided to NHTSA...Regarding effective prosecution, NHTSA had not yet established a specific measure..."** (page 4)
- "Our review of state plans and reports found that the states generally included overall performance goal measures and activity measures, but the plans and reports did not include measures showing the degree to which the states were carrying out key strategies." (page 12)
- "It will be particularly important under SAFETEA-LU for NHTSA to be able to gauge states' performance regarding sustained enforcement because, as a condition for certain highway safety grants, the reauthorization act requires new assurances that states will support sustained enforcement of impaired driving laws." (page 13)

RECOMMENDATIONS

"We recommend that the NHTSA Administrator:

1. In coordination with the states, develop intermediate performance measures to use in carrying out the key strategies identified by NHTSA and the states for countering alcohol-impaired driving.
2. Require that each state report in its Highway Safety Plan and Annual Evaluation Report the degree to which the intermediate performance measures developed for key strategies to counter alcohol-impaired driving are being implemented and the state's results for each measure.
3. Periodically assess the degree to which states have adopted the recommended intermediate performance measures, the results from the measures, and actions needed to assist states in fully implementing the use of the performance measures." (page 15)

Highlights From the IG's Senate EPW Testimony

- **"[P]rompt implementation of our recommendations by NHTSA and its state partners will help ensure that key strategies for countering alcohol-impaired driving are more effectively carried out."** (page 2)
- "NHTSA has published and provided to the states guidelines on carrying out key strategies for countering impaired driving; but better tools are needed to more effectively implement these strategies." (page 3)

- "...NHTSA cannot mandate those performance measures. However, NHTSA can exercise its leadership with states and other key stakeholders, such as the Governors Highway Safety Association, to improve performance measures..." (page 3)
- "...the states and NHTSA's actions, if carried out, would provide states with better tools to judge their performance and would allow NHTSA to make valid comparisons across states. These actions would also enhance public accountability..." (page 3)
- "...the Department needs to move more quickly and effectively if it is to reach its [fatality rate] goal by 2011. No appreciable improvement in reaching the Department's goal of reducing overall fatalities can occur unless alcohol-related fatalities also drop." (page 7)
- "States are required to include performance measures in their annual reports and evaluations on traffic safety initiatives funded through Federal resources...Our work has found that the states' plans and reports do not include measures showing the degree to which they carry out key strategies for countering alcohol-impaired driving." (page 8)
- "In responding to our March 2007 audit, NHTSA agreed to take a number of steps that would provide better tools for assessing the degree to which states are carrying out key strategies...[W]e would encourage the timely completion of these actions in advance of NHTSA's proposed 3-year time period." (page 10)
- **"NHTSA must act with a greater sense of urgency. While we support the actions planned by NHTSA, given the importance of this issue, NHTSA should work with its state partners more aggressively to accomplish these actions in advance of the 3-year time period scheduled."** (page 10)

Table 3. Benefits From Potential Improved Performance Measures (page 9)

Strategy	Potential Improved Performance Measure	Potential Benefits for NHTSA if States Used Such Measures
Sustained Enforcement	Accomplish sustained enforcement at a set percentage* of at-risk areas in the state.	NHTSA could better determine the degree to which states were carrying out SAFETEA-LU required assurances to pursue this strategy. NHTSA could better determine whether emphasis on sustained enforcement had an impact on alcohol-related fatalities and injuries in at-risk areas.
Prosecution and Sanctions	Achieve a set percentage* of successful convictions for alcohol-impaired driving offenses.	NHTSA could better determine whether specialized training programs for prosecutors had an impact on conviction rates. NHTSA could better determine the impact of structural change, such as the establishment of courts specializing in alcohol-impaired driving cases.
Source: OIG *Percentage to be determined by NHTSA and the states.		

The Washington Post

Plastered

Wednesday, April 21, 2010; A18

JOSEPH F. VALLARIO JR., chairman of the House Judiciary Comittee in Maryland and a defense attorney by profession, has made a career of making problems go away for drunk drivers -- both in the courthouse and in the legislature. He proved it once again in the recently ended legislative session in Annapolis by killing a measure that has proven effective elsewhere in preventing drunk drivers from operating vehicles. As a result, Maryland missed an opportunity to diminish the carnage on its roads, and the General Assembly blew a chance to rehabilitate its reputation as a haven of good-old-boy lawmakers in bed with special interests such as the alcohol industry.

Mr. Vallario killed a bill that would have allowed convicted drunk drivers to start their cars only after after blowing into the mouthpiece of devices installed on their dashboards that determine whether they are sober. The devices, called ignition interlocks, are simple and effective. In New Mexico and Arizona, where they are required for those guilty of driving with a blood alcohol content of .08 or above -- a 180-pound man who's downed more than four beers in a hour, for instance -- they've helped cut the number of liquor-related accidents and deaths. The bill was passed without dissent by the state Senate and backed by Mothers Against Drunk Driving, the state police, Gov. Martin O'Malley, and, quite probably, a majority of the members of Mr. Vallario's committee.

We say "quite probably" because there's no way to know for sure. Mr. Vallario, after offering an array of phony compromises designed to preserve something close to the status quo, never allowed his committee to vote on the bill or even debate it. Among other ideas, Mr. Vallario said he would allow legislation requiring the devices, but only for convicted offenders whose blood alcohol content was .15, about twice the legal limit for drunk driving. (The law already requires such offenders to choose between installing the devices and having their licenses revoked or suspended.) He now says he would have accepted a .12 BAC -- meaning a 180-pound man could still drink six beers in an hour before the devices would become mandatory -- although none of the bill's advocates heard him make the offer. In any case, Mr. Vallario's so-called deal effectively would allow more than half of those stopped on suspicion of drunken driving to avoid the ignition interlock requirement. With good reason, the bill's backers and its House sponsor, Del. Benjamin F. Kramer (D-Montgomery), said no thanks.

Mr. Vallario and his pals in the alcohol industry insist they are only trying to protect first-time offenders who might be "one sip over the line." In fact, none of them are really first-time offenders, since Maryland gives most of them a free pass known as "probation before judgment." And the overwhelming majority of those arrested for drunken driving have driven under the influence of liquor many times without being caught. Moreover, about a third of the drivers responsible for the deaths of 152 people on Maryland roads in alcohol-related accidents last year had blood alcohol levels below .15.

In Virginia, a similar bill sailed through the House of Delegates this year but died in a committee vote in the state Senate, where it was opposed by lawmakers who, like Mr. Vallario, make their living as defense lawyers. But it is mainly in Annapolis that the liquor lobby's winning percentage over the decades is unsurpassed. This year, the liquor lobby also managed to safeguard the absurd ban on the direct shipment of wine to Maryland homes and to kill a proposed increase in the tax on spirits, which the state last raised in 1955. The liquor lobby relies heavily on old-guard lawmakers like Mr. Vallario and the Senate president, Thomas V. "Mike" Miller. Its influence may start to fade once Mr. Vallario and his ilk leave the scene -- which could be sooner than both would like. For the first time in memory, Mr. Vallario faces a primary challenge from a credible opponent, Percel O. Alston Jr., former president of the Prince George's County's Fraternal Order of Police. Mr. Alston supported the interlock legislation.

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IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

WEDNESDAY, MARCH 30, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met pursuant to notice at 10:30 a.m. in the Rayburn House Office Building, Room 2167, the Hon. John J. Duncan, Jr., (Chairman of the subcommittee) presiding.

Mr. DUNCAN. Ladies and gentlemen, take your seats, please. We will go ahead and open up the hearing today and I ask unanimous consent that members of the Committee on Transportation and Infrastructure who are not on the Subcommittee on Highways and Transit be permitted to sit with the subcommittee at today's hearing, offer testimony and ask questions. Is there any objection?

[No response.]

Mr. DUNCAN. Hearing none, then that will be so ordered.

Yesterday, we had real good participation from about 16 or 17 members of the subcommittee, and we will see. I don't know if we wore them out yesterday or not. We had 20 witnesses yesterday. We have 20 more today. We had many, many other groups who wanted to come testify, but we felt this was about as far as we could go and it worked great.

We had some really great testimony, very helpful, very informative testimony from witnesses yesterday. And, of course, this is the second day of this hearing from various interest groups interested in the reauthorization of the Federal Surface Transportation programs.

We heard yesterday from groups representing transit and highway safety, motor carrier and freight mobility businesses and organizations. And, of course, we have great interest in the highway bill that we hope and think that we are going to have a real good chance of enacting sometime in the next few months.

At this time, I will turn to Ms. Johnson, who is sitting in for Ranking Member DeFazio, who I think will be here shortly. But, Ms. Johnson, if you have any comments you wish to make at this time, you are recognized.

Ms. JOHNSON OF TEXAS. Thank you very much, Mr. Chairman, and I am just sitting in for the Ranking Member who should be here shortly. I want to welcome the panel, and I see a former colleague that I am very proud to see on this panel. As far as I am concerned, this is one of the most important parts of transportation, especially now, and look forward to listening to the witnesses.

Thank you very much. I yield back.

Mr. DUNCAN. All right. Thank you, and I am going to give him a second or two to catch his breath, but the new Vice Chairman of the committee was here yesterday, and very helpful to me personally. Mr. Hanna, if you have any comments you wish to make, we will hear from you at this time.

Mr. HANNA. No, sir. We have quite a list of witnesses today.

Mr. DUNCAN. All right. Thank you very much. Does anybody on this side wish to make any opening comments or opening remarks? Mr. Holden or Mr. Sires? Yes.

Mr. HOLDEN. Just a second.

Mr. DUNCAN. Either one, go ahead. Go ahead, Mr. Sires.

Mr. SIRES. Yes. Welcome, and yesterday was very informative, and I want to thank the Chairman for holding this meeting. I come from a very congested district. I would like to hear what's important to you.

We would all love to have a 6-year reauthorization, but I really need to know what is important and what you can endure if there are cuts down the line, because our district just has every kind of transportation you can think of. And I appreciate all of you being here.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much.

Dr. Harris was here yesterday for almost the entire time, and I hope that you found that helpful and informative. And if you have any opening statement or remarks, you are welcome to speak at this time.

Mr. HARRIS. Thank you, Mr. Chairman, and I will be brief.

We have a lot of witnesses today. I want to thank the Chairman for holding these hearings and for your commitment to getting a multiyear authorization. That's what we hear when we go out into the district. We hear problems with the problems. I have a suburban, rural district, and again I hope we can work toward that multiyear authorization.

Thank you.

Mr. DUNCAN. Thank you very much.

Mr. Holden? No comments.

Chairman Gibbs?

Mr. GIBBS. Thank you, Mr. Chairman.

I would just like to say I am sorry I missed yesterday. My transportation system failed me yesterday; but, anyway, I look forward to the committee hearing and hear what the witnesses have to say, and also a 6-year bill. So our entities back in the States, our local governments, can plan road projects. And I think having a 6-year bill is very important to get that accomplished.

Mr. DUNCAN. Thank you. Well, thank you very much.

We have never really done this before in this way, but since we had so many groups that wanted to testify, we decided to try to ask everybody to start ramping their remarks up after 4 minutes.

Hopefully, they can get in under 5 minutes in that way, and we will hold any questions until the end. And we are ready to start at this time, and the first witness is Mr. John Njord.

I am not sure if I am pronouncing it correctly, but he is a professional engineer and executive director of the Utah Department of Transportation, and we are certainly honored to have you with us here today.

TESTIMONY OF JOHN R. NJORD, P.E., EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF TRANSPORTATION; THE HONORABLE SHERWOOD BOEHLERT, ON BEHALF OF THE BIPARTISAN POLICY CENTER; TIMOTHY WARE, EXECUTIVE DIRECTOR, MID-EAST COMMISSION, ON BEHALF OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS; ASHBY JOHNSON, AICP, DEPUTY DIRECTOR OF TRANSPORTATION, HOUSTON-GALVESTON AREA COUNCIL, ON BEHALF OF THE ASSOCIATION OF METROPOLITAN PLANNING ORGANIZATIONS; FRANK MCCARTNEY, EXECUTIVE DIRECTOR, DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION, ON BEHALF OF THE INTERNATIONAL BRIDGE, TUNNEL AND TURNPIKE ASSOCIATION; BRYAN GROTE, PRINCIPAL, MERCATOR ADVISORS LLC, AND MEMBER, NATIONAL SURFACE TRANSPORTATION INFRASTRUCTURE FINANCING COMMISSION; ADRIAN MOORE, VICE PRESIDENT, REASON FOUNDATION, AND MEMBER, NATIONAL SURFACE TRANSPORTATION INFRASTRUCTURE FINANCING COMMISSION; JOHN ROBERT SMITH, PRESIDENT AND CEO, RECONNECTING AMERICA; SHARON CALVERT, CO-FOUNDER, FLORIDA ALLIANCE; RAYMOND J. POUPORE, EXECUTIVE VICE PRESIDENT, NATIONAL CONSTRUCTION ALLIANCE II; GREGORY M. COHEN, PRESIDENT AND CEO, AMERICAN HIGHWAY USERS ALLIANCE; PAUL DIEDERICH, PRESIDENT, INDUSTRIAL BUILDERS, INC., ON BEHALF OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA; WILLIAM G. COX, PRESIDENT, CORMAN CONSTRUCTION, INC., ON BEHALF OF THE AMERICAN ROAD & TRANSPORTATION BUILDERS ASSOCIATION; JOE JEFFREY, PRESIDENT, ROAD-TECH SAFETY SERVICES, ON BEHALF OF THE AMERICAN TRAFFIC SAFETY SERVICES ASSOCIATION; DAVID R. THOMEY, EXECUTIVE VICE PRESIDENT, MARYLAND MATERIALS, INC., ON BEHALF OF THE NATIONAL STONE, SAND & GRAVEL ASSOCIATION; SCOTT BELCHER, PRESIDENT AND CEO, INTELLIGENT TRANSPORTATION SOCIETY OF AMERICA; JERRY STUMP, EXECUTIVE VICE PRESIDENT AND COO, WILBUR SMITH ASSOCIATES, ON BEHALF OF THE AMERICAN COUNCIL OF ENGINEERING COMPANIES; KATHY J. CALDWELL, P.E., F.ASCE, PRESIDENT, AMERICAN SOCIETY OF CIVIL ENGINEERS; JOHN BURKE, CEO, TREK BICYCLE CORPORATION, ON BEHALF OF BIKES BELONG COALITION; AND DERON LOVAAS, FEDERAL TRANSPORTATION POLICY DIRECTOR, NATURAL RESOURCES DEFENSE COUNCIL

Mr. NJORD. Thank you, Mr. Chairman.

It is a pleasure for me to be here with you and the other members of this committee. As you mentioned, I am the executive director of the Utah Department of Transportation, and I have had the pleasure over the last 24 years to administer these Federal authorization bills within the State of Utah, the last 10 years of which as the CEO of the Department of Transportation.

What I have witnessed over that time is I have seen that each one of these authorization bills has changed the way that we operate as an organization. SAFETEA–LU, as it has been implemented within my State, has degraded our ability as an organization to make engineering judgments about the projects that we think are most important.

Funding siloes and fractured programs have drive funding decisions more so than engineering judgment. I am sure that you are all aware that the lack of certainty about long-term funding has stymied our ability to plan long-term as an organization. There are artificial hoops that we are required to jump through, hoops that we often feel like circus animals jumping through these hoops that interfere with our ability to be efficient and effective in the work that we do.

There are duplicative reviews that are required of us. We review it and we send it over to Federal Highways for a duplicative review, and that really complicates and makes our challenges much more difficult. I don't know if you knew, Mr. Chairman, members of the committee, but we are actually in some cases prohibited from considering cost when we make decisions about project level decisions within the Federal Highway Program.

I know that Congress, you all Members, are concerned about fraud abuse and waste. I am not aware of any fraud or abuse within the Federal Highway Program. I am aware of some waste, though, and I'd like to share with you specific examples of waste within the program. Within my written testimony, which I hope, Mr. Chairman, you'll be able to accept for the record, we describe a performance-based block grant program, pilot program, which would enable a State like mine, the State of Utah, to demonstrate to you what could actually occur within a Federal Highway Program, if engineering judgment were allowed to be fully utilized.

I will share with you another example of waste. Just recently, we were informed that the State of Utah and other States that have been using optional exit signs on our interstate are no longer going to be accepted. We anticipate in the State of Utah that the implementation of the new standard will cost our State $78 million. That's just one little State, $78 million, and it will provide no additional safety. It will provide no additional merit. And we are very concerned about that kind of waste.

Mr. Chairman, you have been very generous in allowing us to come and speak with you today, and I have spoken a little bit harsh words, but I want you to understand that we understand that we are living in a world of scarcity as opposed to a world of abundance. I am concerned, frankly.

I think that all of you could agree with me that government is most responsive to the people that is most close to the people as most responsive to their citizens. And it concerns me that when folks that are 2,000 miles away from my State are making decisions that they are developing process and making decisions that are "one size fits all."

In the Utah Department of Transportation we have been very successful in accomplishing our work and spending our money very carefully. However, “one size fit all” solutions do not always work for every single State. In my State, we practice. We actively practice the practice of living within our means and spending only the resources that we have, and getting the most bang for our buck.

I believe as we enter into an era of scarcity within the Federal program, it is appropriate for us to reevaluate what we are trying to accomplish and begin with the end in mind. What are we trying to accomplish? Establish what those goals are, and then let this bill, this reauthorization bill, be driven by what we are trying to accomplish.

In a world of abundance there are many things that we are able to accomplish through the Federal program. In a world of scarcity, I believe, we need to scale those things back and come back to the fundamentals of what we are trying to accomplish. We have significant problems if we continue with the Federal processes that we are currently working on, which take away local control and take away local decisionmaking and put it on a national level. These distortions within the program need to go away so that we can be successful in accomplishing the mission of moving this great country of ours on the interstate system, on the surface transportation system.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Director Njord.

Now I would like to recognize for any remarks or statement or comments that he wishes to make, the Ranking Member of the subcommittee, Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman.

I regret that due to problems with air service I was unable to attend yesterday’s hearing, but I am pleased to be here today and pleased to see that we are now moving forward with hearings pursuant to reauthorization of the Surface Transportation Act.

I would just ask the witnesses do the best they can to summarize what they think are their most cogent points as they go forward. You might even react to someone who went before you if you disagree, and give us specifics. And when I was at one of the listening sessions with Chairman Mica, he kept, actually—and I won’t do that—and I don’t believe Chairman Duncan will, but interrupting people and saying “Be more specific and tell me what I can do in terms of making policy changes.”

And just having listened to the first witness I would make that sort of admonition to the rest of the panel. You know, give us specific ideas on what we can do in authorization to spend the inadequate resources we have more wisely. In fact, if anyone wants to make the case that current resources are inadequate, which I fully believe and which two commissions have documented, I would be happy to hear from you on ideas on how we can begin to address needs beyond what the Trust Fund will accommodate.

With that, Mr. Chairman, I look forward to hearing the rest of the testimony.

Mr. DUNCAN. All right. Thanks very much. And I meant to call on Mrs. Schmidt a while ago and I forgot to do that. And I’d like to ask her for any comments or statements she wished to make at this time.

Mrs. SCHMIDT. Thank you, and I will be as brief as possible; but, sir, you brought up a point I wanted to make in my opening statement, and that is about the mandatory signage that's coming forward in about 3 years.

As a former township trustee, our road department did all of the signage for the township. Under this mandate, they will no longer be able to do that. And while a township of my size, of 50,000 people, can afford to have by signage from a company, other townships in the State of Ohio cannot. Some townships in the State of Ohio have budgets of less than $50,000,

Even less of that budget is for their roads. They will be spending that money on the mandatory signage instead of on paving the roads. The cost of just having the gun to make sure that the illumination of the sign is working is about $40,000. Now, granted, local communities can share in that cost, but at a time when States are cash-strapped, when we see States that are looking at ways to balance their budgets on the backs of local governments.

Finding that local governments are going to see their wallets stretched. This is not the time, I believe, for us to implement that mandatory signage, and so I want to ask the Chairman of this committee if we can work for a way to find it affordable and safe for all. And I yield back.

Mr. DUNCAN. All right. Thank you very much.

I am especially honored today to have a former colleague, a longtime friend, the Hon. Sherry Boehlert, who was such an effective Member of this body for 24 years representing a district in the State of New York.

Congressman Boehlert, we are very pleased to have you here. He served with honor and distinction on this committee, and in fact during the 6 years that I chaired the Aviation subcommittee, Sherry was Chairman of the Water Resources and Environment subcommittee, which I then later chaired after your chairmanship. And you paved a good path and set a good example for all of us in many, many ways. It is an honor to have you with us today.

Mr. BOEHLERT. Thank you very much, Mr. Chairman and Ranking Member DeFazio, two friends of longstanding as you have observed.

I am here on behalf of the Bipartisan Policy Center which was founded by four former Senate Majority leaders: Tom Daschle, Bob Dole, Howard Baker and George Mitchell; two Democrats, two Republicans, bipartisan, supported by a very able professional staff, much like the Congress—bipartisan with a very able professional staff.

The BPC's mission is to develop and promote policy solutions that can attract public support and political momentum to achieve real progress. BPC's transportation policy project is made up of a diverse group of experts who have come together to chart a bipartisan vision of critically needed reforms to revitalize and focus our national surface transportation programs.

Our performance driven report, which was released in 2009, called for broad and comprehensive reform of transportation policy and programs. Our conclusions and recommendations are directly relevant to the current circumstances, because we recognized at that time the need to spend resources wisely, no matter how much funding might be available.

Our repeated message since 2009 has even greater resonance today. U.S. transportation policy needs to be more performance driven, more directly linked to a set of clearly articulated goals, and more accountable for results. There are three themes I wish to emphasize in my testimony.

First, it is critical, despite current economic hardships and fiscal austerity that we continue to invest adequately at our Nation's surface transportation infrastructure.

Second, while there is strong and continuing need for adequate investment in the Nation's transportation infrastructure, the combination of a mounting Federal debt, the broken state of the Highway Trust Fund and political resistance to new taxes, will likely result in a scaled back authorization bill. This is the political reality of the day. These constrained circumstances and the need to invest wisely create an opportunity, indeed establish the necessity for policy and programmatic reform.

Therefore, third, and perhaps most importantly, Federal transportation policy should be reformed to ensure that Federal resources are clearly targeted toward national priorities. We have to do more with less, ensuring that infrastructure investment yield the greatest benefit. Investments can be targeted through a performance driven system, able to demonstrate the greatest return on the expenditure. That's what the American people want.

I would like to offer a few specific suggestions: consolidate, simplify, and in some cases eliminate existing programs to streamline the Federal transportation program with an emphasis on the preservation, restoration and enhancement of the existing system and facilities.

Focus the Federal program and investments on specific national goals, such as long-term economic growth, energy security and user safety.

Ensure that the Federal program is performance driven, holding recipients of Federal funds accountable for the achievement of outcomes.

Include competitive programs that can spur innovation in States and metropolitan regions.

Reform the transportation planning process to ensure projects with Federal resources bring the greatest return throughout the lifecycle of the project.

Encourage leveraging investment of State, local and private resources for transportation and investment. While private capital is not a panacea, it can play a larger role than it does today.

Support local and State innovation and experimentation through pilot programs to test options for sustainable user fee revenue, such as vehicle mile travel fees.

In closing, there are fiscal constraints across all sectors of government. Though the need for continued investment in our Nation's infrastructure is evident, we cannot devote resources, much less borrowed dollars to programs that provide uncertain returns. We need a reformed Federal program that advances investment in the Nation's interest.

No matter how much money is available, you guys have to determine—guys, I use that euphemistically—men and women have to determine the size of the pie. That's not for us. You determine that. We want to make sure it's parceled out, sliced in the right way. We should target investments to the programs and projects that bring the greatest returns.

There is an opportunity to do this through the next surface transportation authorization bill, and I look forward, as does the Bipartisan Policy Center, continuing to work closely with you and your staff to bring the best possible policy for the American public.

Thank you, Mr. Chairman.

Mr. DUNCAN. Well, thank you very much, Congressman Boehlert.

I know that many, many people look down on the Congress, and maybe at times with good reason, but I also know that all of us who serve consider it a very special privilege to serve in this body. And the Library of Congress put out a thing last year that said that only 500 some odd number, and fewer than 600 people, had served in the Congress 20 years or longer.

So to serve 24 years, like you did, puts in you in a very, very small and select group in the entire history of this country. So thank you for your service.

Mr. BOEHLERT. Thank you, Mr. Chairman.

Just let me add one anecdote.

Mr. DUNCAN. Yes, sir.

Mr. BOEHLERT. You can't trust a former Congressman with a microphone, but I tell people when they say to me: "What's Congress really like? What are those men and women up there really like?" And I tell them, and I proudly tell them, "Finest collection of people that I ever served with, whether they are Republican or Democrat, no matter what the region of the country. No matter their political philosophy, people come to this House determined to do the people's work to the best of their ability." And I revere this institution and I thank all of you for serving in it.

Mr. DUNCAN. Well, thank you very much, and that is so true. And it's unfortunate that some of the television shows give people the impression that we all hate each other up here, because most of us get along well with each other, and especially that's historically been true on this committee, and I hope we always keep it that way.

Our next witness is Mr. Timothy Ware, the Executive Director of the Mid-East Commission from Washington, North Carolina, who is here to testify on behalf of the National Association of Development Organizations.

Mr. Ware.

Mr. WARE. Thank you, Chairman Duncan, Ranking Member DeFazio and members of the subcommittee.

Mr. DUNCAN. Pull the microphone a little closer, if you can.

Mr. WARE. Thank you for the opportunity to highlight our ideas for improving and reforming our Nation's surface transportation programs, especially for our Nation's small, metropolitan and rural regions.

Again, my name is Tim Ware, and I am the executive director of the Mid-East Commission located in Washington, North Carolina, and also the president of the National Association of Development Organizations. As the committee crafts a rewrite of SAFETEA–LU legislation, we respectfully submit three main recommendations.

First, Mr. Chairman, Federal transportation plans and programs should be linked and coordinated more closely with regional community and economic development strategies and priorities developed by local officials, especially in small metropolitan and rural regions.

This includes the U.S. Economic Development Administration's comprehensive economic development strategy. This process is now managed effectively and efficiently by the national network of 382 economic development districts.

With fewer public resources available for the maintenance and expansion of our transportation infrastructure, we should target as well as leverage Federal resources for projects and programs that are coordinated and prioritized on a sub-State regional level.

Second, Mr. Chairman, State transportation officials should work regionally with local elected officials and appointed officials as part of the statewide transportation planning process. This would solidify local support, accountability and transparency related to the investments of Federal surface transportation resources.

This was a major goal of the regional transportation planning legislation, H.R. 2782, that you, along with Congressman Tim Walz of Minnesota and 25 other co-sponsors, championed last Congress.

Last week we were pleased that Senators Amy Klobuchar of Minnesota and Lamar Alexander of Tennessee re-introduced companion legislation, Senate 625. The members of NADO strongly support this important legislation.

Third, Mr. Chairman, Federal and State policy should take into consideration the unique conditions and challenges of our Nation's regions and communities, especially those outside of the major metro areas.

This point includes a range of important policy issues. Among these are ensuring that private sector firms and citizens in small towns and rural America are connected to global, national and regional hubs, working to reduce rural road fatalities and injuries, and meeting the needs for alternative transportation services for both private sector businesses and rural citizens.

As one example, the export agriculture sector remains one of the United States' most competitive with a value of more than $115 billion in 2009, according to USDA's Economic Research Service.

To remain at the forefront globally, it's essential that we expand our capacity to aggregate, process and distribute our goods, commodities and services in a timely and seamless fashion, not only here at home, but also globally.

In closing, Mr. Chairman, we support efforts to strengthen the coordination of our Federal transportation investments and plans more closely with regional and local community, and economic development strategies, including those supported with other agencies, such as EDA. In States such as Arizona, Kentucky, Missouri, Pennsylvania, South Carolina, and Tennessee, it has been proven that when State transportation officials worked regionally and in a more cooperative manner with local elected and appointed officials, as part of statewide transportation planning, Federal investments are more effectively utilized.

We also want to ensure that our Federal transportation policy takes into consideration the vital community and economic development contribution of rural-based industries and sectors to our Nation's economic, energy and national security.

Thank you, again, Mr. Chairman and members of the subcommittee.

Mr. DUNCAN. Thank you very much, Mr. Ware.

Our next witness is Mr. Ashby Johnson, AICP, the Deputy MPO Director for the Houston Galveston Regional Council, who is here to testify on behalf of the Association of Metropolitan Planning Organizations.

Mr. Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman, Ranking Member DeFazio.

MPO is a nonprofit membership organization established in 1994 to serve the needs and interests of over 380 Metropolitan Planning Organizations nationwide. From the MPO perspective, here are a few ideas that would improve project delivery with respect to Federal resources.

First, metropolitan areas are the nexus of the Nation's safety, freight mobility and system preservation concerns. We need to leverage Federal funding as much as possible, and we can do so by suballocating Federal funding to metro regions across all core highway and transit programs.

Second, we need a clearly articulated Federal transportation mission, and freight should be prominent in that mission. Freight, as a matter of national and global competitiveness, most freight is going to or coming from metro areas, and most of the Nation's ports whether marine or land-based are in metro areas. MPOs need a well-funded freight program or more flexibility in existing programs so that public funds could be used to leverage private investment and freight facilities.

Third, eliminate duplicative and conflicting transportation planning requirements of Federal highway and transit investment. And this gets to some of those hoops that you, Mr. Njord, mentioned earlier.

Fourth, extend the life of completed environmental documents from the current 3 years, so that the environmental finding lasts 6 years. Also, require NEPA lead agencies to use the results of planning level analyses, rather than duplicate the effort later on, and this will save time and reduce cost.

Fifth, reform air quality conformity. Conformity is currently focused on process rather than outcome, and is designed to stop added capacity roadway projects rather than improve air quality. By the way, added capacity roadway projects show far more emissions benefits for air quality, because they reduce congestion and idling. And EPA's new moves and model bears this out.

Sixth, expand and preserve the eligibility of activities currently funded under CMAQ. Congress can increase flexibility in this program by removing the 3-year limit of support for van pooling and car pooling, and extending it further. Also extend the eligibility of operating cost for new transit services from a current 3 years to 5 years, and increase support for traffic operations under all programs.

Lastly, please include a modest increase for planning activities, so that metro areas can be full partners with State DOTs and transit operators, and add even more value to the transportation planning process. On that, Mr. Chairman, I will close my remarks.

Mr. DUNCAN. Thank you very much, Mr. Johnson.

The next witness is Mr. Frank McCartney, the Executive Director of the Delaware River Joint Toll Bridge Commission, who is here to testify on behalf of International Bridge Tunnel and Turnpike Association.

Mr. McCartney.

Mr. MCCARTNEY. Mr. Chairman and members of the subcommittee, good morning.

I am the president of the International Bridge, Tunnel and Turnpike Association. IBTTA, as we are better known, is the worldwide association for owners and operators of toll facilities and service providers to our industry. Thank you for giving us the opportunity today to present our recommendations on how to improve and reform the Nation's surface transportation programs.

IBTTA is unique among the stakeholders at these hearings. While most of the other groups depend on the fuel tax to support mobility and infrastructure development, our 60-plus U.S. toll agency members do not. They operate more than 5,200 miles of highways, bridges and tunnels and receive no Federal or State funds. Together, these 60-plus agencies collect about $10 billion in tolls annually, which is equal to about one-third of the annual Federal gas tax revenue.

That's reason enough to consider tolling and road pricing as alternative funding solutions; and it brings me to IBTTA's five recommendations to improve and reform the Nation's surface transportation programs.

First, we have to remove the barriers to tolling and pricing. Giving States the flexibility to consider tolling, and I stress "flexibility," to consider tolling is even more critical now when Federal and State revenues are constrained. Funding needs are huge, and most public officials will not consider raising the gas tax.

Many lawmakers have said they support tolling for new capacity, but not for existing capacity. The fact is reconstructing the highway system, the interstate highway system, will cost far more than what it cost to build in the first place. Removing barriers to tolling would encourage States to begin the massive effort of reinvesting in our system. That investment, in turn, will create jobs and improve the economy.

Second, we ask that you expand TIFIA resources to between $5 billion and $10 billion. TIFIA can help advance important transportation projects that would otherwise be delayed or deferred. According to published reports, each dollar of TIFIA assistance can leverage at least $30 in transportation infrastructure investment. That is an incredible leverage.

Third, leave decisions about interoperability to industry experts. IBTTA is working proactively and cooperatively with toll industry groups to forge a common interoperability agenda. We are concerned that prescriptive Federal standards and guidelines could impede the industry's effort to improve broad scale interoperability. For this reason we ask you to leave this important work to toll industry experts.

Fourth, give States, localities and agencies maximum flexibility to choose from the financing tools that best align with local needs, including the use of public-private partnerships and long-term concession agreements.

Finally, begin the transition to mileage-based user fees. As we come to rely more and more on renewable energy and less and less on petroleum based fuels, we must develop a transportation funding mechanism that matches our usage patterns.

Mr. Chairman, IBTTA is keenly aware of the struggle to manage the new traffic demands while continuing to maintain and rehabilitate our existing infrastructure. Tolling isn't the only solution, but it is an important one. IBTTA stands ready to help implement it. Call on us. Our members are eager to help you create a new vision. Thank you.

Mr. DEFAZIO. Just one quick question. I understand about the prescriptive standard, that the government wouldn't dictate the standard. But how about the government just says we have to have an interoperable system? Because I don't find that the industry is moving very quickly toward interoperability. We just say you've got to have an interoperable system by such and such a date. We won't tell you how to do it, just do it.

Mr. MCCARTNEY. We would support that.

Mr. DEFAZIO. Great. Thank you.

Mr. DUNCAN. All right. Thank you very much, Mr. McCartney.

Our next witness is Mr. Bryan Grote, the co-founder of Mercator Advisors, LLC and a member of the National Surface Transportation Infrastructure Financing Commission, a very important commission.

Mr. Grote.

Mr. GROTE. Thank you, Mr. Chairman and members of the committee. I am going to focus on the financing tools that can be used to stimulate greater investment, especially in this fiscally constrained environment. My remarks are grounded in the work that I do in helping project sponsors develop financial plans and implement capital programs. They also reflect my experience with the Federal Government, especially the Department of Transportation.

I helped design and implement the TIFIA program. I served as its first director following enactment in TEA–21. And, of course, they do reflect my service on the financing commission as well. In particular, Federal credit and tax incentives can be effective tools for the following reasons: Project sponsors must identify revenue streams; the market discipline of having private and other non-Federal investment helps ensure that projects are economically sound and financially viable; the tools can be applied to both public and private projects; and they have a much smaller budgetary impact than traditional grants.

One way for the government to stimulate investment is to offer credit assistance through a program like TIFIA. By providing a limited amount of patient capital, TIFIA provides powerful leverage, as Frank mentioned, greater than 30 to one in terms of the capital investment to the subsidy cost.

Not surprisingly, the primary recommendation, as you've heard many times, is to increase funding for the TIFIA program. Two years ago, the financing commission recommended a funding level of $300 million per year. That would be nearly a threefold increase, but given the recent credit demand that has been expressed and the anticipated pipeline of major projects, it might be appropriate to consider a higher level. Annual funding of $300 to $500 million, for example, could support $15 to $25 billion of loans and leverage $45 to $75 billion of total investment over the next 5 years.

Beyond more resources, there are some technical changes that could improve the utility of the TIFIA program. I briefly describe them in my written testimony; and, just to note, some of those would include broadening eligibility to include programs of related projects, authorizing upfront contingent commitments for programs of related projects that would both mitigate finance risk and help DOT manage a highly variable pipeline of projects, allowing truly subordinate TIFIA loans for some projects by modifying or even waiving the so-called springing lean, and strengthening the TIFIA institutional platform.

Like credit assistance, tax incentives can also stimulate greater investment at just a fraction of the scored cost of grants. I know tax code changes are not under this committee's jurisdiction, but in developing any comprehensive Federal financing strategy they should be considered.

First, Congress should continue and expand the highway intermodal private activity bond program. The financing commission recommended increasing the volume cap and suggested some other technical changes that would improve the use of this tool.

Second, Congress should consider authorizing a qualified tax credit bond program for surface transportation. The financing commission recommended that any such tax incentive be structured narrowly to facilitate the financing of major projects with large public spillover benefits. A tax credit bond program for surface transportation could meaningfully supplement the existing Federal program supported by the Highway Trust Fund, with a modest score budget impact.

And with that I'll conclude and thank you again for your time.

Mr. DUNCAN. Thank you very much, Mr. Grote. And when we write our bill we plan to pay close attention to the report from your commission, and we recognize that you are one of the leading experts on innovative financing. And while we do not have the final say on the taxing provisions, the Ways and Means Committee has traditionally accepted our recommendations in that regard, so we will certainly be offering some suggestions.

So we also are pleased to have another member of that commission, Dr. Adrian Moore, who is the vice president of the Reason Foundation, and also here on behalf of the commission.

Dr. Moore.

Mr. MOORE. Thank you Mr. Chairman, Mr. DeFazio and Members.

I wanted to open up by building a little bit on Congressman Boehlert's comments about the need to prioritize and shape spending on a performance basis. I think that one of the most fundamental questions the Congress faces with the transportation reauthorization is how to live within expected revenue. And expected revenue is probably adequate in the coming years for a program that is focused on products of true national interest, where they further interstate commerce that's not adequate to fund State and local programs and needs.

And so in a lot of ways the coming years are going to be facing what exactly is going to be the Federal Government's responsibility to fund, and to what extent are State and local governments going to have to take more responsibility for the projects at their levels, rather than looking to the Federal Government to help out with those things.

So in that spirit, when the National Infrastructure Finance Commission started looking, we were sometimes painfully bipartisan commission and we looked at every mechanism that could fund the national transportation program that anyone suggested to us, and it was a very long and exhaustive list. And we unanimously arrived at the conclusion that the best mechanism in the long run is mileage-based user fees. They are effective, more effective than most of the alternatives, more economically sustainable than the alternatives, and at least as far as any of the alternatives. And so by our sort of thorough analysis, we concluded that that would be the best way to fund the program in the future, but it's still a mechanism that's in development.

We are not ready to pull the trigger on mileage-based user fees right now, but fortunately, the work on this is continued, since the Commission made that recommendation. We've had a number of reports come out, notably the National Cooperative Highway Research Program looking at this and laying out very specifically what next steps should be. Texas Transportation Institute doing something similar, several university reports and even a State-level Department of Transportation's studies.

The Mileage-Based User Fee Alliance, of which Reason is a member, has been formed to help advance the practice of mileage-based user fees; and, most important of all, a number of States with differing level of aggressiveness pursuing the possibility of mileage-based user fees in their own future State funding. And so there's an opportunity in this authorization for Congress to partner with State and local governments, to advance our knowledge and our capability to use mileage-based user fees and keep our long-range transportation funding flowing from user fees, rather than transitioning to less direct and less efficient and less effective sources of funding.

The first need is clearly for larger scale trials at the State and local level of mileage-based user fees, and I think that in this authorization Congress should fund on a competitive basis State and local governments to conduct such trials, and that the Federal Department of Transportation should ensure that those trials are high quality, that everyone benefits and learns from those trials; and that they examine the really crucial issues that we know remain with use of these mileage-based user fees, which are how to ensure and protect privacy. And this is not an exhaustive list, but the highlights: how to ensure and protect privacy; what technologies can be utilized and what structures will work effectively.

Test an array of geographic and demographic participants and on much larger scale than we have to-date reduce the cost of collection within the system and explore how this would replace gasoline tax or fuel tax, as I should say, as a means for funding the transportation infrastructure. This authorization period is the chance for Congress to preserve the user fee principle of funding transportation to empower State and local governments to take the lead in developing the means of making these user fees work and to take significant steps toward making the next generation of using fees viable in time to replace fuel taxes before the current system becomes unviable.

Thank you.

Mr. DUNCAN. Well, thank you very much, Dr. Moore. It's fascinating that you would be so strongly in favor of a vehicle miles travel system when many libertarians and people associated with the Reason Foundation and Reason magazine would have the privacy concerns about that.

Mr. DEFAZIO. Well, I think he did express a privacy concern, and that is a potential barrier, because I think—and I'll just see if Dr. Moore agrees—that if we're going to move in this direction, different travel puts different burdens on the system.

If someone's choosing to travel at rush hour in a very congested city, that's adding a burden unlike if, say, a rancher has to drive 20 miles to the general store to just pick up a part for machinery or something. And so if we moved in this direction, ultimately, would it not need to, you believe, include time, place, that sort of thing?

Mr. MOORE. It would at least need to include that option. It's not clear that it would necessarily have to include that for all participants; and, as you say, as a libertarian I'm pretty fanatical about privacy. But I am convinced, having swum in these waters now for 4 years, that it is perfectly feasible, both technologically and administratively to ensure people's privacy, while utilizing mileage-based user fees.

Mr. DEFAZIO. Yeah. And I think the State pilots said that. That was the direction we were headed last year with the bill, so it is a way to explore that better and see that it works.

One other quick question: In looking at commercial versus individual vehicle, the privacy issues are certainly less significant. A lot of companies track their trucks minute by minute. In a way, they know where they are with GPS. Do you think we could move in more quickly commercially?

Mr. MOORE. It would be technically easier. I'm not sure it would be practically easier, just because, I mean, that then creates its own set of fairness issues and potential political problems. And it doesn't get us where we really need to go, which is we need to get everybody involved, because familiarity breeds comfort with this kind of technology. As people use it, they realize that it works and that their privacy is protected.

Mr. DEFAZIO. Sure. But in my State we do have a weight mile tax which equitably distributes the cost, and, so, I mean it could be done, you know, on a partial basis with the private sector.

Thank you.

Mr. DUNCAN. All right. Thank you.

We've been joined and want to go to Mr. Petri, but also Mr. Southerland came in a few minutes ago. Do you have any statement or comments you wish to make, Mr. Southerland?

Mr. SOUTHERLAND. Sure. Thank you, Mr. Chair, for recognizing me.

I am curious about your presentation. I mean, obviously, mileage-based user fees, obviously, we currently have that when you go to the pump. I mean the more you drive, the more gas you put in your car, the more taxes you pay.

That's clearly a user fee by definition, I would think. And I am amazed at the hope and the suggestion that the government, who in my opinion does not give the American people a proper rate of return on their investment, has the ability then to monitor and to judge time, place and purpose of an individual driver. I mean I am amazed at your hope that this government has the ability to follow that. I mean that's a lot of trust you are placing on a government that can't manage itself very well.

Mr. MOORE. I would absolutely not advocate that the government impose a measurement of time, place and purpose on travel. That's not necessary in order to have a mileage-based user fee system. All you need to have is a device that will tell the government this person owes $32.95 this week. It doesn't have to report any information about where you drove.

The onboard computer can calculate the fees and only transmit the fee; and then dump all of the information it used in order to calculate that fee if need be. So it is possible. That's the only reason I am convinced to advocate for this is that it is possible to have a system that does not do that, and it's superior economically to the gas tax.

Mr. DUNCAN. All right. I'm going to ask that Mr. Southerland hold any more questions until the end as the other Members are doing. But do you have any other statement or comment?

Mr. SOUTHERLAND. No.

Mr. DUNCAN. All right.

Mr. SOUTHERLAND. Thank you.

Mr. DUNCAN. We are trying to move through these witnesses as fast as possible, and our next witness is Mr. John Robert Smith, the president and CEO of Reconnecting America, and the former Mayor of Meridian, Mississippi.

Mr. Mayor, honored to have you with us.

Mr. SMITH. Thank you, Chairman Duncan, Ranking Member DeFazio, distinguished members of the committee.

I want to thank you on behalf of Reconnecting America and Transportation for America that I co-chair, for holding this hearing today on how we may improve and reform our surface transportation programs. Before coming to Washington, DC, about 2 years ago, I was a 16-year Republican Mayor of my home town of Meridian, Mississippi.

Meridian is a small city of 40,000 people, but we are the retail, medical, transportation, education, employment, and trade draw for 350,000 people in 11 rural counties in Mississippi and Alabama. And as Mayor, I know firsthand the transportation challenges that those who live in small towns in rural America face each and every day.

Mr. Chairman, when we visited in your office, we talked about those small cities and rural States, and that's where I'll focus my comments. It certainly may come as a surprise to some, but Americans who live in these small towns have the same transportation needs as those who live in big cities. They need access to jobs, to healthcare, to education and to services.

Long commutes, rising gas prices and shifting demographics all impact the prosperity of those communities and the people who live in them. Regional intermodal transportation connections are critical to those people, yet many small towns lack the financial resources, the planning capacity, or the authority to implement the solutions for their transportation needs. A bold, new policy is needed at the Federal level, but with significant input from State and local units of government.

Transportation for America recognizes that it is important to first fix this country's crumbling transportation infrastructure. In fact, we are releasing today a report on the state of disrepair of our Nation's bridges, and I would imagine each of you will have bridges in your district on that list. Mr. Chairman, Tennessee is in a better position than most of its sister States.

In addition to repairing our Nation's infrastructure, we need to focus on transportation options that provide choices in this era of rising gas prices. Many aging citizens and veterans in small towns depend on public transit to go to see their doctor, to go to the grocery store. Working parents need to get to their jobs, to children's daycare and to complete the errands of the day. And our college students in small towns need to be able to access the local institutions of higher education and the part-time jobs that most of them have to hold down. Public transit must be funded both in urban and rural areas.

Additionally, the quality of life that transportation options provide is important. When I first came to DC 2 years ago, there was a lot of discussion about this term "livability." Well, I found it was what we had been doing in Meridian, Mississippi, for 16 years, but we called it economic development. Those transportation connections and the economic development they brought empowered people to make decisions without being hindered by distance or gas prices. Whatever term you want to put on it doesn't matter.

People want to live where they want to live, work where they want to work, and they want to get there in a cost-effective and timely manner. Providing transit options leads to increased investment in city centers that are on the downside, and I saw that in Meridian where we invested $1 million on the behalf of the city, which leveraged $5 million in ISTEA funds.

And with that we built the South's first multimodal transportation center, totally revived Main Street, brought people back downtown to work and to live, brought entertainment and job options into our downtown and leveraged an additional $135 million, a public-private sector investment within three blocks of that facility. The return was worth the investment; not only to the people in Meridian, but in the 11 rural counties surrounding it. And it's been successful in other States, in North Carolina, in Congressman Coble's district, both in Greensboro and Salisbury. Investing in transit has brought economic development into the downtowns.

Chairman Duncan, imagine if the congested area of Gatlinburg, Pigeon Forge and Sevierville in the Smoky Mountains had some transportation alternatives to move visitors and conventioneers to the sites and hotels that they want to go to. That would be a huge step in relieving the traffic bottlenecks on U.S. 441 and Highway 66, and I visit that area yearly.

To conclude, small cities in rural States are part of a national transportation system, and the people who live in them have the same concerns as their neighbors in big cities. We must have a balanced approach in this 6-year authorization bill, hearing the voice of big cities with small cities and rural areas alike. And we have specific policy recommendations on the rural side that we have offered in my written testimony.

Thank you so much.

Mr. DUNCAN. All right. Well, thank you very much, Mayor Smith.

And we're now honored to have as the next witness Ms. Sharon Calvert, the co-founder of the Florida Alliance, and a leading citizen activist in the State of Florida from Tampa, I understand.

And Ms. Calvert, you may begin.

Ms. CALVERT. Thank you, Mr. Chairman.

Thank you for this opportunity to provide public testimony to the Transportation Subcommittee on Highway and Transit Hearing.

I represent the Florida Alliance. It's a coalition of grassroots organizations in the State of Florida, representing thousands of citizens across the State, what have focused on transportation issues in Florida over the last year.

We want to ensure that the taxpayer stakeholder is allowed to provide input and ideas, as we are the users and the funders of the transportation projects.

There are limited resources available today to fund transportation projects. The economic climate insists that those limited resources be used for the must-do needs and not the nice-to-do expenditures.

Therefore, the Highway Trust Fund must be reformed to its original core functions. To that end, we support the Transportation Empowerment Act, which was introduced by Senator DeMint in April of 2008, and H.R. 632, which is the Highway Fairness and Reform Bill, recently submitted by Arizona Congressman Flake.

These bills empower the States to collect most of the Federal gas tax monies that are currently being sent to Washington, and reverses the trend that started in 1982, when ten earmarks were included in the Transportation Reauthorization Bill, and those earmarks grew to over 7,000 in 2005.

The Transportation Empowerment Act and H.R. 362 could reduce Federal bureaucracies and empower the States to determine their own transportation priorities.

These bills would allow donor States, like the State of Florida, to retain 100 percent of their gas taxes, rather than receiving only about 80 cents back for every dollar sent to Washington

Secondly, regarding the Highway Trust Fund, approximately 38 percent of Federal gas taxes are diverted from roads and highways, the largest diversion being made to transit programs.

Rediverting those funds back to roads and highways will bring the much-needed revenue to improve our roads, highways and bridges, which are used on average by 98 percent of Americans who travel every day.

Thirdly, all transportation projects should be required to pass cost-effectiveness criteria, state its return on investment, reflect the share of the total cost paid by users, and what the benefits that other taxpayers get from their share of the cost.

Transportation projects must not consider livability criteria, which is subjective, cannot be well defined or quantified.

Immeasurable livability objectives perversely justify projects that increase traffic congestion, increase travel times, and raise housing prices.

Capital projects must prove they have funding to support the ongoing operations, maintenance, and periodic major rehabilitation, replacement or reconstruction, that's required to sustain the projects.

For example, there is currently a backlog of major maintenance for existing rail systems of $78 billion.

Transit projects should be approved, only if they improve automobile travel times, and do it at a lower cost per passenger mile than any alternative, including expansion of highways.

Effective use of these limited resources for transportation projects require efficient use of the resources by setting measurable goals with the ability to meet those goals at the lowest cost with the greatest benefit.

Furthermore, private bus service, which exists in Florida and throughout the Nation, moved more people last year than Amtrak. We need to remove barriers and regulation to encourage private sector solutions, such as local shared taxi services, which resemble airport shuttle service, that many airports provide.

These types of services exist today in Atlantic City and Puerto Rico.

And finally, there are innovative solutions on the horizon to support personal mobility, which includes intelligent traffic management, and cooperative adaptive cruise control. Those allow more throughput on existing roads.

Road solutions, such as the double-decker Selmon Expressway in Tampa, Florida, increase capacity without having to acquire additional right-of-way.

And we also cannot discount telecommuting, which will decrease congestion on our roads at zero cost to the taxpayer.

Thank you again on behalf of the Florida Alliance, representing the taxpayer stakeholder for this opportunity to provide testimony.

Mr. DUNCAN. Thank you very much, Ms. Calvert. A very fine testimony.

Our next witness is Mr. Raymond Poupore. Is that the correct pronunciation?

Mr. POUPORE. Yes, it is, Mr. Chairman.

Mr. DUNCAN. Executive vice president of the National Construction Alliance. And you may begin.

Mr. POUPORE. Thank you, Mr. Duncan, Ranking Member DeFazio, and the distinguished members of the Highway and Transit Subcommittee.

On behalf of the National Construction Alliance II, better known as NCA II, which is a partnership between the International Union of Operating Engineers and the United Brotherhood of Carpenters, both unions represent about 1 million construction workers that build our Nation's infrastructure. And boy do we need jobs.

Let me get right to the point, Mr. Duncan. The NCA II believes that the primary obstacle to improve in the Nation's surface transportation programs relates to Highway Trust Fund solvency.

While other issues, particularly environmental streamlining to more quickly deliver projects, should be addressed by Congress, as committee members well know the needs of the Highway and Transit Program have simply outstripped the revenue dedicated to the Highway Trust Fund.

In order to improve the health of the national economy, which is precisely what is at stake with this committee's work on the reauthorization of the Nation's surface transportation programs, Congress should focus on shoring up the Trust Fund to meet the Nation's surface transportation deficiencies and revive the ailing construction economy.

You know, the NCA II commends the administration for acknowledging the dramatic needs in the transportation sector, and proposed in a spending level for reauthorization of $556 billion that recognizes America's substantial transportation deficiencies.

For Congress to enact a reauthorization that falls short of our demonstrated transportation needs would, in our judgment, result in weaker economic recovery, persistent high unemployment in the construction sector, unstable Highway Trust Fund, more dangerous bridges and highways, and American economic vulnerability in the face of unrelenting global competition.

Yet, as you well know, the revenue question remains. That is the most politically challenging issue facing reauthorization on both sides of the aisle, and with the administration.

While the NCA II supports a variety of innovative financing mechanisms for an appropriate range of projects, there exists a fundamental need for real revenue in the Highway Trust Fund.

Let me be perfectly clear. The NCA II supports a gas tax increase. For over 50 years, a gas tax has proven to be an equitable, efficient funding mechanism, but is one that has failed to keep pace with inflation and the level of need.

We reached the same conclusion as the two commissions that were created under SAFETEA–LU to examine the future of the transportation program: An increase in the gas tax is necessary in the short term.

This is no time for Congress to back-peddle on the surface transportation investment levels that the country so badly needs. China and our other global competitors are not waiting.

In short, we need this committee's leadership to help solve the revenue question.

Now on the other side, tens of thousands of operating engineers and carpenters are out of work. They want to build our Nation's infrastructure. We have the highest unemployment rates since the Great Depression in construction. We've got 2 million people that are construction workers that are unemployed right now, that want to help build our Nation's infrastructure.

They want to contribute. The do not want to draw unemployment. They would rather be paying taxes to help reduce the deficit.

You know, when I look at the work of this committee, one thing becomes clear. And I know you're very conscious of the massive debt our country has. I have seven grandchildren. I don't want to leave them in debt.

But I know, and I think you know, that the debt was not caused by this committee or investment in our infrastructure. We need to invest in our infrastructure if we want to compete in this global economy that we're in. If we want to bring America back to where it really needs to be, Mr. Duncan, your committee has to do this work. We have to get this bill reauthorized.

And I've been around this town long enough to know how long it takes to get a 6-year bill reauthorized. It always seems to take a couple extra years. Maybe we should look at a 10-year bill, or something longer.

But as Labor, we stand ready and willing to work with your committee. We thank you for the opportunity to offer this testimony.

Thank you.

Mr. DUNCAN. And if Chairman Hanna will yield to me for a moment?

Mr. HANNA. Certainly.

Mr. DUNCAN. Mr. Poupore, I agree with you. And I've said many times and in many places that we need to stop rebuilding Iraq and Afghanistan and start rebuilding the United States of America.

Mr. POUPORE. I agree.

Mr. HANNA. [presiding.] Thank you, Mr. Poupore. This is my 25-year card as a member of your union.

Mr. POUPORE. Thank you.

Mr. HANNA. I just thought I'd point that out, if you don't mind me indulging myself. Thank you.

Mr. Greg Cohen, president and CEO, American Highway Users Alliance? Thank you for being here. You're recognized.

Mr. COHEN. Thank you very much.

Thank you for inviting me, Mr. Chairman, Ranking Member DeFazio.

The Highway Users Alliance brings together a wide range of users that contribute to the Highway Trust Fund. Our members include AAA clubs, trucking and bus companies, motorcyclists, and RV-ers. These and hundreds of other businesses and associations represent millions of highway users from coast to coast.

We have long supported the idea of a self-sustaining, user fee supported Highway Trust Fund. Despite myths to the contrary, as Mr. Poupore said, fuel taxes that support the Trust Fund had been relatively stable, albeit inadequate.

We'd like to work with the committee also on an innovative financing. We've long supported tax credit bonds, but we have been very concerned by the administration's infrastructure bank proposal, which gives US DOT staff sole authority to select the projects that receive funding.

In addition, we'd support an effort to make greater use of the general fund for a variety of transportation programs, including roads.

As States face the fiscal realities, a critical way Congress can help is by reducing bureaucratic barriers that delay project approvals.

At a minimum, Congress should be vigilant in ensuring that new and time-consuming planning requirements do not find their way into this next bill.

Instead, we ask that Congress review and eliminate as many existing requirements as reasonable. To streamline project approvals, Congress could do a great deal, including setting hard deadline for interagency reviews and expanding the existing NEPA pilot delegation program from SAFETEA–LU to all States.

Some have suggested that the Federal Government should have increased control over local planning project selection and the distribution of money. We strongly disagree.

Instead, Congress should authorize a bonus fund that provides formula funds to States that meet performance criteria that you, the Congress, set.

By doing so, you'd create incentives for States to take on projects of Federal interest, without twisting their arms or micro-managing their project selections.

We recommend prioritizing performance in four national needs:

One is safety;

Two is congestion relief;

Three is truck-free corridors;

And four is aging critical infrastructure.

On the first, safety: Nearly 34,000 annual deaths occur on American roads. Most involve lane or road departure, a preventable problem. In addition to prioritizing the new Safety Core program, we also support robust funding for high-risk rural roads, investments to aid older drivers, and the surface transportation safety bill that Mr. Rahall, Mr. Petri, Mr. Shuster, and Ms. Corrine Brown all cosponsored this year.

In addition to guaranteeing funding for safety programs, their bill also allows the States to certify their need for proprietary safety products that further their strategic safety plans. And we join AASHTO in supporting that.

On congestion relief, there are numerous ways to address congestion. We support giving States a wide latitude to approach these problems, but add that capacity improvements need to be among the menu of options available.

As our economy rebounds, highway travels increased 15 months in a row. As long as the economy continues to expand, high gasoline prices are not going to reduce traffic.

People drive to participate in the economy, to access the full range of services and products that improve their lives. All this driving is actually good for America and good for livability.

But if our transportation system is inadequate, congestion develops and productivity declines. Today, that costs us $115 billion a year, just in wasted fuel and time alone.

On truck corridors, expansion of the national highway system, including the interstate system, as well as freight bottleneck relief, should be a critical priority in the next authorization bill.

Federal leadership from Congress is needed here. The Constitution gives the Federal Government the right to regulate interstate commerce. And we need to have consistent national freight mobility, and we need to continue unimpeded commerce on our toll-free interstate highway system.

On renewal and replacement of aging infrastructure, our major highways are showing their age. The administration has proposed getting our roads and bridges up to a good state of repair. We agree. But they must also be brought up to a good state of operation.

That can involve capacity as well as improved conditions of pavements and bridges. You can't just improve the condition of the pavements and bridges and not provide for the good operation of that road.

In conclusion, we're completed committed to helping you get this bill done this year. We believe you can do it, and we appreciate being your partner in this effort.

Our members are now growing. We're now a 13,000-strong social network of highway enthusiasts. We're standing ready to help provide you the support you need, both inside the Beltway and outside, to get this legislation enacted.

Thanks again for the invitation to be here.

Mr. HANNA. Thank you, Mr. Cohen.

Mr. Paul Diederich, president, Industrial Builders on behalf of the Associated General Contractors. You're recognized, sir.

Mr. DIEDERICH. Thank you for your patience in sticking around and listening to this testimony.

My company was started by my father in 1953, and we've been a member of the AGC of America since that time. And since Friday of last week, I'm a vice president of the AGC. My dad testified twice in support of a highway bill, and this is my second time at bat.

The reason I come here is to highlight the importance of a continuing strong Federal role in transportation infrastructure investment in the United States. It's vitally important to a company like ours to have some certainty that there will be work for us to compete for on an ongoing basis.

The lack of a long-term authorization bill and a series of extensions has had an impact on our industry. We can't make long-range plans about hiring decisions, and we defer equipment purchases.

It's had an impact on the people who work for us. Construction careers that built the country look a lot less attractive if the government turns the program on an off like a light switch.

The challenge in writing the next surface transportation authorization is: How to prioritize targeted investments in the face of declining Highway Trust Fund revenue. Current Trust Fund revenue does not meet the maintenance demands of the Federal aid highway system, much less address the need for additional capacity, intermodal improvements, eliminating bottlenecks, and improving safety.

When Eisenhower signed the first highway bill in 1956, the user fee was three cents a gallon. And a first-class postage stamp was exactly the same amount. Today the user fee stands at 18.4 cents per gallon, which is about six times the rate of 1956.

On the other hand, a first-class stamp costs 44 cents, which is roughly 14 times the amount that it was in 1956.

It's critical that we continue to invest in our Nation's infrastructure in order to maintain the integrity of what we have as well as to improve in areas of need.

The once-clear objective of the Federal air program was to connect the Nation from east to west and north to south. That objective now has proliferated to more than 100 different funding subcategories.

AGC believes that the primary Federal role should be to facilitate interstate commerce. To maximize a smaller Federal investment, the Federal involvement should be focused just on the national highway system.

This newly focused Federal program must allow States the greatest flexibility to make strategic decisions on the national highway system improvements that will best address the nationwide objective.

For the rest of the needs, a program like the Surface Transportation Program could allow access to a more flexible program without the existing suballocations.

Reform must also be addressed in project delivery and streamlining. Delays in project delivery can increase the cost of projects and deny users the benefits of their investment.

AGC strongly supports the efforts of this committee and the Federal Highway Administration to address project delivery.

The Federal-State partnership should include more decision-making designated to the States. AGC has included a list of these project efficiencies in our written statement, that we encourage the committee to consider.

There will be a great need to provide supplementary revenue streams for traditional transportation infrastructure funding. Any potential financing tool must be carefully applied.

Public/private partnerships, for example, have their place and their limits. Some policy makers portray these partnerships as the silver bullet to solving the investment gap in our transportation system.

The fact is that the majority of transportation projects are unable to financially support PPP investment. In addition to PPPs, the next bill should include a transition to the next generation of Federal revenue for infrastructure investment.

We've included many suggestions in our written statement.

We urge the committee to take the steps necessary to bring some certainty to the market and to reform the program in a way that allows for the prioritization of the greatest needs of our surface transportation network.

We thank you for inviting AGC to participate in this hearing, and I look forward to any questions you may have.

Mr. HANNA. Thank you, Mr. Diederich.

Mr. William Cox, president, Corman Construction, Inc., on behalf of American Road and Transportation Builders Association. You're recognized, sir.

Mr. COX. Good morning, Mr. Hanna and Ranking Member DeFazio. And thank you for that introduction.

Corman Construction is one of the Mid-Atlantic's larger contractors. We specialize in the construction of bridges, highways, underground utilities, tunnels, and marine facilities.

My grandfather started the firm in 1920, and we're currently in our fourth generation as family-owned and operated company.

We greatly appreciate your calling today's hearing, and for this committee's ongoing leadership in pushing the enactment of a multiyear surface transportation reauthorization bill.

Since 2008, the reauthorization of the Highway and Transit Programs have been the subject of two congressionally mandated commissions, two other independent commissions, dozens of House and Senate hearings, and countless stakeholder recommendations.

Mr. Hanna—and please excuse my sports analogy in the spirit of March Madness—I think it's time to get the authorization bill on the court and in play. And we look forward to the committee's doing that.

The Surface Transportation Program is commonly referred to as a jobs bill. While this is certainly true, this characterization frankly undersells the value of this critical legislation. Certainly Federal transportation investments create jobs in the construction sector, but it's not the Federal Government's responsibility to support my industry.

However, it is the Federal Government's responsibility to ensure the efficient movement of commerce among the States. In today's global economy, a country's transportation infrastructure capabilities are either a competitive advantage or a stumbling block. This is something our economic rivals around the world have already recognized.

Furthermore, every manufacturing plant in the U.S., every retail store, every plumber and service worker, every trucker, and nearly 80 million total American jobs depend on our highways, airports, transit and railroads for inputs and to deliver products and services.

The efficiency of the Nation's surface transportation network directly impacts the health of these dependent industries. And it's in this context, the job creating potential of a long-term Federal transportation reauthorization bill must be considered.

ARTBA strongly supports realigning the structure and mission of the highway and transit programs around clearly defined national objectives, such as good movement and improved system performance.

Achieving these outcomes will require program reforms to ensure the use of Federal transportation funds as performance-driven, transparent, and accountable. My written testimony includes a number of specific recommendations to improve the Nation's surface transportation network, leverage Federal funds, and accelerate the transportation project review and delivery process.

Mr. Hanna, I've spent more than 40 years in the transportation construction industry, where being the lowest competitive bidder is integral to securing future work. I'm keenly aware of the bottom line and the need to control costs.

At the same time, I know strategic investments in capital and personnel are essential for my company to grow and prepare for the future.

There is a difference between investment and spending in the business world, and this is certainly true about the transportation programs. This incredibly important parallel should not be overlooked, as well-intended efforts to reform Federal spending priorities go forward.

In closing, we recognize writing and enacting a multiyear reauthorization bill will not be easy. The most important thing members of this committee can do at this stage, however, is to produce legislation and jump-start the process.

Until this is done, we're all missing an opportunity to provide a long-term foundation for full economic recovery and renewed competitiveness.

Thanks again for the opportunity to appear before you.

Mr. HANNA. Thank you, Mr. Cox, and thank you for your candor. And congratulations on the long success of your family and to you.

Mr. Joe Jeffrey, president, Road-Tech Safety Services, Inc, on behalf of American Traffic Safety Services Association. You're recognized, sir. Thank you.

Mr. JEFFREY. Mr. Hanna, Ranking Member DeFazio, and members of the subcommittee. Thank you very much for this opportunity to talk about the critical need for a multiyear transportation authorization.

My name is Joe Jeffrey, and I am Chairman of the American Traffic Safety Services Association. ATSSA's member companies manufacture, distribute, and install roadway safety devices, such as pavement markings, signs, guard rail, median barrier, and other infrastructure safety features, as well as provide temporary traffic control.

I'm also president of Road-Tech Safety Services, a California-based company that specializes in traffic control equipment for the highway construction industry.

Making the road itself safer is different from other aspects of roadway safety, like seat beats and distracted driving.

I believe Mr. Duncan personally understands this, as he's related the stories to us of the concrete guardrail that protected him from a head-on crash last year.

ATSSA believes that safety must be a core focus of the next authorization. In this economic climate, where all must do more with less, we understand that growing any program is going to be a challenge.

Our recommendations for safety improvements are proven, cost-effective ideas that offer a significant return on investment, which will help move our Nation toward zero deaths on our roads.

One of the most successful components of SAFETEA–LU is the Highway Safety Improvement Program. This program has been the critical factor in reducing roadway fatalities nationwide.

According to a June 2010 SAIC study, which I asked to be entered into the record, every $1 million obligated by the HSIP saves seven lives and provides a 42 to 1 return on investment. In these times of limited Federal resources, it is important that we make strategic investments that will make a difference in the lives of American people.

ATSSA's recommendations are included in my full testimony, but include an increase to the HSIP funding levels with a target of 10 percent of overall highway program dollars, and that HSIP funds not be allowed to be transferred to other programs.

It is our suggestion to include language in the HSIP, to get dollars down to locals for sign and striping upgrades.

SAFETEA–LU also created the High Risk Rural Roads Program, which aims to increase safety on the Nation's rural roads. ATSSA has recommended an increase to this program, which is vital to the American Transportation network.

An individual is 2½ times more likely to die on a rural road than on an urban one. That indisputable fact alone should cause us to place a special emphasis on these roadways, including targeted funding.

A national coalition called the Roadway Infrastructure Safety Coalition has emerged to advocate on behalf of this issue.

As the United States population ages, it is going to be critical to make the roads as safe as possible for our older citizens. It is estimated that by 2025, one out of four American drivers will be 65 years of age or older. In SAFETEA–LU, Section 1405 raised awareness for the need to invest in infrastructure safety for older drivers, but no funds were appropriated.

ATSSA is recommending that funds be available in the next authorization to allow States to make improvements to aid older drivers and pedestrians.

The Coalition for Older Roadway User Safety has been created to focus attention on this issue.

With low-cost investments geared toward the Highway Safety Improvement Program, high-risk rural roads, and older driver safety, we will be able to make great headway in reducing fatalities.

In addition to creating jobs, and rebuilding our crumbling infrastructure, this next authorization bill will save the lives of thousands of Americans.

As a small businessman, I understand the importance of prioritization when it comes to using limited funds. These recommendations will help to make a dramatic improvement in the daily lives of countless Americans.

Mr. Hanna, Ranking Member DeFazio, I thank you and the subcommittee for the opportunity to testify today, and I look forward to your questions.

Mr. HANNA. Thank you, sir.

Mr. David R. Thomey, executive vice president, Maryland Materials, Inc., speaking on behalf of National Stone, Sand, and Gravel Association. Thank you for being here, sir.

Mr. THOMEY. Thank you, Mr. Hanna, Ranking Member DeFazio.

I represent Maryland Materials, Inc. We're a family-owned business located in Cecil County, on I–95, in Dr. Harris' district.

Last year we quietly celebrated our 50th anniversary. Last week I was elected chairman of the board of the National Stone, Sand, and Gravel Association at its annual convention.

And I appear before you today on behalf of NSSGA.

The Association is the largest mining association by product volume in the world. Our members represent 90 percent of the crushed stone, and 70 percent of the sand and gravel consumed annually in the U.S., and employ 111,400 people, hard-working men and women.

Aggregates are a basic material that are taken for granted, but are essential to built environment, and are used in most public work projects, including roads and highways, dams and bridges.

Due to high transportation costs, proximity to market is critical. Thus, 70 percent of our Nation's counties are home to an aggregates operation.

Aggregates make up 94 percent of asphalt and 80 percent of concrete.

Despite the large amount of aggregates used in all kinds of construction, our industry has experienced the most severe recession in its history. Production of aggregates in the U.S. has gone from over 3 billion metric tons in 2006, valued at $21 billion, to 1.9 billion metric tons in 2009, at a value of approximately $17.2 billion, a nearly $4 billion decrease.

The company I work for has not been immune from the economic downturn. Sales reached their peak in 2006, and they have diminished by over 50 percent during the past 3 years.

During that time, our small workforce reduced from approximately 60 employees to a current level of 23. The people we lost were hard-working, dedicated men and women, who held good-paying, high-paying jobs.

Most are still looking for work that will make them whole financially.

I've heard it said that polling shows that unemployment does not resonate with the American people with respect to the highway bill. I can tell you, it certainly resonates with my ex-employees.

That being said, the aggregates industry remains optimistic.

To a one, they believe that passage of a multiyear robust surface transportation bill will create good well-paying American jobs, restore economic growth, and enhance our global competitiveness.

Specifically, we agree that the highway program has lost focus and we would support elimination of the diversion of Highway Trust funds to projects that are unrelated to surface transportation.

We support increased investment in our Nation's infrastructure and recognize no one financing mechanism is a panacea.

Third, we support bringing more clarity to the process of assessing indirect and cumulative environmental impact analysis and mitigation. And, we urge that more common sense be brought to the process through increased agency collaboration and flexibility for the States.

Fourth, we urge giving aggregate resource identification and protection higher priority in land planning, so that these natural building blocks are not inadvertently sterilized.

And fifth, we support regulatory reform with FHWA as the lead Agency in surface transportation project review.

I've heard it said from colleagues and from others that you do not hear from our industry the way that you hear from other interest groups. And I believe that's true. You see, it's not in our DNA to come and ask anyone for anything.

What most of our people want is simple: The freedom to follow their dreams.

Mr. Hanna, we build more than roads and highways and buildings. We build the homes where we raise our families, we build the schools where we educate our children, in hopes that they will have a brighter future.

We build the American dream. And before anything else, we want to assure that that dream is still possible for all Americans.

Thank you.

Mr. HANNA. Thank you very much, Mr. Thomey.

Mr. Scott Belcher, president, Intelligent Transportation Society of America. You're recognized.

Mr. BELCHER. Thank you, Mr. Hanna and members of the subcommittee. Thank you for inviting me to testify before you today.

ITS America represents more than 16 hundred public agencies, private industry leaders and research institutes, that are focused on the use of technology to address America's transportation problems.

This Nation is facing budget deficits requiring all governments to do more with less. In the transportation setting, these challenges will only be exacerbated by a growing population, rising congestion levels, and growing vehicle miles traveled.

It's clear we cannot go forward with business as usual.

As many States and cities across the country will attest, 21st-century technologies are proving among the most viable and cost-effective methods for addressing transportation problems in the current budget environment.

From smart highways that reduce traffic gridlock, to crash-avoidance systems, to fully modernized freight management systems, to stress-sensing bridges, to buses that give commuters real-time arrival and departure information, to electronic tolling system that allow vehicles to travel through tolling gates without stopping, smart technologies have become essential to getting the most out of our transportation system.

Technology is no longer a nice-to-have amenity. It's now a must-have solution for cash-strapped agencies looking to stretch limited dollars.

The Information Technology and Innovation Foundation, a nonpartisan think tank, found that ITS enabled operational strategies have provided a 9 to 1 return on investment. Nine to one.

Here are a few examples:

Synchronized and adaptive traffic signals provide a 40 to 1 return on investment in time and fuel savings by adjusting signal to real-world traffic conditions. Real-time traffic information systems can return $30 million in safety, mobility, and environmental benefits for a $1.2 billion investment, according to the GAO.

Incident management systems like Florida's Road Rangers program have been found to yield at 25 to 1 return on investment by improving crash and incident responses.

We've included a number of ITS America's recommendations for advancing these and other technology solutions as part of my written testimony, which also includes a suggested framework for transitioning to a more accountable and performance-based system.

But one specific proposal I'd like to draw the committee's attention to is H.R. 995, the Smart Technologies for Communities Act, which was recently introduced by Congressman Mike Rogers and Russ Carnahan, who co-chair the bipartisan ITS caucus.

This bill would create a competitive pilot program for up to six communities to serve as model deployment sites for large-scale deployment of intelligent transportation systems. Such programs as a potential mileage-based user fee that could vary by congestion level, time of day, or other factors; a comprehensive approach to performance management and a connected vehicle network, which the Department of Transportation estimates could potentially prevent or reduce the impact of four out of five unimpaired vehicle crashes.

This bill has been introduced by a broad coalition of auto makers, highway and transit leaders, safety and environmental advocates, manufacturers, transportation engineers, and other infrastructure and innovation leaders.

The bill would also provide a model for leveraging private-sector investment and innovative financing tools to modernize the Nation's transportation infrastructure, while spurring job creation and strengthening U.S. economic competitiveness.

And these are the kind of jobs that the President is talking about.

We would urge the committee to adopt this bill and consider ITS America's other recommendations as you work to reauthorize the Surface Transportation Bill.

Finally, I'd like to personally invite all the committee members who are interested in learning more about these solutions to join us in Orlando, October 16th through 20th, where ITS America will host the 18th World Congress on ITS. The World Congress comes to the United States every 3 years, and it's the largest transportation technology event in the world.

And lastly, I'd like for you to think of ITS America as your Smart Technology's resource, and we're here to help in any way that we can.

Thank you again for allowing me to testify.

Mr. HANNA. Thank you, sir. I appreciate your time.

And Chairman Mica has just walked into the room, so I yield to him for as much time as he may require.

Mr. MICA. Thank you, Mr. Hanna. And thank you for chairing today's hearing, and hearing from a number of national stakeholders. And while I haven't been able to join you for the whole proceedings, I thought when we proposed having these stakeholders' meetings, that it would be good to have everyone who had suggestions, recommendations, and represented groups from across the country to be heard in our committee, as we tried to put together a comprehensive transportation policy, funding formulas, and guidelines for probably what will be the next decade.

I intend for this to be a 6-year bill and cover all modes. As you know, we passed an extension for the balance of this fiscal year, and I am appreciative of your help and all of those others who worked toward that goal.

We have some breathing time. We needed some stability. There had been six extensions, and that's not the way to operate the Nation's transportation agencies or partner with the States and locals and others.

In an effort to have everyone heard, some folks had the opportunity and a series of many hearings we did throughout the United States, and listening sessions.

In fact, one in Cortland, New York, last week with Mr. Hanna's constituents and others. And I did one in my back yard. And I was not here, but I had intended to introduce Ms. Sharon Calvert, co-founder of the Florida Alliance, and who provided testimony. She came from Florida as a citizen leader of one of the most influential activist groups that we've ever seen, influencing national policy and representing 120 grassroots organizations.

Some of the tea party folks that are in town are well represented by her presentation. She's president of the Tampa Group. And also the impact that they've made, not only at the House of Representatives but in national politics.

I have had an opportunity to look at her testimony and it conforms with my goal of doing more with less and using innovation in a time when we are constrained again by revenue and by the indebtedness that the Nation is facing. It's probably our most serious economic and now turned into a national security issue.

So I'm pleased to have someone from my State and I welcome them and others who have come today. In our other hearings across the country, I was out with Mr. DeFazio, who has joined us, the former Chair of the Highway and current Ranking Member. We were out on the West Coast, landed in Portland, down in Vancouver and never realized their proximity until that trip.

But I appreciate his leadership in working with us, and again, those who testified.

We have announced a Members' hearing next week. Is that what date? The 5th? The 5th. And I hope we can get another notice out to all the Members of the House, not to talk on projects but to talk on policy and what they would like to see as provisions in this long-term important transportation measure.

With that, I apologize. I'm in, I'm out. I've got a group waiting that I promised to address.

But again, I compliment you, Mr. Hanna, and Mr. DeFazio, in your efforts to hear from all the different groups. After hearing these good ideas we'll begin together.

As you know, out in California I promised when we did a bicameral, bipartisan hearing with Ms. Boxer, the Democrat counterpart, I promised to buy beer and pizza, after we hear from everyone to sit down and start discussing crafting the bill, and Ms. Boxer asked if we could have fruit shakes.

So it's going to be beer, pizza, and fruit shakes for Members.

[Laughter.]

Mr. MICA. Whatever we have to do to get the very best, most responsible legislation possible.

Mr. HANNA. John?

Mr. MICA. I yield to the gentleman.

Mr. HANNA. As co-chair of the bipartisan craft brewers' caucus, can I choose the beer, so we have good beer?

Mr. MICA. Absolutely.

In fact, I'm so generous, Mr. DeFazio, I'm going to let you buy the beer. But——

Mr. HANNA. I'll check and maybe we can get it done later, but we got to look at the ethics rules——

Mr. MICA. So pleased to have Sharon Calvert come all the way from my State of Florida and join us, and provide testimony.

I yield back the balance of my time.

Mr. HANNA. Thank you, Mr. Mica.

Mr. Gerald Stump, Chief Operating Officer, Wilbur Smith Associates, on behalf of the American Council of Engineering Companies. You're recognized, sir.

Mr. STUMP. Mr. Hanna, Ranking Member DeFazio, thank you.

It's an honor to be here today to testify on behalf of ACEC, the American Council of Engineering Companies, where I've had the privilege of serving as National Chairman.

As we speak, hundreds of senior executives of ACEC member firms are here on Capitol Hill to underscore to your colleagues that infrastructure investment, particularly a long-term transportation bill, is essential to economic recovery and national competitiveness.

I want to make one clear and very specific point this morning. The transportation bill you write should empower America's engineering industry to do what we do best, and that's to design innovative solutions that help our State and local clients deliver transportation improvements faster, more efficiently and with greater long-term value to the taxpayer.

Transportation agencies that effectively harness the private sector are able to manage a wider array of projects at one time and adapt quickly to changing economic conditions and fluctuating workloads.

Contracting out to the private sector helps departments meet strict deadlines, accommodate specific technical expertise requirements, and spur innovative solutions, all of which lower total project life-cycle costs.

In contrast, policies that mandate the use of government inhouse engineering work forces stifle innovation and competition, limit access to experienced service providers and dampen economic growth.

I noted several specific project examples in my written testimony to demonstrate the tremendous benefits of contracting with private engineering firms. Let me highlight one of those projects now that happens to be in Chairman Duncan's district.

It involved the redesign of Interstate 40 through downtown Knoxville. We provided comprehensive planning and design services for the Tennessee Department of Transportation that reduced the planned construction schedule by more than 23 months by closing down the freeway, rerouting traffic in a way that minimized disruptions to the traveling public, and preserved access to the central business district and the University of Tennessee's main campus.

With a context-sensitive approach, we also converted the project from a situation where the State was likely going to be sued by multiple local opposition groups to one where the community broadly supported the project through public service announcements.

The volume and scope of design work was so extensive that it would have required the DOT to hire a significant amount of new staff or likely postpone every other project in the State in order to get it done. By engaging the private sector, the DOT was able to save more than $20 million in hard construction costs alone, avoid additional employee salary and long-term benefit costs, and successfully deliver a much-needed transportation improvement to the public years ahead of schedule.

Due to the creativity and innovative solutions provided by our private sector firm, all of this was accomplished along with a much safer project, which minimized disruption to the traveling public.

So at a minimum this committee should reject any legislative proposal that would limit the ability of State agencies to utilize the experience and expertise of engineering firms to deliver quality services and products.

I also want to express my concern to the committee about reports that we've received that some State departments of transportation are actively marketing their services to local governments in direct competition with the private sector.

From what we've been told, it's not uncommon in these instances for DOT representatives to contact county and city officials to offer engineering and design services and thereby undermine private sector firms who are offering to provide those services for local projects.

This activity violates the core principle that government should not actively compete with its citizens. We're concerned about this practice, and that it may also present a fundamental conflict of interest for a department that has the power to approve, disapprove, speed up or delay plans submitted by local agencies to those departments.

I recently met with Chairman Duncan, who mentioned to me that at every White House conference on small business since 1955, either the number one or number two concern that's been expressed has been freedom from government competition.

This anti-competitive practice must be curtailed.

At the same time, Mr. Hanna, we want to highlight that there are those DOTs that work very well with the private sector, partnering with and harnessing that private sector to more efficiently and effectively deliver projects to the public.

We encourage the committee to review how those State DOTs effectively manage and utilize the project delivery capabilities of the Nation's engineering firms.

And finally, let me applaud the committee for focusing its attention on the problems with environmental and other regulatory reviews that unnecessarily delay projects.

Our list of recommendations on this subject is included in my written testimony, and you'll find that it's consistent with what you've heard from other experts this morning, and at other meetings.

Thank you, Mr. Hanna.

Mr. HANNA. Thank you, Mr. Stump.

Ms. Kathy J. Caldwell, P.E., president, American Society of Engineers. Do you agree that there is a danger in competition between the public and private sector when the private sector——

Ms. CALDWELL. I think there's a natural partnership there in finding the balance. Is the key, of course, the American Society of Civil Engineers has a different mission and focus than is presented by our partners, in several other initiatives.

We are an organization of individual members, differing from ACEC, which is an organization of corporate members.

But I thank you for the opportunity to be here today, Mr. Hanna, and members of the committee.

The American Society of Civil Engineers is pleased to offer our views on how to improve and reform the Nation's surface transportation programs. ASCE remains concerned with the increasing and continued deterioration of the Nation's infrastructure.

In our 2009 Report Card, the Nation's roads received a grade of D-minus; bridges a C; and transit a grade of D.

A multiyear surface transportation bill with increased funding levels is necessary to address this documented investment gap.

ASCE also supports a review of the 108 transportation programs to determine how reforms can be implemented to create a streamlined, more efficient system.

ASCE urges changes to expedite the regulatory process for infrastructure projects at the Federal, State, and local level. Inefficient regulatory processes delay implementation of needed transportation improvements, frequently increasing project costs.

The goal must be to allow infrastructure projects to proceed in a timely manner, while protecting the environment.

Mandating concurrent reviews and designating a single administrative agency would improve and shorten the approval process.

While the development and implementation of transportation projects in an efficient and environmentally sound manner is important, expedited environmental reviews of high-priority projects must be considered more frequently.

Congress should enact a surface transportation authorization that enhances and improves connectivity. Congress should be working to address the movement of freight, as our economy will benefit by relieving freight congestion through capacity building in appropriate corridors.

Another beneficial reform would be to provide flexible funding for multimodal transportation systems.

Therefore, a new surface transportation authorization should include the creation of a program funded with dedicated revenue to provide new capacity and operational improvements focused on the efficient movement of freight.

Lastly, ASCE supports a reliable sustained user fee approach to building and maintaining the Nation's highway and transit systems.

By increasing the motor fuels tax, a much-needed infusion into the Highway Trust Fund would be provided, while reducing the deficit in the long run.

In the long term, however, with effects of increased fuel efficiency, other funding methods must be explored as well. A mileage-based system for funding surface transportation programs needs further study.

Additionally, innovative financing, such as public/private partnerships, design/build, Build America bonds, the expansion of TIFIA, and an infrastructure bank can accelerate infrastructure development and have a powerful economic effect compared to conventional methods.

We must find new and innovative ways to fund and finance the transportation infrastructure needs of our Nation, because relying solely on traditional sources of funding and financing are no longer sufficient.

You have requested solutions. The American Society of Civil Engineers stands by to work with you in those solutions, as you develop a robust Surface Transportation Authorization, which is founded on a strong national vision, program reform, adequate funding, and an integrated, multimodal transportation system.

Thank you.

Mr. HANNA. Thank you, Ms. Caldwell.

Mr. Burke, president and CEO of Trek Bicycle Corporation, on behalf of Bikes Belong. You are recognized, sir. And thank you for being here.

Mr. BURKE. Thank you so much for having me, Chairman Hanna and Ranking Member DeFazio. I am here to speak on behalf of the U.S. bicycle industry, and also Bikes Belong Coalition. Trek Bicycle does over $800 million in sales. We also employ 1,100 people here in the United States.

The bicycle business is a significant business in the United States. There is over $6 billion done in the bicycle business. Each and every year there is 15 million to 20 million bicycles sold. That's more than cars and trucks combined. There is more than 1 million Americans involved in bike or bike-related businesses. There is over 4,000 bicycle retailers in small, medium, and large towns across America. The bike business provides a growing number of high-paid professional jobs in engineering, designing, manufacturing, marketing, and logistics.

The Federal spending over the last 15 years on bicycle and pedestrian projects has been a great investment for America. And there is a number of reasons for that.

The first reason is the bicycle has reduced congestion. If you take a look at car trips today, more than 50 percent of car trips, when you go out on the road, are less than 3 miles. The bicycle is a very simple solution there. If you take a look at 2009, over 4 billion trips were taken by bicycle. That set a record. A specific example is in Minneapolis, where a Federal investment allowed a project called Midtown Greenways to happen. It's used by over 3,500 cyclists every day. That one greenway transports more people than 75 percent of the city streets in Minneapolis.

The second reason the Federal investment on cycling has been great is it's been simple and cost effective. The transportation bill, 1.5 percent of the money goes to biking and pedestrian projects. Biking and walking make up 12 percent of the mode share. That's a great value. If you take a look at—one example is Portland, Oregon, where Portland spent $57 million over the past 15 years to improve bicycle infrastructure. If you take a look at the cost of putting 1 mile of four-lane highway through an urban setting, it's about $40 million. Bicycles offer a very cost-effective solution for transportation in the future of America.

The third great investment that the last transportation bill made was Safe Routes to Schools, where this program was started. If you take a look back in time when I went to school—and many other people in this room did—1970, 35 percent of kids either rode their bikes or they walked to school. Today that number is less than 5 percent. In the last transportation bill with Safe Routes to School, in that time period, over 10,000 schools have enacted Safe Routes programs. They have reported increases anywhere from 20 to 200 percent. For the first time in this country's history, we are starting to move back to getting more kids walking and biking to school. All this has been done with the investment.

In conclusion, the bicycle offers a simple solution to a lot of complicated problems. The bicycle can reduce congestion. It can reduce our dependence on foreign oil. The bicycle can help to combat the obesity epidemic in America. The bicycle can do all this for less than 1½ percent of the transportation bill. The bicycle is a proven success, and it is a cheap date.

I would like to close with one specific recommendation for the next Federal transportation bill. We need to maintain the integrity of the transportation enhancements and the Safe Routes to School program. These programs are doing great things for our communities, our business, and our Nation.

Thank you very much for having me.

Mr. HANNA. Thank you for being here. Mr. Deron Lovaas. Close?

Mr. LOVAAS. Close. Deron Lovaas.

Mr. HANNA. Oh, Deron. I'm sorry.

Mr. LOVAAS. Yes, no worries.

Mr. HANNA. Federal transportation policy director, Natural Resources Defense Council. You are recognized, sir. Thank you for being here.

Mr. LOVAAS. Thank you, Mr. Chairman, Mr. Ranking Member, for inviting me to testify. And since I am batting clean-up, I will walk through some specific ideas that we have for inclusion in the transportation bill.

And to set the stage, we all know we have deferred maintenance of roads and bridges, transit systems, and other assets across the country. And we all know that Presidents from both political parties as far back as Richard Nixon have called for reduced oil dependance. So, how do we build a safer, smarter, and more fuel-efficient transportation system?

First, we need to make better use of taxpayer dollars. Repair jobs and public transportation investments have high rates of return. Jobs are created in project construction indirectly through the manufacturing supply chain, and workers spending wages domestically. We need national policy objectives for economic benefits, mobility and access, safety, oil savings, and environmental quality, as well as State and regional objectives and long-range plans in transportation improvement programs with incentives for initiatives that contribute to those goals.

Two, we need to tackle chronic under-investment and maintenance of our transportation system: 500 hundred bridges failed between 1989 and 2003 alone, and nearly 8,000 bridges are currently in disrepair. Fortunately, 86 percent of respondents in a recent national poll supported a fix it first policy that focuses on maintaining existing transportation systems before we build new ones. We need a fix it first standard for all modes, funding exclusively for repairs, and performance measurement for adequate progress toward a state of good repair for the whole system.

Three, breaking the oil habit in transportation is key, since it accounts for 70 percent of the Nation's oil use. Consumers deserve more mobility choices, and this is backed by a broad set of energy and transportation experts as part of a project initiated by our partner, the Institute for the Analysis of Global Security.

And there is a 10-point plan I will just walk through very quickly. One, we need to ensure the price of fuel better reflects oil security costs. Two, we need to deploy more high-occupancy toll or hot lanes, as well as congestion pricing. Three, we need to make sure that transit dollars are allocated to optimize oil savings. Four, we need to increase auto insurance choice, so consumer payments hinge on how much people drive. Five, we need to provide transit vouchers for mobility choice for low-income households. Six, we need to increase commuting options as well as telecommuting. Seven, we need to send more—a gas tax revenue back to local areas where the most traffic is generated, and where there is the most oil savings potential. Eight, we need to improve local land development rules. Nine, we need to deploy more smart traffic management. And, 10, we need to deploy cost-effective intercity rail options as justified by cost efficiency and oil displacement potential. It's important to make leveraged investments.

We do need to improve project delivery also, while keeping in mind that environmental and preservation laws account for a small share of total transportation project delays. And in most cases, time must be taken to get the most complex or controversial projects right.

Having said that, we need incentives to link planning and project reviews, increase use of mitigated categorical exclusions and findings of no significant impacts, comprehensive planning initiatives, so environmental impacts, as well as benefits, can be identified early in the process, and design flexibility for transportation projects to avoid environmental impacts.

Next, we need to make sure to move goods faster and more cleanly. We can modernize the freight system, improve its efficiency, while we reduce environmental impacts. We need a national plan, a multimodal freight office at DOT, project eligibility for Highway Trust Fund spending with economic and environmental performance standards, as well as merit-based competitive grants.

Next we need to make sure to protect water, since storm water run-off threatens drinking water and rivers, and the lakes and streams where we swim, fish, and play. New and rehabilitated Federal aid highways and roads should meet a performance standard to reduce storm water runoff and meet clean water requirements.

And last, we need to protect wildlife threatened by sprawling development, often driven by poorly planned transportation investments. What we need is standardized collection and analysis of wildlife vehicle collision data, better sharing of data between transportation and resource agencies, support for early resource agency involvement, and planning and consideration of wildlife passages during bridge assessments.

NRDC and our allies look forward to working with you, as well as the committee staff and the Congress, to get a new expanded reformed transportation bill passed as soon as possible. And thank you very much, and I am all alone at the witness stand.

Mr. HANNA. You won't be for long.

[Laughter.]

Mr. HANNA. Thank you for your testimony. I appreciate it. We will proceed to questions. I will recognize each Member for 5 minutes, starting with Ranking Member DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman. It's an interesting format. Twenty witnesses is a lot. Thank you all for your time and your testimony. I certainly heard some grounds for agreement on streamlining efficiency, flexibility, and accountability. Those were objectives that we were trying to build into reforms of the Federal Department of Transportation—the proliferation of programs, and their simplification—in the last authorization. And I hope the new majority follows through on some of those proposals.

The one thing I'd like—and it's hard to haul people back up one at a time, so I'm really not going to engage in much of that. But my one observation is that someone toward the end there mentioned competitiveness and talked about international competitiveness, business, and our reliance on the transportation system.

And I couldn't agree more, and feel that our disinvestment—we are projected now to reduce our real expenditures about 30 percent if we stick to what is projected to come in out of the Trust Fund. We heard some testimony that PPPs can fulfill a small part of that; there are some who will say somehow this is going to become a massive new solution. It won't. It can't. They have to be revenue-generating projects in order to involve the private sector. But we do want to use those as a tool. There are other tools—we heard TIFIA—all those things can help.

But the core program still needs to be robust, and I don't think it will be. So I am going to ask a question where I will ask people to raise hands. We had the "Paving Our Way: A New Framework for Transportation" Finance Commission report. We had the National Surface Transportation Policy Revenue Study Commission report. Both of these were done when the Republicans controlled the House, the White House, and the Senate. They were bipartisan, and they came to the same conclusion: a tremendous lack of investment.

Roughly, we are $46 billion—let's say, between the two of them, $50 billion—under just maintaining the existing system. And if we wanted to begin to compete with the rest of the world, build a 21st-century system, we're short about $75 billion a year. Then, we have the report card from the Society of Civil Engineers. This all adds up to just a tremendous shortfall.

So, of everyone who testified today, I would like to see a show of hands on how many are familiar with all three of those.

[Show of hands.]

Mr. DEFAZIO. Well, let me do it the other way. Who has not read or is not familiar with all three?

[Show of hands.]

Mr. DEFAZIO. OK. Ms. Calvert, I would recommend to you that you look at those, because you want to talk about the future of America, our future in the world, these point to a huge problem that we have. She was honest enough not to raise her hand; there may have been someone else who didn't raise their hand. So I appreciate that. But anyway, if you are going to be involved in these issues, I do recommend them to you.

So, we had discussion of VMT. I appreciate particularly the discussion by the Reason Foundation, and I share the privacy concerns. I think there is a way we can get there. I am concerned about equity issues, which didn't seem to get much coverage. I still believe that you put a lot more burden on the system in rush hour in an urban area creating congestion than rural, and I think there needs to be some differential on how people are charged. But somehow you have to do it with total protection of privacy. And that is why State pilots—that is why we were not moving there in our consideration of the bill, but we think States should voluntarily pilot if they want—can help assure that we can do things that way.

How many people think that VMT, of those who testified, is something that we should begin to move toward in this authorization? I just want to see.

[Show of hands.]

Mr. DEFAZIO. That is quite a significant show of hands. Thank you.

And then, one other question would be, as was noted, we have not raised the gas tax since 1993. There has been a little bit of inflation since 1993. We are looking at maybe $.65, $.70 on the dollar when you spend that money of what we could buy back then. One idea that I think should be examined is what if we indexed the existing user fee gas tax to construction cost inflation, so that we do not lose more ground, at least. How many people would support that sort of an idea who testified?

[Show of hands.]

Mr. DEFAZIO. That is a pretty good show of hands, thank you.

And then, here is the second part of that. I have begun to examine and am working with some folks on, if we did index it—there are certain ways we can make assumptions under the Budget Act and other things that we are constrained by, in terms of pay-as-you-go—about the income over a certain period of time. Set a time table to repay some bonds, and then use that projected additional income so we could perhaps do $40 billion to $60 billion in bonding up front on this bill to get the number back up and to make a lot more urgent investment and/or preservation needs.

How many people think it would be a good idea, if we could index, that we would do some up-front bonding to enhance the program all together?

[Show of hands.]

Mr. DEFAZIO. Again, a pretty good show of hands. Thank you. Again, I find there was a lot of good stuff there, a lot of you gave very good and provocative testimony. And were we in a more normal format, I would have followed up with a lot of you with individual questions. But thank you for being here, thanks for participating, thanks for participating in my little bit of experimental polling there. Thank you, Mr. Chairman.

[Laughter.]

Mr. HANNA. Thank you. I will yield a little time to myself to ask a question next. Thank you.

Mr. Grote, why should Congress increase the cap on private activity bonds if the current $15 billion bond allowance has not been fully utilized?

Mr. GROTE. A good question. Our commission did recommend increasing the cap, but it didn't say when. So we acknowledge your point. It has not been fully utilized. Part of it is the pipeline of projects, in this economy.

We do think, as more State and local governments look into public-private partnerships, that demand will grow. When we hit the $15 billion cap and an increase might be needed, I think it was our view that would happen probably before you get around to talking about the next Federal reauthorization bill. So I would put that in the context of if you are looking at a multiyear bill, probably that cap would need to be increased within the next 5 or 6 years.

Mr. HANNA. Thank you. Thank you very much. Mr. Njord, in your testimony you highlighted the need for this bill to streamline project delivery, the process. Can you provide us with concrete examples where Utah DOT has streamlined the delivery process?

Mr. NJORD. Thank you, Mr. Chairman. I appreciate the question. It's interesting that you ask that question right now, since last week the Utah Department of Transportation delivered what we call the Superbowl of bridge moves in Utah. We moved a bridge. We believe it is the largest bridge ever moved in the Western Hemisphere, at 354 feet, into place in a matter of a few hours.

All of you have experienced driving through a construction project that might last 6 to 9 months where we are building a new bridge. In this situation, we built the bridge off-site, closed down the freeway at 11:00 p.m., and by 4:00 a.m. the next morning the bridge was in place and ready to be used. I think that is one example of how we can, if we are given the latitude to deliver our projects creatively, to accomplish that.

In addition to that, Mr. Chairman, I think the Utah Department of Transportation was the first department in the country to employ design-build back in 1997, when we reconstructed the highway in Salt Lake County. Design-build, CMGC, other creative methods have enabled us to deliver very large projects in a very rapid fashion.

For example, we are under construction right now on a project: $1.725 billion, 25 miles of freeway in Utah County. It is going to be completed in 35 months. It is 25 miles of new freeway, 10 interchanges, 63 bridges, 35 months. That is accelerated construction.

Mr. HANNA. Thank you for that, and thank you for waiting so long.

Mr. NJORD. My pleasure.

Mr. HANNA. Congressman Boehlert—oh, here you are. How are you doing?

Mr. BOEHLERT. I am doing well, and it gives me a great deal of pleasure to see a successor from my congressional district in the chair. Mr. Chairman, thank you for calling me back.

Mr. HANNA. Thank you. It is an honor. How long will it take to make the surface transportation programs more performance-based? Can it be done in the next reauthorization bill, in your opinion?

Mr. BOEHLERT. It certainly can. And we have outlined a course to follow. And we are working very closely with the very able professional staff on this committee, both sides. But we have got to get real about this whole business. And the American taxpayers are demanding more from government. And what they are demanding from government is a clearly stated set of goals, what we hope to accomplish by any program, how we hope to get there. We need metrics to measure performance, and we have got to do things differently in the future.

We have five stated objectives we have outlined: economic growth—jobs should be everyone's new favorite four-letter word, so economic growth—national connectivity metro accessibility—because 80 percent of our people live in the city, so they have got to get there, and the young people are more and more concentrating in our urban centers; we have to always focus on safety; and finally, on energy security and environmental sustainability. Those are five worthy objectives.

This committee has a golden opportunity to really get serious about changing the way we have done things in the past. Let's not do it the same old way. Most people are sort of fed up with that. They want to change. And I think this committee historically has always been in the forefront of change. And I would encourage you to continue to do so.

And take advantage of the resources of the Bipartisan Policy Center. If we didn't have it, we would have to invent it, because you have got Republicans and Democrats—admittedly, has-beens or used-to-be's, you know, former senators, former congressmen—who are interested in shaping public policy in a responsible way. Republicans and Democrats, and then a very able professional staff. That is a model for this committee with a very able professional staff to follow.

So, and the natural question comes down to financing. Where are we going to get the money? Show me the money. Somebody won an Academy Award once for uttering that phrase, "Show me the money." Well, I am not speaking for the Bipartisan Policy Center now, I am speaking only for myself, my personal opinion. We have got to go to vehicle miles traveled (VMT). That is a fee—for use. And, in the interim, until we phase into that, I would put a quarter a gallon tax on gasoline right away to get the money in.

I mean, improving the infrastructure of America is an absolute imperative. We can't let it crumble. Creating new jobs? Jobs would be all over the place, people building. And that is America in its finest hour.

So, I am glad, Mr. Chairman—and I like calling you Mr. Chairman—I am glad, Mr. Chairman, you are in the chair, and I thank you for the opportunity to appear here and share some of my thinking.

Mr. HANNA. Thank you, Congressman Boehlert. And you are an extremely difficult act to follow, but I will do my best.

Mr. BOEHLERT. Thank you so much.

Mr. HANNA. Thank you for being here. Ms. Richardson?

Ms. RICHARDSON. Thank you, Mr. Chairman. I would like to ask Mr. Diederich—I apologize if I pronounce your name wrong—Mr. Cox, Mr. Thomey, and Ms. Caldwell to come forward for a couple of questions.

For Mr. Diederich—thank you—and Mr. Cox and Mr. Thomey, I have the same question for all three of you. If you could, answer. When we were first looking at the statement that is in the ARIA, the American Recovery and Investment Act, one of the things, unfortunately, Mr. Summers thought was that we couldn't do all the projects and spend the resources and do the investment needed within a short period of time to be able to have the jobs and see the results.

Could you give this committee some confidence that if, in fact, we had the resources and we passed a good, solid bill that enabled us to do the projects, that you feel you could do them in a timely way?

Mr. DIEDERICH. Well, there is no question that the money that was authorized to be spent in the stimulus was—a lot of it was mill and overlay work. And one of the things that our firm does is the milling, and we act primarily as a subcontractor to asphalt paving companies. And last year and the year before, we were—part of the stimulus bill required that we report how many stimulus-related projects we had. And I think last year we did 54 projects that were stimulus-based, and the year before we did about 21. So——

Ms. RICHARDSON. And you were able to handle them, is the——

Mr. DIEDERICH. We were able to handle them. And that was one of the only equipment investments that we made, was to buy another—actually, two—mills because of that act.

Ms. RICHARDSON. Mr. Thomey?

Mr. THOMEY. Even with the stimulus our production capabilities were about 40 percent of what they normally would have been during good times, as far as the economy is concerned in 2006, 2007. We are a small company. We participated in, I know, three stimulus—and there was no problem at all.

Ms. RICHARDSON. Thank you. And Mr. Cox?

Mr. COX. I think the stimulus funds that were directed in the transportation and infrastructure area were well spent, and I think that the industry had the capabilities to handle them. Our firm only really had two of them, both with the Park Service, one of which is the rehabilitation of the Reflecting Pool at the Lincoln Memorial, which is ongoing.

But certainly they served a very needed purpose at that time, to fill the gap, if you will, in the unemployment area, at least in construction that was in the infrastructure portion.

Ms. RICHARDSON. OK. I asked those questions of you gentlemen because we—if we have—part of the discussion will be whether we are doing a highway build that is, you know, $200-plus billion versus doing one that is 500-plus. The question would be if we have those dollars and we can do that investment, do we have the resources, do we have the companies to be able to do the work and to get it done, and it sounds like the answer to that question is yes, which I agree with.

Ms. Caldwell, you talked about an openness to the industry taxing itself. And I wanted to ask you to take a look at H.R. 1122, which happens to be a bill that I authored that would call for an increase in the diesel tax. And it would also set up a dedicated freight office within the Department of Transportation. It would allow us the vision and the focus on those policies to do the connecting, and so on.

So, one, I wanted to ask you and your organization if you would take a look at the bill. And two, if you could, just share with us why you feel the freight system is not connected. You said we needed to connect it. But if you could, give your experience of what the problems are, and why it is not—turn your mic on.

Ms. CALDWELL. Sorry. Yes, interconnectivity, as far as the movement of goods from ports and on roadways. So the multimodal system is what we were addressing. And we are in support of an increase in fuel taxes to provide an infusion into the Highway Trust Fund now, while we look at alternate sources of funding, including the VMTs.

Ms. RICHARDSON. OK. And is Mr.—is our Honorable Mr.—your—Mr. Boehlert, is he still here? Did he step out? Could you grab him for me? OK.

Ms. Caldwell, could you just say—which I think is really important—transportation—I also serve on Homeland Security—tend to be fairly bipartisan committees most of the time. Could you share with us your perspective of why there shouldn't just be a no tax opinion, why there needs to be at least some sort of openness?

You know, I—in this case, the tax hasn't been increased since 1993. It's not like we're taxing everything. Why would you make the argument—and if anyone else would like to chime in—that, you know, this should be really considered in a bipartisan fashion, and why it is not anti-business or hurting the economy?

Ms. CALDWELL. I guess I would liken it to another sector of the infrastructure. If you think about the fact that every morning we get up and we turn on our faucet, we know that there is going to be water there to make our morning cup of coffee, but our water is very, very inexpensive.

And so, it is an education process, an openness, transparency in saying, "This is what it costs to deliver that service." And I don't think Americans are looking for something for nothing. I think if they understand the value of the service that is being delivered, they are more than willing to pay their share of the cost of that service.

So that would be one example that I think would—could easily be transferred to the ability to get to work, the ability to have services delivered, so forth, in the transportation sector.

Ms. RICHARDSON. Thank you.

Mr. COX. Representative?

Ms. RICHARDSON. Sure.

Mr. COX. ARTBA, for a number of years, has promoted what they call the critical commerce corridors, which is specifically a project to improve the connectivity between ports, railroads, and highways for the freight movement. And I do believe that the—some of the other industry groups—the American Trucking Associations and others—are in favor of that kind of selective taxing, as long as the dollars are used for those purposes. And we promote that and support that.

Ms. RICHARDSON. Agreed. OK, I yield back. My time has expired. Thank you.

Mr. HANNA. Thank you. Mr. Belcher, are you out there? There you are. Thank you. Just a quick question.

Do you, as Intelligent Transportation Society of America, do you agree with Mr. Moore, that you can address a highway user mileage fee and still maintain privacy issues?

Mr. BELCHER. I do. I do. We have had plenty of experience in a variety of industries protecting privacy, one which was represented by IBTTA in the tolling industry. We have a great record of protecting people's privacy in that industry.

We think about the lessons we have learned from credit card companies, cell phone companies that all are in the business of gaining personal information and using it, but not making it available.

Mr. HANNA. Thank you. Thank you very much. Thank you all for your testimony, your time today, and your interest. If there are no further questions, I would ask unanimous consent that the hearing record remain open until such time as our witnesses have provided answers to any questions that may be submitted to them. So, with that, thank you.

In addition—you can tell I am new at this—I ask unanimous consent that during such time as the record remains open, additional comments offered by individuals or groups may be included in the hearing record. Without objection, so ordered.

I would like to thank our witnesses again for their testimony today. If no other Members have anything else to say, this subcommittee stands adjourned. Thank you again.

[Whereupon, at 12:57 p.m., the subcommittee was adjourned.]

[Prepared statements and submissions supplied for the record follow:]

STATEMENT OF

Scott Belcher

President and CEO

Intelligent Transportation Society of America (ITS America)

BEFORE THE

Subcommittee on Highways and Transit

Committee on Transportation and Infrastructure

U.S. House of Representatives

HEARING ON

Improving and Reforming the Nation's Surface Transportation Programs

March 30, 2011

Chairmen Mica and Duncan, Ranking Members Rahall and DeFazio, and distinguished Members of the Subcommittee, I am honored to testify before you today.

My name is Scott Belcher, and I serve as President and CEO of the Intelligent Transportation Society of America (ITS America). ITS America is a 501(c)(3) nonprofit association which represents a national and statewide network of more than 1,600 organizations – including state and local transportation, transit and planning agencies, research institutions, and private sector firms ranging from automakers, transit and commercial vehicle suppliers to high-tech, telecom and infrastructure firms – that are all working to advance the development and deployment of intelligent transportation systems (ITS) to improve safety, mobility and the environment.

The ITS field includes a broad range of technologies that provide and manage information to improve the safety, efficiency, and performance of our transportation network. These technologies include electronic tags that allow travelers to pay tolls without slowing down, real-time traffic, transit and parking information to both manage congestion and diversity travel options, sensors on vehicles that alert drivers to dangerous situations, and much more.

As this Committee is well aware, our nation's transportation system faces significant challenges, from traffic fatalities and injuries, congested roadways, and rising gas prices to deteriorating infrastructure, increasing maintenance costs, and shrinking state and federal budgets.

Even with the recent decline in traffic fatalities more than 90 people will die on U.S. roads before the day is over, with many of these crashes being preventable. In addition to the human tragedy, the economic cost of traffic fatalities and injuries exceeds $200 billion each year.

Moreover, congestion on our roads is slowing down commerce, wasting precious time and fuel, generating harmful emissions, and creating frustrating and hazardous driving conditions. In our metropolitan areas alone more than 4.8 billion hours are lost sitting in traffic according to the latest Texas Transportation Institute (TTI) Urban Mobility Report, resulting in an estimated 3.9 billion gallons of wasted fuel and costing our economy more than $115 billion annually.

With a growing population challenging an already strained transportation network, and with many state and local agencies facing budgets shortfalls that prevent major new construction projects even in regions that have room to expand their highway capacity, it is clear that we cannot continue business as usual.

We need to do a better job of optimizing our existing highway capacity, actively managing traffic and incident response, improving access to transportation choices, and addressing roadway safety, all while keeping our infrastructure in a state of good repair and without busting the budget. While this may be a tall order, many agencies here and abroad are finding that ITS solutions are the best way to meet these objectives and get the most bang for the taxpayers' buck.

From "smart highways" that reduce gridlock and cars that help avoid crashes to freight management systems, stress-sensing bridges, and buses that provide real-time arrival and departure information to commuters, smart technologies are essential for getting the most out of our existing transportation system.

At a time when governments at all levels are being asked to do more with less, many cash strapped city and state agencies are turning to high-tech solutions to improve traffic flow, connect transportation modes, empower travelers to make informed choices, and even monitor their infrastructure to reduce maintenance costs and avoid another tragedy like the Minneapolis I-35W bridge collapse. Among other benefits, ITS makes it possible to:

- Adjust traffic signal timing and speed limits based on real-world conditions to improve traffic flow;
- Alert drivers of potentially hazardous situations in time to avoid crashes;
- Use a navigation system to find the best route based on current traffic or look up real-time transit alternatives with turn-by-turn directions and parking availability;
- Eliminate toll booth congestion through electronic or open road tolling systems, which can also enable variable road pricing, HOT lanes, and other innovative financing options;
- Optimize existing highway capacity using GPS, sensors and advanced navigation systems to facilitate safe and efficient Bus Rapid Transit and dedicated bus and truck lanes;
- Reroute traffic in response to road conditions, major events, and emergency situations;

- Ride a bus that turns traffic lights green on approach;
- Be guided to an empty parking space by a dynamic message sign or smart phone;
- Actively manage regional traffic and transit operations, incident and emergency response, and real-time traffic information through state-of-the-art Joint Traffic Operations Centers;
- Improve freight tracking, inspection, safety and efficiency;
- Give travelers real-time reports on traffic conditions, work zones, road closures, and even rain, fog or icy patches on the road ahead;
- Provide on-demand services like dynamic ridesharing using smart phone apps;
- Enable drivers to manage their vehicle's fuel consumption;
- Make public transportation more efficient, convenient, and reliable;
- Improve the efficiency of road maintenance including snow and ice removal; and
- Cost-effectively monitor the structural integrity of bridges and other infrastructure.

While many of these technologies are starting to be deployed across the country, recent studies have found that the U.S. is falling behind many Asian and European nations in the deployment of ITS technology, which these countries view as a key strategy for stimulating job creation and improving economy-wide productivity, government cost savings, and quality of life.

Japan's cooperative vehicle-highway communications system, called Smartway, combines GPS and sensor-based vehicle location data, real-time traffic information, audible warning systems, dynamic message signs, and other ITS applications to notify drivers about a crash ahead, slowing traffic in the left lane, a car merging from the right, and even alternate routes or travel options. At least 34 million Japanese vehicles have access to real-time, in-vehicle traffic information.

South Korea jumpstarted their ITS deployment by establishing four initial "ITS Model Cities" that implemented adaptive traffic signal control, real-time traffic information, public transportation management systems, and speed enforcement technology. At least 29 cities in South Korea have now deployed similar systems. In addition, nearly 10,000 buses and 300 bus stops have deployed real-time bus location and status notification systems.

The reauthorization of our federal surface transportation law represents a critical opportunity to spur innovation and jumpstart the large-scale deployment of ITS in the U.S. that will provide cost-effective solutions today while leaving behind a legacy for our children and grandchildren.

The Challenge: Doing More with Less

The evolution of intelligent transportation systems now provides a critical toolbox brimming with cost-effective solutions for transportation managers to more effectively operate and maintain the system. On average, ITS-enabled operational improvements provide an estimated 9 to 1 benefit-cost ratio according to the nonpartisan Information Technology and Innovation Foundation (ITIF), as compared to an estimated 2.7 to 1 benefit-cost ratio for the addition of conventional highway capacity. A few examples of cost-effective ITS solutions include:

- **Synchronized and Adaptive Traffic Signals**, which are estimated to return $40 in time and fuel savings for every $1 invested, reducing traffic delays from 15-40%, travel times by up to 25%, fuel consumption by 10%, and harmful emissions by up to 22% according to the Institute of Transportation Engineers and the Federal Highway Administration.
- **Real-Time Traffic Information:** The Government Accountability Office found the benefit-cost ratio to deploy and operate nationwide real-time transportation information systems to be 25 to 1, generating more than $30 billion in safety, mobility and environmental benefits from a $1.2 billion investment.
- **Incident Management Systems** including Safety Service Patrols, which significantly reduce incident response times and help clear crashes quickly and efficiently. In Atlanta, GA, the motorist assistance patrol and NaviGAtor incident management program resulted in savings of $187 million, yielding a benefit-to-cost ratio over 4:1. The Road Ranger Program in Florida was found to have a benefit-to-cost ratio of more than 25:1.
- **Electronic Tolling:** Electronic toll collection systems like E-ZPass, SunPass, FasTrak, and Good To Go! are helping drivers avoid lines at toll booths while reducing crashes resulting from traffic back-ups. The E-ZPass system reduced fuel consumption by almost 30 million gallons and eliminated nearly 265,000 metric tons of emissions in 2007 alone.
- **Weigh-in-Motion Truck Inspections:** The PrePass system, which reduces the time trucks spend idling at weigh stations by electronically verifying their safety records,

credentials and weight, has saved more than 31 million hours, 150 million gallons of fuel, 335,000 metric tons of emissions, and $2.3 billion in costs for trucking companies. Just this month Texas joined 29 other states that have deployed PrePass screening technology, and more than 400,000 trucks have enrolled in the PrePass service nationwide.

- **Structural Monitoring Systems** provide state and local agencies with cost-effective, precise and objective information about the condition of bridges and other infrastructure. In South Carolina, years of salt water corrosion appeared to have taken their toll on the Pee Dee and Santee River Bridges. Using advanced condition assessment technology, the state determined that both bridges were structurally sound, allowing for the safe deferral of a major bridge replacement project.
- **Smart Transit:** Salt Lake City's MAX Bus Rapid Transit (BRT) combines transit signal priority, real-time bus location information, advanced fare collection and wireless access, and a more efficient vehicle design to modernize the rider experience while keeping buses on schedule and improving efficiency. As a result MAX BRT has increased ridership by a third, reduced travel times by 15%, and linked to Utah's TRAX light-rail system to provide an efficient bus to rail connection. Lewiston, Idaho uses ITS software for automated scheduling and coordination of paratransit services, enabling dispatchers to track vehicles from pick-up to drop-off, improve route efficiency, and handle multiple transportation requests from different providers and funding sources. The system will provide better access to transportation for many elderly and disabled Americans, and is expected to pay for itself within the first twelve to eighteen months of full deployment.
- **Highway Ramp Metering**, which uses traffic signals at on-ramps to control the rate of vehicles entering the highway, has been shown to improve mainline traffic speeds, increase throughput, and reduce crash rates. In Minneapolis, MN, ramp metering increased mainline throughput by 30 percent and increased peak period speeds by 60 percent, yielding a 15:1 benefit-cost ratio. When the system was temporarily shut down as part of a study, highway speeds fell while vehicle crashes increased by 23 percent.

In addition to reducing costs and improving system performance, investing in smart technologies is important for spurring job creation and improving economic competitiveness. Researchers from ITIF and the London School of Economics found that investing in ITS creates a network effect throughout the economy and stimulates job creation across multiple sectors, including the high-tech, automotive, information technology, consumer electronics, and related industries. In addition, an average of 50 percent of ITS project spending goes directly to wages and salaries according to U.S. DOT, as compared with 20 percent for new highway construction.

H.R. 995, *The Smart Technologies for Communities Act*

A critical step in advancing the deployment of 21st century technology solutions and spurring new innovation is the adoption of H.R. 995, the *Smart Technologies for Communities Act*, which would create a competitive pilot program in up to six geographically diverse communities across the U.S. to serve as model deployment sites for the large-scale integration of ITS, leveraging private sector investment and expertise to improve safety, mobility and the environment.

The *Smart Technologies for Communities Act* was recently introduced by U.S. Representatives Mike Rogers (R-MI) and Russ Carnahan (D-MO), who co-chair the bipartisan ITS Caucus. ITS America strongly supports the legislation and asks the Subcommittee to consider adopting the proposal as part of the surface transportation reauthorization bill.

In addition to providing U.S.-based deployment models for other state and local agencies that want to invest in ITS, these "smart communities" would serve as real-world laboratories for advanced ITS solutions that have near-term deployment potential such as mileage-based user fees that could vary by time of day, congestion level, or other factors; comprehensive performance management; real-time integrated traffic, transit, parking and multimodal traveler information; and a connected vehicle network which the U.S. Department of Transportation (DOT) estimates could potentially prevent or reduce the impact of 4 out of 5 unimpaired vehicle crashes, saving thousands of lives each year while providing significant environmental and mobility benefits and enabling a new generation of e-commerce and consumer applications.

Joining ITS America in endorsing this legislation are more than one hundred organizations including automakers, highway users, transit leaders, safety and environmental advocates, manufacturers and retailers, high-tech and telecom firms, transportation engineers, and other business, infrastructure and innovation leaders.

Supporters of *the Smart Technologies for Communities Act* include:

- **National organizations** such as AAA, the Alliance of Automobile Manufacturers, American Highway Users Alliance, American Public Transportation Association (APTA), American Public Works Association (APWA), American Traffic Safety Services Association, Association for Commuter Transportation, CTIA – The Wireless Association, Environmental Defense Fund, Information Technology and Innovation Foundation (ITIF), Information Technology Industry Council (ITIC), Institute of Transportation Engineers (ITE), National Association of State EMS Officials, National Electrical Manufacturers Association (NEMA), Natural Resources Defense Council, Retail Industry Leaders Association (RILA), and others;
- **More than a dozen Fortune 500 companies** including AT&T, Ford, General Motors, Harris Corporation, HNTB Infrastructure, IBM, Intel, Microsoft, Motorola, Qualcomm, Raytheon, Siemens, Verizon, Volkswagen and Volvo Group North America.
- **Numerous small businesses, mid-sized firms and large companies** ranging from Aldis, Econolite, Federal Signal, Global Traffic Technologies, and Iteris to Perceptics, PIPS Technology, Sensys Networks, Telvent and TransCore;
- **Leading research institutions** from the Nick J. Rahall, II Appalachian Transportation Institute in West Virginia and the University of Memphis in Tennessee to the Partners for Advanced Transportation Technology (PATH) at the University of California, Berkeley, and the University of Michigan Transportation Research Institute;
- **State and local agencies** ranging from the Florida MPO Advisory Council, Road Commission for Oakland County, Michigan, and Greater Valley Forge Transportation Management Association to the Utah Transit Authority, Metro Transit in Minneapolis, the City of Riverside, California, and the Minnesota DOT; and
- **Over a dozen ITS state chapters** representing hundreds of public agencies and private industry leaders across the U.S. including California, Connecticut, Florida, Michigan, New York, Pennsylvania, Tennessee, Virginia, West Virginia, and Wisconsin, as well as regional ITS chapters representing the Heartland, Midwest, and Rocky Mountain states.

Expanding Access to ITS Solutions for State and Local Agencies

The *Smart Technologies for Communities Act* is critical for advancing the broad-scale deployment of ITS, but it is also essential that other states, cities, and local agencies across the country are able to model these communities' approaches and invest in smart technology solutions where appropriate to address their specific challenges. The current authorization bill does not provide any dedicated funding for technology deployment, but only funds ITS research.

While a dedicated formula-based program to fund ITS deployment and system operations would have significant advantages, an alternative approach given the current budgetary environment would be to **encourage state and local agencies to dedicate a percentage of their formula funding to improve system operations**, including for deployment and operation of ITS technologies to reduce traffic congestion, measure and improve system performance, improve safety and mobility, and address other local and regional transportation challenges.

In addition, ITS and operational improvements should be eligible for funding and integrated into any congestion reduction, highway safety, freight, transit, or other targeted programs authorized under the bill in order to encourage rapid, effective and low-cost performance improvements.

Improving Return on Investment through the Planning Process

To encourage cost-effective planning and investment decisions, a **cost-benefit analysis of major capital projects that includes ITS solutions and operational strategies** should be performed by state DOTs and Metropolitan Planning Organizations (MPOs) as part of their annual and long-range plans. Where a cost/benefit analysis shows a greater return on investment from ITS-enabled strategies than from other alternatives, these strategies should be integrated into transportation plans and projects and, where appropriate, implemented as standalone solutions for improving system performance and return on investment. In addition to strengthening the planning process, the new authorization bill should incentivize cost-effective technology solutions by **funding ITS and operational improvements at 100 percent Federal share** where state and local agencies can demonstrate a superior return on investment from these strategies.

Transitioning to a Performance-Based System

Combined with a focus on advancing 21st century technologies, the reauthorization bill should link federal funding to performance goals to ensure that transportation users receive an acceptable return on their investment. Technologies are available today that can collect and disseminate a wide variety of real-time traffic data, enabling transportation agencies to measure and manage the operational performance of their transportation system in addition to collecting data on highway safety and infrastructure conditions. Here is one potential approach:

- **National Goals** – To ensure accountability for federal funding, performance goals should be established in areas such as traffic fatalities and serious injuries, traffic congestion, travel times, infrastructure condition, and other appropriate measures to encourage states and metropolitan areas to set aggressive, achievable performance targets.
- **State and Local Targets** – To align state and metropolitan planning with national goals, each state DOT and MPOs should develop a performance management process, establishing short-term and long-range targets in areas including traffic fatalities and serious injuries, congestion levels, average travel times along key corridors, and infrastructure condition. To help state DOTs and MPOs meet these targets, the U.S. DOT should, after consultation with stakeholders, issue guidance on appropriate performance metrics to ensure uniformity of data, and provide recommendations on effective technologies and strategies for data collection and to achieve performance results.
- **Performance Incentives** – The U.S. DOT should establish a financial incentive program that will reward state and local agencies for achieving or exceeding national goals using a portion of funds set aside from the national highway system and surface transportation programs. The program should also provide technical assistance to agencies that lack the capability or expertise to collect and manage the necessary system performance data.
- **National Scorecard** – Data on state and metropolitan traffic fatalities and serious injuries, congestion levels, travel times, infrastructure condition, and other relevant measures should be published by U.S. DOT at least once annually as part of a *National Scorecard*. U.S. DOT should also publish an annual report on effective strategies that have been employed by state and metropolitan areas to reach or exceed performance targets, as well as mitigating factors that may have impacted performance outcomes.

Investing in Next Generation Research

In order to speed up the deployment of next-generation technology solutions and strengthen collaboration between the federal government, state and local agencies, private industry, universities, and key stakeholders, the reauthorization bill should increase funding for ITS research conducted through U.S. DOT's ITS Joint Program Office (JPO) from $110 million per year to a minimum of $150 million per year, and ideally closer to $250 million annually. While increasing funding for any programs is difficult in the current budget environment, the return on investment from speeding up the delivery of new technology solutions will far exceed the cost.

While the ITS JPO should maintain flexibility to pursue areas of innovation that have significant potential to solve critical transportation challenges, key focus areas should include accelerating the deployment of current and next generation solutions in areas such as connected vehicle technology; congestion management; the collection, management, and dissemination of real-time traffic and transportation system information; performance measurement; ITS-enabled financing alternatives including a potential mileage-based user fee; and ITS architecture and standards including harmonization of standards within the U.S., and between the U.S. and other countries, to promote interoperability of technologies and efficient data sharing between jurisdictions.

Conclusion

In past decades this nation built more transportation infrastructure to alleviate the increasing traffic in our communities. But today, with a shrinking Highway Trust Fund, limited room for additional roads and bridges, and growing public demand for safer, cleaner and more convenient transportation alternatives, we can no longer simply continue to build out our transportation system without leveraging the benefits of smart technology solutions.

As the Subcommittee drafts its surface transportation reauthorization bill, we ask that you consider ITS America's outlined recommendations which we believe will spur new innovation and advance the deployment of existing and emerging technology solutions that will help our states and communities address their transportation challenges, provide transportation users with a greater return on their investment, and help improve our nation's economic competitiveness.

I would invite any Subcommittee Members who are interested in learning more about these and other high-tech solutions to come to **Orlando, Florida this October 16 – 20**, where ITS America will host the **18th World Congress on ITS**. The World Congress comes to the U.S. once every three years, and is the largest transportation technology event in the world. This will be an opportunity to ride in cars that avoid crashes, witness demonstrations of the latest mobility, environmental and pricing technologies, tour high-tech transportation facilities across central Florida, and attend sessions featuring transportation technology leaders from across the globe.

For those who can't make it to Orlando or would like to get a sneak peak at the World Congress, you are invited to join ITS America for a **Transportation Leaders Reception and Technology Showcase** in the Cannon Caucus Room on the evening of **Wednesday, June 1st**.

Again, thank you again for inviting me to testify before this Subcommittee. I will be happy to answer any questions.

BIPARTISAN POLICY CENTER

Written Statement of

Sherwood Boehlert
former United States Congressman from New York and
Co-Chair of the Bipartisan Policy Center (BPC)
National Transportation Policy Project (NTPP)

Submitted to
United States House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit

Hearing on
"Improving and Reforming the Nation's Surface Transportation Programs"

March 30, 2011

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Thank you, Mr. Chairman, for the opportunity to appear before you to testify on the authorization of the federal surface transportation programs. I testify today on behalf of the Bipartisan Policy Center (BPC) National Transportation Policy Project (NTPP). Along with former Detroit Mayor Dennis Archer, former United States Senator Slade Gorton, and former Congressman Martin Olaf Sabo, I serve as a Co-Chair of NTPP. The NTPP is a diverse 25-person group of transportation experts, and business, civic, labor, and environmental leaders who have come together to chart a bipartisan vision of critically needed reforms to revitalize and focus our national surface transportation program.

In our June 2009 report, *Performance Driven: A New Vision of U.S. Transportation Policy,* NTPP called for broad and comprehensive reform of national transportation policy and programs. While NTPP recognized that it would take many years and more than one cycle of surface transportation authorization legislation to achieve its vision for national transportation policy, NTPP's conclusions and recommendations are directly relevant to current circumstances because we recognized the need to spend resources wisely no matter how much funding might be available.

There are three themes I wish to emphasize in this testimony. First, it is critical, despite current economic hardships and fiscal austerity that we continue to invest adequately in our nation's transportation infrastructure. Second, the combination of a mounting federal debt, the "broken" state of the highway trust fund, and political resistance to new taxes will likely result in a scaled-back authorization bill. Therefore, future legislation should incorporate opportunities and incentives for innovation, collaboration, and leveraging of additional resources. Finally, federal transportation policy should be reformed to better target resources toward clear national priorities.

Current Condition of Economy and Highway Trust Fund and Political Resistance to New Taxes Suggest Scaled Back Authorization Level

We all recognize that the United States is under-investing in its transportation infrastructure. As a nation, we are deferring investments that are the necessary foundation for economic recovery and growth. This will increase short-term maintenance requirements and long-term costs, and persistent under-investment in the nation's transportation infrastructure, as you, Mr. Chairman, and the president have recognized, will substantially diminish the condition, reliability, and efficiency of a surface transportation system. Under-investment will also impede the nation's economic competitiveness.

Nevertheless, no amount of study and advocacy, by NTPP and others, is likely to increase the overall level of transportation investments in the short-run. The need for greater transportation spending has run into a political and fiscal environment that makes such a course of action difficult. There is disagreement about the nature of federal action and the appropriate levels of federal spending and there is strong resistance on the part of the American people to tax increases. Importantly, BPC's own Debt Reduction Task Force, chaired by former Senate Budget Committee Chairman Pete Domenici and former White House Budget Director Dr. Alice Rivlin, and the Bowles-Simpson Commission demonstrated the fiscal crisis that the nation faces makes any increase in spending very difficult and unlikely.

As this committee addresses a new authorization of the surface transportation programs, you face the need to invest during a period of austerity and scarce resources. In such circumstances, NTPP's message has even greater resonance: ". . . U.S. transportation policy needs to be more performance-driven, more directly linked to a set of clearly articulated goals, and more accountable for results," and the investments of federal resources should be wiser and only those that advance national purposes.

NTPP shares the concerns that this committee expressed in the recent "Views and Estimates for Fiscal Year 2012" document: the federal government is on an unsustainable fiscal path that presents a critical threat to the national economy. The surface transportation programs should not be a contributor to rising annual budget deficits, as they have been over the last two or three years through the transfers of approximately $35 billion from general funds to the Highway Trust Fund. As noted in the "Views and Estimates" document, we have to do more with less, and the infrastructure investments funded by these programs should be those that will yield the greatest benefits.

Reforms to Better Target Resources

If we are to meet these economic and fiscal challenges as a nation, this bill – no matter its size – should contain substantial reforms to national transportation policy and programs. The constrained fiscal circumstances that we face and the need to invest wisely create an opportunity – and, establish the necessity – for such programmatic reforms.

What might the elements of these reforms be? NTPP has recommended the following measures, many of which are consistent with proposals that you, Mr. Chairman, and this committee have suggested in recent weeks:

Program Consolidation and Simplification

As both the Administration in its Fiscal Year 2012 budget and you have proposed, there should be significant program consolidations, simplifications, and, in some cases, eliminations. The smaller number of federal programs that result from this process should be tied directly to the achievement of national goals clearly articulated by Congress in this bill. There should be a particularly strong emphasis in the remaining programs on the preservation, restoration, and enhancement of existing surface transportation systems and facilities. NTPP supports the Administration's strong emphasis in the FY 2012 budget document on investing federal resources in "state of good repair" programs.

Programs Need to Focus on National Benefits

Scarce resources must be targeted to investments that demonstrate results and benefits. NTPP, in its original report and in subsequent papers, has proposed a framework for making investments, directed at clearly articulated national goals and at long-term economic growth, productivity, and job creation, not short-term gains. For NTPP those goals were economic growth, national connectivity, metropolitan accessibility, safety, energy security and environmental sustainability. NTPP encourages this committee to ensure that the state and local recipients of federal funds going forward are held accountable for demonstrating performance toward national goals. This requires additional investment in research and data collection, as well as providing technical assistance and training to funding recipients to ensure capacity is in place for adequate modeling and reporting techniques.

Authorization Must Advance Performance and Accountability

Targeted and beneficial investments can result only from a federal program that is focused on outcomes and results, performance management and measurement, and on accountability. NTPP supports the Administration's call in its budget proposals, for more performance-based and accountable federal programs and investments. While the Administration has not yet been specific about the elements of such a system of performance management, I believe that the surface transportation authorization bill adopted by this committee can mark an important step forward toward beginning such a program. Specifically, NTPP recommends putting the "building blocks" in place in the next bill that will allow for further research and development of the tools and techniques necessary for the development, collection, coordination, and analysis of data on national performance metrics.

Targeted Competitive Programs Fuel Innovation and Maximizing Public Benefits

While I recognize this committee's strong emphasis on core formula programs, we believe that a necessary emphasis on performance could be substantially enhanced by the establishment of a few targeted competitive programs, such as the Administration's proposed "transportation leadership" grants or NTPP's performance bonus program. These programs should be viewed as a joint effort between Congress and the Executive Branch in order to be successful. States and metropolitan regions that are the most effective in targeting federal resources on national purposes and in achieving beneficial outcomes should be rewarded for good performance. Additional federal funding could act as a strong incentive to the achievement of the greatest returns with the strategic investment of scarce federal resources.

Leverage State, Local and Private Resources

With scarce federal resources federal programs should seek to leverage greater investment and innovation at the state and metropolitan levels, as well as private financing. Of course, the fiscal situation at the state and local levels is as severe as at the federal level, but these governments will by necessity have to assume a greater role in transportation infrastructure investment. While the federal government should not prescribe the elements and the specific projects and actions included in state and metropolitan strategic programs, states should be required to maintain their own efforts and funding, as a condition of federal support. I urge the committee to consider whether state matching requirements might be increased or other reforms introduced to improve the leveraging of both state and private dollars through some of the restructured core competitive programs.

States that do more should be rewarded with greater federal support and/or broadened flexibility in the use of federal funds and in the delivery of projects. Moreover, we should seek to remove impediments, and to incentivize efforts to develop and implement creative financing and funding tools at the state and local levels. Such steps would include reducing, if not removing, federal constraints on the use of road pricing, tolling, direct user charges, and advanced information technologies to support infrastructure investment and system operations.

While private capital is not a panacea for our under-investment in the nation's transportation infrastructure, it can play a larger role than it does now. This committee has already spoken about the expansion of the TIFIA program, and within the limitations of staff and analytical resources of US DOT, these and other credit and credit enhancement programs should grow at the federal level. Moreover, states should be incentivized and assisted in developing and growing their own programs to leverage greater private investment in projects and programs.

Reforming the Planning Process

If we are to do more with fewer federal dollars and to do so largely through the core formula programs, this bill must address the need for substantial reform of the transportation planning process. If the projects in which federal resources are to be invested are to bring the greatest returns, in terms of clearly articulated national goals and purposes, the plans at the state and metropolitan levels should become more than lists of "ready-to-go" and/or locally politically-driven projects. Capital investments that use federal money should be those that offer the greatest promise of long-term national benefits.

The required transportation improvement programs (TIPs) and the long-term plans should move beyond capital projects to include operational improvements and pricing measures that enhance system performance. Moreover, the federal transportation planning process should, as already exists in some states and in some metropolitan regions, promote the incorporation of performance measurement and ongoing evaluation of results and outcomes, in terms of national benefits. Such reforms are critical to ensuring the best use of scarce federal funds toward achievement of compelling national interests with accountability for results.

Accelerate Options for New Sustainable Revenue Sources

Consistent with recommendations by both commissions created under SAFETEA-LU and NTPP's own recommendations, we urge Congress to support opportunities for local and state innovation and experimentation, through pilot programs, in the introduction of direct transportation user-charges, such as VMT fees. These programs could, for instance, be used as a way to test and develop new funding techniques that may have broader national application. Without sufficient rigorous analysis of the potential ideas for new sustainable source of funding for the transportation program the nation's infrastructure is likely to remain destined for poor performance.

Concluding Remarks

We are facing times of severe fiscal constraint across all levels and sectors of government. Given these circumstances, it is critical that we develop a fiscally austere federal transportation program. Though the need for continued investment in our nation's infrastructure is evident, we cannot afford to devote additional resources, much less borrowed dollars, to programs that provide uncertain returns. We need a reformed federal program that advances investments that are in the national interest. The program should ensure, no matter how much money is available for transportation that wise investments are being made.

Thank you for considering this testimony. We welcome opportunities to work with and support the House Committee on Transportation & Infrastructure. We ask that you draw upon our work as you seek to improve and reform, through legislation, the nation's surface transportation programs.

Subcommittee on Highways and Transit
Hearing on Improving and Reforming the Nation's Surface Transportation Programs
March 30, 2011
Questions for the Record

<u>Questions from Rep. Peter DeFazio</u>

1. **Congressman Boehlert, since the completion of the Interstate Highway System, which roughly coincided with the enactment of ISTEA in 1991, Congress has provided state and Metropolitan Planning Organizations (MPOs) with a great deal of flexibility but has not held these recipients of federal assistance accountable to ensure that federal funds are used to achieve national transportation objectives. What kind of evaluation regime should we put into our federal surface transportation program so performance and accountability are ensured?**

The Bipartisan Policy Center's National Transportation Policy Project (NTPP) has developed a framework that seeks a federal surface transportation policy that is more performance-driven, more directly linked to a set of clearly articulated goals, and more accountable for results. NTPP's June 2009 report, *Performance Driven: A New Vision for U.S. Transportation Policy*, recommended an evaluation regime that would move toward ensuring that federal funds were used to achieve national transportation objectives. In order to move this framework forward, the existing federal surface transportation programs should be reformed to articulate clear national purposes.

NTPP specifically recommends that a suite of five key goals, to which state and local recipients of federal surface transportation funds should be held accountable and toward which they should demonstrate progress, should be included in the next surface transportation authorization bill. These NTPP-recommended national goals are – economic growth, national connectivity, metropolitan accessibility, energy security and environmental sustainability, and safety. Until Congress clearly articulates overarching national goals in legislation, it will not be possible to move toward an accountable and performance-based federal surface transportation program.

The U.S. Department of Transportation (US DOT), in collaboration with states and metropolitan regions, should be directed to develop performance measures, related to these goals. These performance measures might include -- access to jobs, labor markets, and non-work activities; network utility; corridor congestion; petroleum consumption; carbon emissions; and fatalities and injuries per capita and per vehicle miles traveled. The metrics, like the goals, should be applied together, not in isolation.

It is difficult to imagine that such a regime, based on goals, outcomes, performance, and accountability, could be implemented without fundamental reforms in the federal surface transportation planning process and without institutional changes at the state and metropolitan levels. Underpinning a framework of performance-measured and accountable federally-supported transportation investments must be a state and local transportation planning process that is comprehensive and strategic, and reaches across modal, agency, and jurisdictional lines. Such comprehensive and strategic planning and capital programming will enable the investment of scarce federal resources in a manner that is both targeted and outcome-oriented.

Bikes Belong COALITION

STATEMENT OF
JOHN BURKE
CEO OF TREK BICYCLE CORPORATION
to the
HOUSE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT HEARING
on
"IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS"
March 30, 2011

Subcommittee chairman Mr. Duncan, ranking member Mr. DeFazio, and committee members, thank you for the opportunity to testify today. My name is John Burke, CEO of Trek Bicycle Corporation. I'm here to speak on behalf of the U.S. bicycle industry and the Bikes Belong Coalition, our nonprofit association.

Trek is based in Waterloo, Wisconsin—a rural town of 3,000 people between Madison and Milwaukee. Our company generated more than $800 million in sales last year and we sold 1.5 million bikes worldwide. We employ more than 1,100 people nationwide.

The U.S. bike business generates more than $6 billion in annual retail sales.[1] Between 15-20 million bicycles are sold in the U.S. each year[2]—more units than cars and trucks combined.[3] More than one million Americans work in bike or bike-related businesses.[4]

There are more than 4,000 independent U.S. bicycle retailers:[5] time-tested community businesses that are often cornerstones on main street throughout America. The U.S. bike industry provides a growing number of high-paid, professional jobs in design, engineering, management, marketing, and logistics.

The federal investment in bicycling

The federal investment in bicycling is providing tremendous benefits to our nation. It is boosting our economy, making our transportation system more efficient, improving the health of Americans, and enhancing the quality of life in communities coast to coast.

Few other federal investments—if any—provide so many tangible benefits for so few dollars. Since 1999, about 1.5 percent of annual federal transportation funding has been spent on bicycling and walking infrastructure,[6] and these dollars have provided an outstanding return by supporting 12 percent of all trips. Bicycling has become safer, more convenient and more appealing. These investments have also helped bicycling grow—in some places, dramatically.

This investment has helped the bike industry

- The federal investment in new trails and new paths has contributed to steady increases in the sales of bikes and bike equipment.[7]
- More Americans are riding bikes than ever, especially for commuting and short trips that would otherwise be made by car.[8] Beyond the transportation, health, pollution and government budget benefits, this increase in short bike trips has helped the bike business develop a new category of bikes and equipment that is now producing significant sales.
- In Minneapolis, Trek and other leading bike companies sell seven or eight times as many bikes as we do in some similar size cities, because Minneapolis has done such a great job of building new trails and paths that make it easy and safe to ride. The federal investment has played a key role in making this possible.
- Talk with the CEO of any bike company: where riding is safe, convenient and easy, the bike business is strong and bicycling is thriving. But the benefits to the bike industry are only the beginning of this great economic story.
- Bicycle commuting has increased 64 percent nationwide in the last 20 years.[9]
- Annual bike fatalities have dropped 21 percent nationwide since the late 1980s.[10]
- **More than four BILLION bicycle trips—a record—were taken in the United States in 2009.**[11]

This investment provides other economic benefits
The economic benefits of the federal investment in bicycling are not limited to the bike industry. Here are just a few examples of the ways that towns, cities, counties and states are gaining, too.

In Hattiesburg, Mississippi, $4.5 million in Transportation Enhancements funding was spent in the year 2000 to develop the Longleaf Trace Trail. As a result, annual sales at the nearby Moore's Bicycle Shop doubled, and this has generated an additional $175,000 in sales tax for the state.[12] The federal investment made this possible.

In my state, Wisconsin, a recent study pegged the annual economic value of bicycling at just under $2 billion.[13] Bike manufacturers generate $594 million for our state, and tourism and recreation produces $924 million in benefits.[14] A $9 million annual federal bike/ped investment in Wisconsin projects and programs has helped make this possible.

Minnesota provides similar numbers: $481 million spent annually on bike equipment by residents, nearly 6,000 bike business jobs, and $40.6 million per year generated in state and local taxes.[15]

In western Pennsylvania, more than $40 million in annual direct spending and another $7.5 million in wages are tied directly to the Great Allegheny Passage, a 132-mile trail. More than 25 percent of businesses along the trail are in the process of expanding.[16]

Back in Minneapolis, a $7.5 million federal investment helped build the Midtown Greenway, which is now used by an average of 3,500 bike riders a day. The Greenway transports more people than 77 percent of Minneapolis city roads.[17]

New bike tourism success stories are being created nationwide—in urban, suburban and rural areas—as new trails and paths are enjoyed by individuals and families who spend money on lodging, food, fuel and equipment.

New bike infrastructure projects are putting lots of people to work. Recent bike infrastructure projects—for example, those in Baltimore—often create more new jobs per million dollars invested that comparable highway projects.[18]

The cost-effective federal investment in bicycling is helping cities and towns save money. That's why nearly every U.S. city mayor has become a major proponent of bicycling. They see more bicycling as a way to reduce road congestion and wear and tear, cut parking construction and maintenance costs, and improve the overall quality of life in their communities.

Here's a specific example:

Portland, Oregon, has spent $57 million since 1990 to improve its bike infrastructure.[19] That's roughly the cost of building a single mile of urban, four-lane highway. The city—population 600,000 with a metro area total of two million—now boasts more than 400 miles of bike lanes and paths.[20] The percentage of Portland residents who commute by bike has increased from less than one percent to nearly six percent.[21] This has helped the city save money, and it is only the beginning: Portland plans to keep investing in bike infrastructure and has set a goal of 20 percent of all city trips by bike by 2020.[22]

Today, mayors and governors all across the U.S. recognize that everything they do to support bicycling will ultimately save money. They need your continuing help.

Summary and comments on the next Federal Transportation Bill
In a growing number of U.S. cities and towns, the percentage of all trips made by bike now exceeds five percent.[23] In some places, this figure is more than 20,000 trips per day. That's significant—and the cost of developing safe and convenient infrastructure was small.

Bicycling is precisely the type of cost-effective investment that a fiscally challenged government should make because of the tremendous, multiple returns.

Many of these benefits are economic—for the bike industry, for bike-friendly cities and towns, and for individuals who can safely replace some short car trips with bike rides. Americans who bicycle save money, improve their health, and live more active, energetic lives. They help governments save, too, and help our nation address major societal challenges at the same time.

The federal investment has helped rural communities develop mountain bike trails and rail-trails: these routes have provided crucial tourism dollars and tax revenue.

The federal investment in bicycling not only helps people who ride bikes, but also people who don't: every time an American decides to bike instead of drive, one less car is on the road. Secretary of Transportation Ray LaHood said it well: "So, even for those folks who have no interest in bicycling, this relatively low investment actually pays dividends for those who still choose to drive. Everybody wins."

That's bang for the buck...and why I urge you to continue to provide strong federal support for bicycling. We need to continue to diversify our investment in transportation and provide options for state and local officials—and the public.

I would like to close with one specific recommendation for the next federal transportation bill: we need to maintain the integrity of the Transportation Enhancements and Safe Routes to School programs within the Highway Trust Fund. These programs are doing great things for bicycling, our communities, our businesses, and our nation.

Thank you.

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SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HEARING ON: IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS
QUESTIONS FOR THE RECORD
JOHN BURKE
MARCH 30, 2011

1. **Mr. Burke, bicyclists and pedestrians account for 13 percent of fatalities on our nation's roads. A recent national survey of older adults found that 47 percent of respondents said it was unsafe to cross a major road near their home. How can a surface transportation bill incentivize state and local transportation authorities to improve safety for pedestrians and bicyclists as well as encourage a greater mode share for non-motorized or "active transportation"?**

1. Continue the dedicated federal investment in Transportation Enhancements and Safe Routes to School. The Enhancements program was created in part to mitigate the unforeseen consequences of building a transportation system focused on the automobile. The Transportation Enhancements setaside provides funding to create sidewalks, crosswalks and bikeways that make existing streets and communities safe for bicyclists and pedestrians, and is often used to help older streets comply with ADA standards. Safe Routes to School funding addresses specific safety needs around schools. A third of child fatalities occur when a child is struck by a car on a roadway.

2. Support Complete Streets and Context-Sensitive solutions. Adopting Complete Streets and Context-Sensitive policies ensure that all future roads provide safe travel for all users of all abilities--whether they be motorists, bicyclists, pedestrians or transit users.

3. Create mode-specific safety goals. As the question notes, 13% of U.S. roadway fatalities are pedestrians and bicyclists, and yet in 2008 only two states spent any of their available Highway Safety Improvement Program funds on bicycling and walking. These two states were Florida (which spent 0.5% of HSIP funds) and California (which spent 1.1% of HSIP funds). In both states, one of every five roadway fatalities is a bicyclist or pedestrian. Requiring states to set and meet explicit fatality and injury reduction goals for motorists, motorcyclists, pedestrians and cyclists would encourage states to analyze and address (through safety investments) these deaths and injuries--including those suffered by the most vulnerable users.

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Statement of

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President

The American Society of Civil Engineers

Improving and Reforming the Nation's Surface Transportation Programs

United States House of Representatives

Transportation and Infrastructure Committee

March 30, 2011

The American Society of Civil Engineers (ASCE)[1] would like to thank the Transportation and Infrastructure Committee for holding a hearing today on how to improve and reform the nation's surface transportation programs. The Society is pleased to present to the Committee our views on investing in the nation's transportation infrastructure.

ASCE is concerned with the increasing deterioration of America's infrastructure, reduced investment for the preservation and enhancement of our quality of life, and with the threatened decline of U.S. competitiveness in the global marketplace. In response, ASCE has issued multiple *Infrastructure Report Cards* on the condition of the nation's infrastructure that have helped inform the national discussion. More recently, ASCE has sought to advance solutions to the problems highlighted in the *Report Card* that provide for an improved quality of life, as well as stimulate the economy. Passing a transformative, multi-year surface transportation bill, with significantly increased funding levels will go a long way to creating a surface transportation system worthy of the Twenty-First Century.

As Congress begins the process of developing a comprehensive multi-year surface transportation authorization, and as President Obama discusses the administration's proposal to invest $556 billion on the nation's transportation infrastructure, our roads, bridges, and transit systems continue to suffer from underinvestment.

Infrastructure Receives a Grade of "D"

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*), and estimated that the nation needs to invest approximately $2.2 trillion from 2009 – 2014 to maintain infrastructure in a state of good repair. This number, adjusted for a 3 percent rate of inflation, represents capital spending at all levels of government and includes what is already being spent. Even with the current and planned investments from federal, state and local governments from 2009 - 2014, the "gap" between the actual spending and overall need will exceed $1 trillion by the end of the five year period.

In the *2009 Report Card*, the nation's roads received a grade of "D-", bridges a grade of "C", and transit a grade of "D". With nearly one-third of roads in poor or mediocre condition, a quarter of the nation's bridges either structurally deficient or functionally obsolete, and use of our long neglected transit system increasing to its highest levels in 50 years, it is not hard to see why the nation's surface transportation system is in a state of decline. To bring just these three surface transportation categories up to an acceptable condition would require a five year investment of $1.2 trillion from all levels of government, according to ASCE estimates. The results of years of under investment can be seen in unsafe bridges and dams, deteriorating roads and transit systems, and increased congestion. If the nation continues to under invest in infrastructure and ignores this backlog until systems fail, we will incur even greater costs.

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[1] ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 140,000 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.

Benefits of Multi-Year Surface Transportation Legislation

Money invested in essential public works can create jobs, provide for economic growth, and ensure public safety through a modern, well-engineered transportation system. By improving the nation's deteriorating surface transportation system both economic and job creation opportunities will be provided, while creating a multi-modal transportation system for the Twenty-First Century. The nation's transportation infrastructure system has an annual output of $120 billion in construction work and contributes $244 billion in total economic activity to the nation's gross domestic product. In addition to the significant economic benefits for the entire nation, the Federal Highway Administration estimates that every $1 billion invested in the nation's highways supports 27,823 jobs, including 9,537 on-site construction jobs, 4,324 jobs in supplier industries, and 13,962 jobs throughout the rest of the economy.

The job creation potential of infrastructure investment is only one contributing factor toward how surface transportation allows for the nation to compete on in the global marketplace. Equally, important are the benefits to the region's long term growth and productivity. A significant challenge to this economic growth is increased congestion, which contributes to the deterioration of the nation's infrastructure. Therefore, the importance of freight movement and the impacts of congestion on the nation's economy must be emphasized.

Program Reform and Performance Based Outcomes

The federal surface transportation program should be reformed to ensure highway and public transportation investments achieve national objectives and demonstrate the clear value delivered to the American public. To achieve this goal, a process that integrates the development of performance metrics, implementation strategies, and accountability for progress with federal highway and public transportation investments should be established.

Additionally, ASCE supports a review of existing surface transportation programs to determine how reforms could be implemented to create a smaller, more efficient number of programs. Federal programs should be reorganized and consolidated around specific, overarching national objectives to ensure that planning is more comprehensive and projects reflect that federal role. ASCE supports a new, robust, multi-year surface transportation program that strives to meet these goals:

- Increased safety;
- Improved mobility and mode choice;
- Improved international competitiveness;
- Facilitate interstate commerce;
- Increased employment opportunities;
- Reduced congestion;
- Increased security;
- Improved environmental stewardship;
- Improved incident response;
- Energy conservation.

Currently, most infrastructure investment decisions are made without the benefit of a national vision. That strong national vision must originate with demonstrated federal leadership and be shared by all levels of government and the private sector. Without a strong national vision, the national transportation infrastructure system will not be able to undergo much needed reform.

System Expansion and Intermodality

The nation needs a surface transportation program with flexible funding for highway, transit, and other modal facilities, as well as a strong federal role in freight mobility, in order to compete effectively in a global economy. This should include the creation of a program funded with dedicated revenue to provide new capacity and operational improvements focused on securing safe, efficient movement of freight across all sectors.

ASCE supports the creation of a National Intermodal Transportation System that is economically efficient, environmentally sound, provides the foundation for the nation to compete in the global economy, and will move people and freight in an efficient manner. Freight and passenger rail generally share the same network, and a significant potential increase in passenger rail demand will add to freight railroad capacity challenges. Interstate commerce remains the historic cornerstone in defining the federal role in the nation's transportation system. ASCE supports the expansion of passenger rail and development of high speed rail but this must be accomplished without detriment to our world class freight rail system.

Support for partnerships among federal, state, and local governments, with various citizens, groups and firms from the private sector, are essential to further develop a truly intermodal system. Therefore, an authorization of the surface transportation programs must provide for a strong federal role in freight mobility and intermodal connectors.

To meet demand, Congress must enact a multi-year surface transportation authorization bill that enhances and improves connectivity across the nation. Congress should be working with the Department of Transportation to address the movement of freight, as well as freight bottlenecks that plague our current surface transportation systems. By relieving freight congestion through capacity building in appropriate corridors, while making smarter, integrated transportation and land use decisions, our nation's ability to compete in a global economy can continue to grow.

Expediting Project Delivery

ASCE urges increased federal leadership in the creation of strategies to expedite the regulatory process for transportation projects at the federal, state and local levels. The goal must be to allow critical transportation projects to proceed in a timely manner while the less well-conceived projects continue to be filtered out, so the nation's long-term economic vitality and quality of life will be maintained and improved.

Inefficient regulatory approval processes delay implementation of needed infrastructure improvements. Delays and changes in project scopes increase costs and adversely affect the safety and economic benefits of a project. Federal, state and local regulations that are intended to achieve beneficial individual goals may significantly delay approval due to conflicting stakeholder objectives and have a negative impact on the development and renewal of the nation's infrastructure. Stakeholder expectations and acceptable outcomes need to be identified early in the regulatory process and integrated into the project effectively.

Additionally, by mandating concurrent reviews and the designating a single administrative agency, the approval process could be improved and shortened.

Furthermore, State and Metropolitan Planning Organization (MPO) planning requirements need to be reconciled with the National Environmental Policy Act (NEPA) process to eliminate redundancy and streamline the decision making process. This should be combined with better coordination of federal agencies in the NEPA process. While NEPA seeks to improve environmental outcomes by enforcing comprehensive disclosure or expected consequences of infrastructure projects, transportation projects often run into problems during the process, creating delays along the way.

While the development and implementation of transportation infrastructure projects in an efficient and environmentally sound manner is crucial to the nation, expedited environmental reviews of high-priority projects must be considered on a more frequent basis. The Environmental Stewardship and Transportation Infrastructure Project Reviews executive order, put in place in September 2002, has proven itself to be an effective program in expediting projects, while taking the proper environmental factors into account.

Design-Build

Another way to expedite project delivery on some projects is through the use of the design-build contracting. This involves the design and construction of a project through a single contract, thus shortening the standard process of design-bid-build, which involves two separate contracts for the design and construction of a project.

In 1996, Congress authorized all federal agencies to employ the two-phase selection procedures for design-build projects as a way to speed completion of relatively simple projects in the Federal Acquisition Reform Act (FARA). Under a design-build contract, the design and construction phases are performed under one contract. The design-build selection process may be based on a negotiation with one or more contractors or a competitive process based on some combination of price, duration, and qualifications. Design-build contracts often are awarded on the basis of best value, considering each of these factors. In the initial phase, the agency uses the qualifications-based selection (QBS) process to select the contractor who will write the scope of work for the project.

The Federal Highway Administration (FHWA) has undermined the intent of FARA, however, by adopting without congressional approval a one-phase design-build process that makes the project award on the basis of price and that evades the QBS requirements of the first phase of the FARA system.

The design-build method has some advantages. It reduces the owner's administrative burdens by putting the entire project into one overall contract. This means there is little need for the owner to coordinate among the various project contractors and subcontractors. The project delivery time is generally reduced and cost may be as well, and there is an opportunity for construction engineering and techniques to be considered earlier in the project. This will lead to better project solutions. Finally, design-build also may simplify the implementation of project changes during actual construction.

A number of possible disadvantages also have been asserted which can generally be mitigated with a good contract and procedures. In some cases there is no firm project cost established until construction is well under way, requiring diligent cost review. Under lump-sum or maximum-cost contracts, overall project quality may suffer from the pressure to produce a profitable operation by the design-build project team. Unless provided for in the contract there are few checks and balances available to the owner (this can be provided by an independent architect or engineer in design-build as well as traditional design-bid-build or other project delivery systems), leaving the owner in the dark on design and construction problems that may greatly affect the cost and timing of the project.

Simply put, the design-build process is not suitable for every construction project. ASCE urges Congress to direct the Federal Highway Administration to follow the 1996 law in which Congress authorized all federal agencies to employ the two-phase selection procedures for design-build projects as a way to speed completion of projects.

Sustainability

Sustainability, livability and resiliency must be an integral part of improving the nation's infrastructure. The design, construction, and maintenance decisions we make today will be our legacy to future generations. By applying the principles of sustainable development, our infrastructure will continue to contribute to economic prosperity and social well-being, while at the same time protecting and enhancing the environment and our quality of life.

The Obama administration's shift toward livable communities contains many transformative ideas that can improve quality of life. However, this shift should only be made in the context of a program funded to first maintain our current transportation system in a state of good repair as the built environment supported by that system evolves.

The usage of context-sensitive design solutions allows for a transportation system that is tailored to the community it serves, due to the involvement of all stakeholders. When considering the context, issues such as funding feasibility, maintenance feasibility, traffic demand, impact on alternate routes, impact on safety, and relevant laws, rules, and regulations must be addressed.

As an example, context-sensitive design solutions are defined in the project development process, which attempts to address safety and efficiency while being responsive to or consistent with, the roads natural and human environment. It addresses the need for a more systematic and all-encompassing approach in project development and allows for the flexibility that state and local government desire. By applying the flexibility of context - sensitive solutions when selecting transportation projects, the interest of both the federal government and local communities can be protected, while creating safe and efficient systems. Additionally, by ensuring transportation projects fall in line with community values, potential delays can be avoided.

An additional way to produce a more sustainable transportation infrastructure system is the use of life-cycle cost analysis principles in the design process to evaluate total projects costs. When the cost of a project is established only for design and construction, the long-term costs associated with maintenance, operation, and retiring a projects are overlooked. As infrastructure is built or rehabilitated, life-cycle cost analysis should be performed for all infrastructure systems to account for initial construction, operation, maintenance, environmental, safety and other costs reasonably anticipated during the life of the project, such as recovery after disruption from natural or manmade hazards. Additionally, owners of the infrastructure should be required to perform ongoing evaluations and maintenance to keep the system functioning at a safe and satisfactory level. Life-cycle cost analysis, ongoing maintenance, and planned renewal will result in more sustainable and resilient infrastructure systems and ensure they can meet the needs of future users.

Expanding Infrastructure Investment

Despite increased funding levels in TEA-21 and SAFETEA-LU, the nation's surface transportation system requires even more investment to meet the documented needs. For this reason, ASCE supports a variety of revenue streams for infrastructure investments, including an increase in the motor fuels tax, indexing the motor fuels tax to the Consumer Price Index, and eventually transitioning to a vehicle miles traveled system. ASCE supports a reliable, sustained user fee approach to building and maintaining the nation's highway and transit systems. Establishing a sound financial foundation for future surface transportation expansion and preservation is an essential part of any authorization.

Since the motor fuels tax was last increased in 1993, the purchasing power has been reduced by nearly 55 percent according to the American Association of State Highway and Transportation Officials. Raising the motor fuels tax to meet the documented system needs will ensure the near term viability of the Highway Trust Fund. Additionally, the National Commission on Fiscal Responsibility concluded that an increase in the motor fuels tax would reduce the deficit, because the Highway Trust Fund would not need another infusion of revenue from the General Fund.

In the long term, with the affects of increased fuel efficiency and alternate fuel technologies, other methods must be explored outside of an increased motor fuels tax in order to sustain a viable Highway Trust Fund in the long term. A mileage-based system for funding surface transportation programs needs to be further studied, and the recommendation of the National Surface Transportation Infrastructure Financing Commission, calling for a transition to a vehicle miles traveled (VMT) fee system, must be fully explored. A large scale demonstration project, to follow up on the work done in Oregon, should be undertaken to determine the practicality of such a program.

ASCE supports innovative financing programs, such as the use of Public-Private Partnerships, Build America Bonds, expansion of TIFIA, and an infrastructure bank, for transportation projects. Innovative financing techniques can greatly accelerate infrastructure development and can have a powerful economic stimulus effect compared to conventional methods. This has been the approach in many states where expanded and accelerated transportation investment programs have been successful.

Strained state and local government budgets, combined with increasing demand, have led to the implementation of public-private partnerships (PPPs) in several states and localities. The injection of private capital into public works, however, has drawn some criticism from stakeholder groups and raised the need for a set of guiding principles for these projects as they are planned, implemented, and maintained. While PPPs are a method of project financing, they do not replace direct public funding of infrastructure projects and they should only be used when the public interest is protected.

The innovative programs in SAFETEA-LU have been a good start, but more needs to be done to expand their scope, and new programs or approaches must be introduced. We must find new and innovative ways to finance the critical transportation infrastructure needs of the nation, because relying solely on the traditional sources of funding no longer works. However, financing alternatives cannot replace a public commitment to funding. Financing by any technique does not supplant the need for adequate user fees or other funding sources to eventually pay for projects.

Conclusion

Surface transportation infrastructure is a critical engine of the nation's economy. It is the thread which knits the nation 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. A surface transportation authorization must be founded on a new paradigm; instead of focusing on the movement of cars and trucks from place to place, it must be based on moving people, goods, and services across the economy. Beyond simply building new roads or transit systems, an intermodal approach must be taken to create a new vision for the future.

ASCE looks forward to working with the Congress as it develops robust surface transportation authorization legislation which is founded on a strong national vision, adequate funding and new technology, and creates an integrated, multi-modal national transportation system.

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1. The FY 2012 Budget Resolution passed by the House will require a 35 percent cut to surface transportation programs from current investment levels. What do you foresee will be the impacts of this underinvestment on highway safety, economic competiveness, and mobility?

The nation's surface transportation network needs committed leadership and a sustainable revenue source in order to keep the country economically competitive in a global marketplace, while planning and building for future generations. The impact of underinvestment is significant. The deteriorating condition of the nation's surface transportation system is a threat to safety, quality of life, economic growth, and the environment. The effects of delaying or under investing in these systems are increased congestion, risks to public safety, rising freight costs, severe unemployment in an already dire industry, loss of skilled workforce, and eventually the inability to compete with nation's that are making these investments.

While there is nothing wrong with taking a hard look at how every surface transportation dollar is spent, needed transportation projects are being delayed, bad conditions are deteriorating further, and costs are going up as a result. For example, ASCE estimated the total cost to bring all categories of the nation's infrastructure into a state of good repair skyrocketed from $1.6 trillion in the 2005 *Report Card on America's Infrastructure* to $2.2 trillion in the 2009 *Report Card*. This dramatic increase in required funding, from all levels of government, over a four year span is due to the fact that our infrastructure has been plagued by delayed maintenance and chronic underfunding for far too long.

The failure to adequately invest in the nation's highways and roads leads to increased congestion and the further deterioration of pavement conditions poses increased safety concerns, as well as high vehicle repair costs. An overstressed infrastructure slows freight delivery, creates unpredictability in supply chains, diminishes the competitiveness of U.S. businesses, and increases the cost of consumer goods.

Poor road conditions lead to excessive wear and tear on motor vehicles and can also lead to increased numbers of crashes and related delays. Approximately one-third of the nation's traffic fatalities are related to substandard road conditions, obsolete designs, or roadside hazards were a factor. Therefore, ASCE advocates for significant enhancements in highway safety in a new surface transportation authorization, which will result in a reduction of highway crashes.

Underinvestment in surface transportation has significant effects on the nation's economic competiveness. Transportation is the backbone of the U.S. economy. In the long term, transportation improvements lead to economic development locally and regionally and ultimately facilitate the economic growth of the entire country. In the near term, each dollar invested in highway construction generates $1.80 of GDP according to Standard and Poor's. According to the US DOT each $1 billion in federal highway investment plus the state match supports 34,000 much needed jobs. In order to increase US exports, which President Obama has made a national priority, the nation must have adequate transportation capacity to support increased trade volume. That means addressing congestion and improving capacity in the nation's freight corridors. The nation cannot remain competitive with such a low level of investment. If we fail to address our transportation infrastructure challenges, the nation will continue to lose jobs and industries to those nations that have the infrastructure in place.

Finally, beyond safety and economic competitiveness is the issue of mobility. Congestion will continue to increase if necessary improvements are not made. According the American Road and Transportation Builders Association, if highway capacity does not grow faster than it has in the past 25 years, Americans can expect to spend 160 hours each year in congestion by 2035. The Texas Transportation Institute (TTI) found in its most recent Urban Mobility Report that congestion costs continue to rise, costing the nation $115 billion in 2009 compared to $24 billion in 1982. Congestion cost the average commuter $808 in 2009, compared to an inflation-adjusted $351 in 1982. In addition, the total amount of wasted fuel in 2009 topped 3.9 billion gallons. In order to combat rising congestion problems TTI recommends adding roadway and public transportation capacity in the places where it is needed most; changing travel patterns; employing ideas like ridesharing and flexible work times to avoid traditional "rush hours"; providing more choices, such as alternate routes; telecommuting and toll lanes for faster and more reliable trips; and diversifing land development patterns, to make walking, biking and mass transit more practical. However, without a significant investment in the nation's surface transportation systems increased mobility options to get drivers off the road and building up to the needed capacity are not feasible.

2. Ms. Caldwell, can you outline for the Committee your experience with practical design? Would you say the projects you have worked on that utilized practical design cost less by avoiding litigation later in the process? How would you suggest Congress incentivize more states to utilize practical design?

As the nation's surface transportation systems continue to deteriorate some state departments of transportation are moving toward practical design as a way to cut costs, but still deliver and improve the transportation network. In one explanation it was noted that "practical design is a way to let engineers engineer," and that makes sense to ASCE.

My personal transportation design and construction experience relates to bridge design, construction and rehabilitation as well as urban and rural highway capacity increase projects. While we did not necessarily call it "practical design" we made it a practice to involve the public to a large extent and spent a great deal of effort balancing the "wants" versus the "needs" in any given project. I also found there to be a lot of frustration when dealing with the rigidity of the federal and state governments with respect to design guides and standards. Combined with the liability issues facing private practice, an aversion to venturing from the established "cookbooks" has become prominent, stifling innovation that might result from "practical design".

We were able to review the Oregon Department of Transportation's practical design program and the values that are expressed in the S.C.O.P.E. appear to be a useful way to approach these issues. In addition ASCE strongly supports sustainablity as defined by the triple bottom line – environment, economic and social.

It must be understood that practical design is not a panacea to the nation's surface transportation problems. It is merely a way to provide flexible parameters, which allow states to create transportation solutions that are sufficient without being excessive. However, as a way to provide more flexibility to those with the most knowledge about a given project it seems like an approach worth examining further.

3. Ms. Caldwell, your written testimony includes "improved mobility and mode choice" as a top nation transportation objective. What reforms and incentives are necessary to promote this objective? What are the greatest barriers to mobility and mode choice?

The largest obstacle to creating a multi-modal system, based on moving people, goods, and services across the economy is the lack of a defined vision for the nation's surface transportation system. In order to achieve these goals the nation's surface transportation system will need to rely on a sustainable revenue source.

ASCE supports the development of a national intermodal transportation system. The nation needs a surface transportation program with flexible funding for highway, transit, and other modal facilities. We need to adopt a system-wide approach to addressing multi-modal issues. Once the multi-modal goals are agreed upon then the focus can move to addressing specific projects. Traditional transportation practice may inhibits attainment of a truly intermodal process in part because inequities in federal matching ratios for different modes, and the difficulty in consolidating funding for multimodal projects.

The primary emphasis on passenger intermodalism is to facilitate connections between the private automobile and other access modes and public transportation systems. For example, park-and-ride facilities provide critical connections for mass transit commuters using automobiles for a portion of their trips. Similarly, freight movement can benefit from improved intermodal connections.

The movement of freight from origin to destination is increasingly multimodal and increasingly global. Air, water, rail, and road all play a role in the movement of cargo throughout the U.S. Most freight is carried by trucks for delivery, making planning the connections between highways and other modes critical to efficient freight movement. Planned connections need to consider proximity from the origin to the destination, as well as be sensitive to adjacent uses and conditions like residential areas and heavily congested commuter routes.

Increased intermodalism is accomplished through engagement of statewide and metropolitan planning organizations, management systems, and key stakeholders in the public and private sectors. It is through an appropriately designed Intermodal Transportation System that the movement of both passengers and freight can be expedited in the most safe and efficient manner. The planning/designing of transportation systems for improved operations in a safe and secure manner will continue to grow in importance as we seek to be more efficient with dollars spent on transportation systems. This may require that the system's process for operational oversight is restructured in an attempt to facilitate all modes working together to develop effective and coordinated origin-destination distribution based operations.

As Congress moves forward on a surface transportation authorization, mobility and mode choice cannot be ignored. Programs of the Federal, state, and local governments must emphasize the need for a wide range of multimodal options and new technologies in the development of transportation plans, programs, and projects, and in the comprehensiveness and usability of information systems available to individuals and others engaged in the movement of people and freight. For example, the use of intelligent transportation systems to generate on-demand information on door-to-door multi-modal trip options, thus providing convenient opportunities for people to evaluate and choose more efficient routes and mode choices. Ideally, the best use of intermodalism is linking land use and transportation; designing communities so that people have the option of leaving their automobiles at home and walking, biking, or using public transportation to meet their mobility needs. In relation to freight, a surface transportation authorization should provide for a strong federal role in freight mobility and intermodal connectors. This should include the creation of a program funded with a dedicated revenue source to provide new capacity and operational improvements that focuses on securing the safe, efficient, movement of freight.

The Florida Alliance

Sharon Calvert

Written Testimony

Committee on Transportation and Infrastructure Hearing

March 30, 2011

Florida Alliance

Thank you for this opportunity to provide public testimony to this Transportation Subcommittee on Highway and Transit Hearing.

I represent the Florida Alliance, a coalition of grassroots organizations in the state of Florida, representing thousands of citizens across the state, who have focused on transportation issues in Florida over the last year. We want to ensure that the taxpayer stakeholder is allowed to provide input and ideas as we are the users and the funders of transportation projects.

There are limited resources available today to fund transportation projects. The economic climate insists that those limited resources be used for the must-do needs and not the nice-to-do expenditures. Therefore, the Highway Trust Fund must be reformed to its original core functions. To that end we support the Transportation Empowerment Act introduced by Senator DeMint in April 2008. This bill empowers the states to collect most of the federal gas tax monies that are currently being sent to Washington and reverses the trend started in 1982 where politicians included 10 earmarks in the Transportation Reauthorization bill. This earmarking grew to over 7,000 earmarks in the 2005. The Transportation Empowerment Act would reduce federal bureaucracies and empower the states to determine their own transportation priorities. This bill would allow donor states, like Florida, to retain 100% of their gas tax dollars rather than receiving only about 80 cents back for every dollar sent to Washington.

Secondly, regarding the Highway Trust Fund, approximately 38% of federal automobile gas taxes are diverted from roads and highways, the largest diversion being made to transit programs. Re-diverting those funds back to roads and highways will bring the much needed revenue to improve our roads, highways and bridges, which are used on average by 98% of all Americans who travel each day.

Thirdly, all transportation projects should be required to pass cost-effectiveness criteria, state its return on investment, reflect the share of the total cost paid by users and what benefits that other taxpayers get from their share of the cost. Transportation projects must not consider "Livability" criteria which is subjective, cannot be well defined or quantified. Immeasurable livability objectives perversely justify projects that increase traffic congestion, increase travel times and raise housing prices. Capital projects must prove they have funding to support the ongoing operations, maintenance and periodic major rehabilitation, replacement or reconstruction that is required to sustain the projects. For example, there is currently a backlog of major maintenance for existing rail systems of $78 Billion. Transit projects should be approved only if they improve automobile travel times and do it at lower cost per passenger mile than any alternative, including expansion of highways. Effective use of the limited resources for transportation projects require efficient use of resources by setting measurable goals with the ability to meet those goals at the lowest cost with the greatest benefit.

Florida Alliance

Furthermore, Private bus service also exists in Florida, and nationwide private bus service moved more people last year than Amtrak. We need to remove barriers and regulations to encourage private sector solutions such as local shared taxi services which resemble airport shuttle services many airports provide. These services are used today in Atlantic City and Puerto Rico.

Finally, Innovative solutions are on the horizon to support personal mobility, which includes Intelligent Traffic Management and Cooperative Adaptive cruise control that allows more throughput on existing roads. Road solutions such as the double-decker Selmon Expressway in Hillsborough County increased capacity without having to acquire additional right of way. We also cannot discount telecommuting which will decrease congestion on our roads at zero cost to the taxpayer.

Thank you again on behalf of the Florida Alliance, representing the taxpayer stakeholder, for the opportunity to provide this testimony.

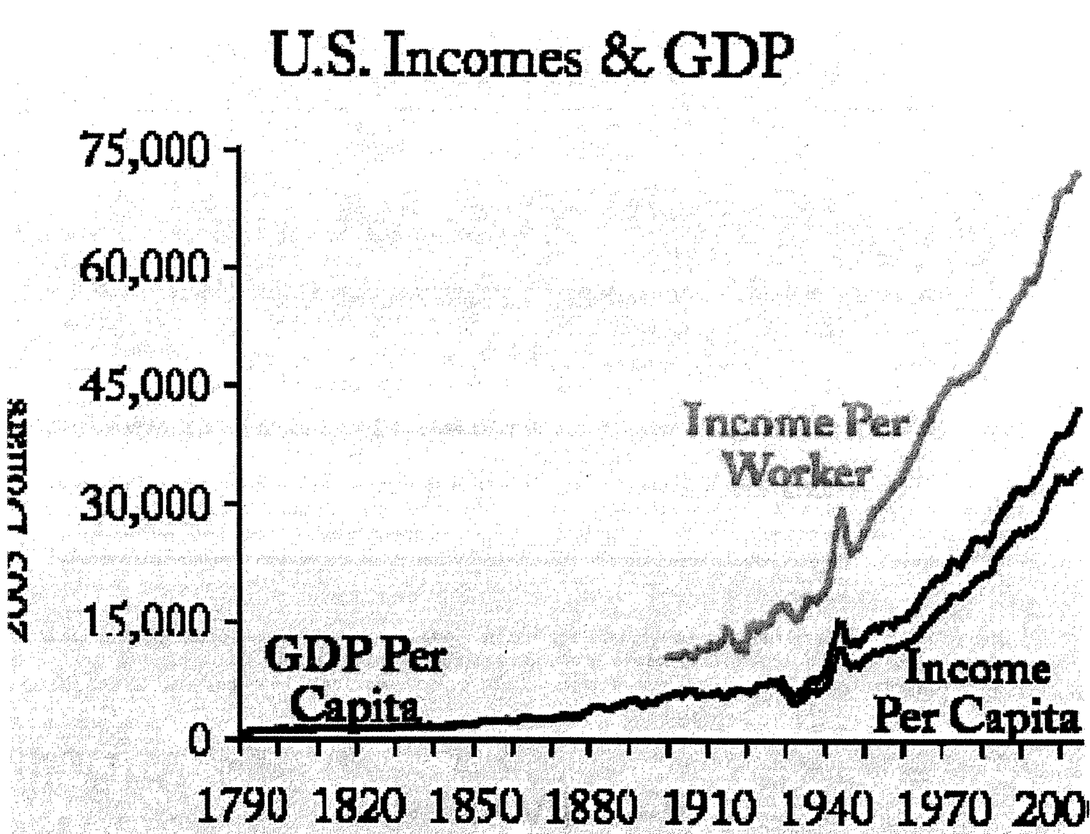
Sharon Calvert

Tampa, Florida

Spokesperson on Transportation issues for Florida Alliance, a coalition of over 120 Tea Party organizations in Florida

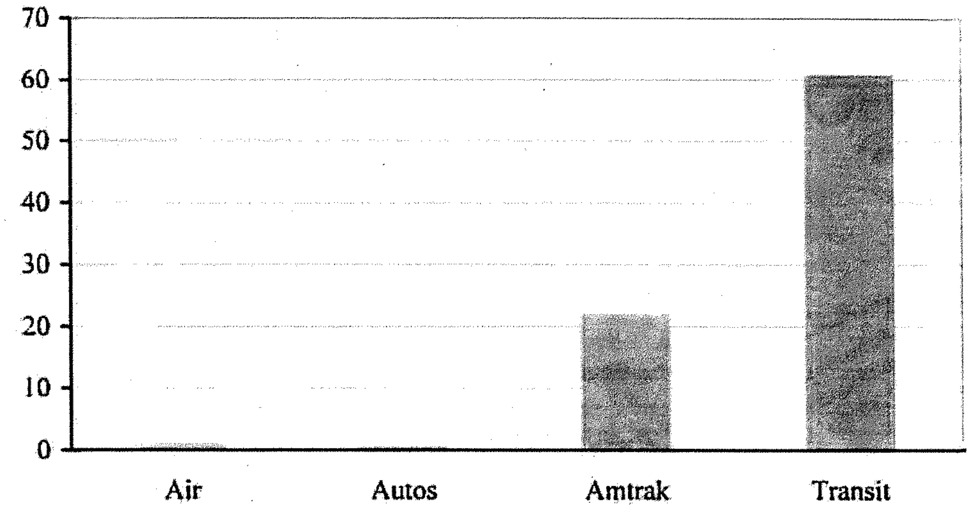
President of Tampa Tea Party

Spokesperson for No Tax For Tracks, Hillsborough County PAC

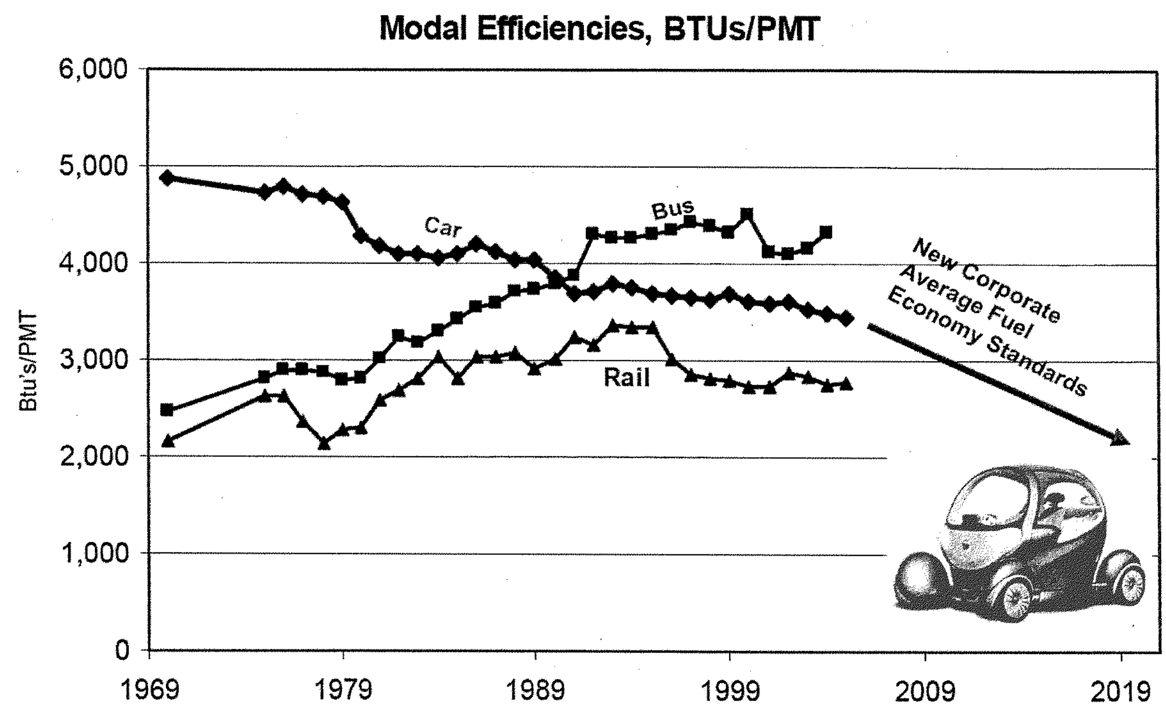


Increase in Income per Worker and Income per Capita coincide with the automobile
Randal O'Toole, CATO Institute- Gridlock Presentation - 2009

Subsidies in Cents per Passenger Mile



From Randal O'Toole Citizens Guide to Transportation Reauthorization, Figure 7, page 7 –Dec. 2009



TRANSPORTATION ENERGY DATA BOOK: EDITION 26–2007, U.S. Department of Energy
Table 2.13 Energy Intensities of Highway Passenger Modes, 1970–2005
Light trucks not shown.

Summary of Travel Market Data: 2006 Person Trips by Mode

Metro Area Pair	Auto	Air	Bus	Acela	Regional	Total
Boston - New York	13,563,377	2,499,698	1,223,674	465,902	374,405	18,127,056
Boston - Philadelphia	2,382,853	541,760	98,224	14,329	42,610	3,079,776
Boston - Washington	1,632,061	2,102,639	64,256	18,914	37,969	3,855,839
New York - Philadelphia	31,715,504	45,644	1,451,467	301,768	976,337	34,490,720
New York - Baltimore	7,664,755	206,834	958,002	154,393	386,516	9,370,500
New York - Washington	13,844,102	1,427,551	756,048	510,833	1,095,630	17,634,164
Philadelphia - Baltimore	9,186,058	89,361	217,967	21,876	119,276	9,634,539
Philadelphia - Washington	8,355,977	45,884	137,539	194,101	475,046	9,208,546

Spending on Travel

	Auto Travel	Public Transit
Roadway/Guideway Capital	Public Taxes or Fees	Public
Vehicle	Private	Public
Vehicle Parking/Garage	Private	Public
Roadway/Guideway Operations	Public	Public
Policing	Public	Public
Vehicle Operator	Private	Public/ Private
Vehicle Maintenance	Private	Public
Vehicle Insurance	Private	Public
Fuel/ Energy	Private	Public
Unpaid Social Costs	Public	Public

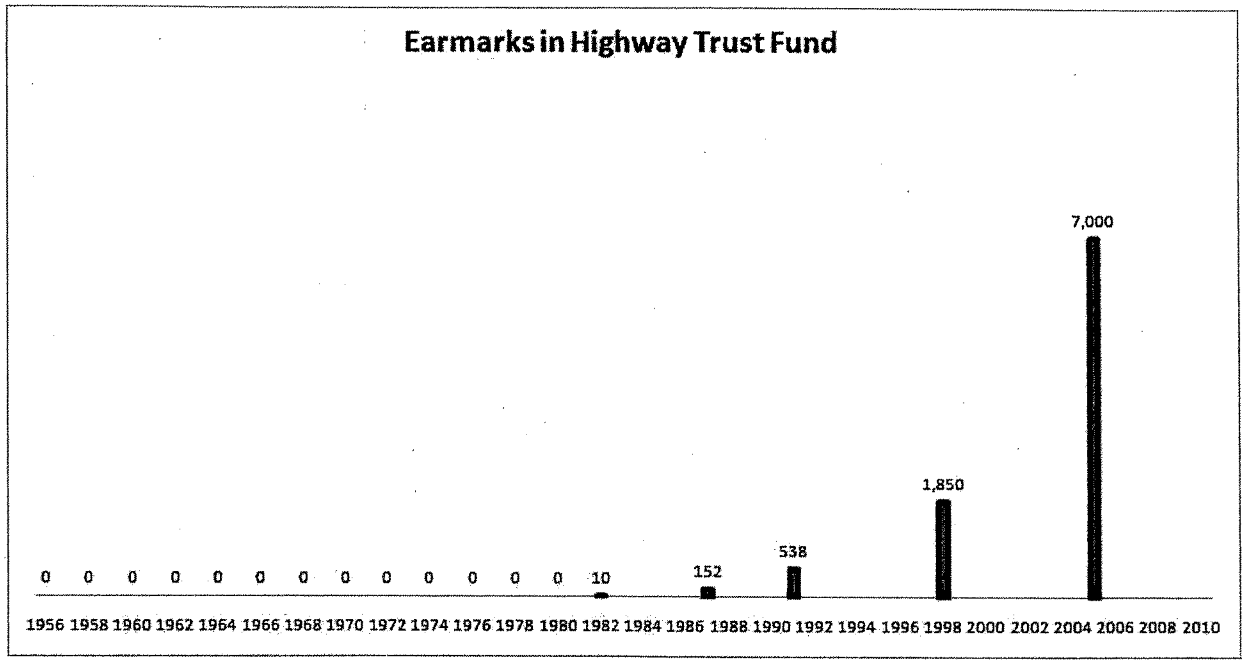
30

Source: Steve Polzin, PHD, Transit Research Program Director, National Center for Transit Research, Center for Urban Transportation Research-USF, 2007 Presentation, *Observations on Transportation*

Thus:

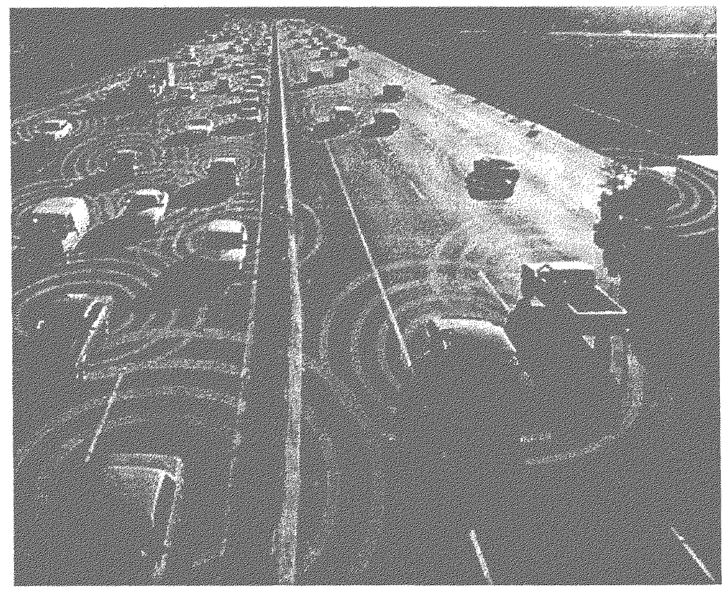
- On average, national data indicate direct costs per person mile are three or more times higher for public transit. Marginal costs for peak period trips can be more similar or favor transit in rare circumstances.
- Public transit dramatically shifts travel spending from individuals to government – going from a few cents per passenger mile spent by government for roads to as much as a few dollars per passenger mile for rail transit.

Steve Polzin, PHD, Transit Research Program Director, National Center for Transit Research,
Center for Urban Transportation Research-USF, 2007 Presentation, *Observations on Transportation*



Page 148, "Gridlock" – Randall O'Toole

Intelligent Traffic Management



Allows more Throughput of Cars on existing roads

Statement of
Gregory M. Cohen, President
American Highway Users Alliance

before the

Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
U.S. House of Representatives

March 30, 2011

Chairman Duncan, Ranking Member DeFazio, and Members of the Subcommittee:

I am Greg Cohen, President and CEO of the American Highway Users Alliance. I am very pleased to present testimony on the critical importance of enacting a reformed, robust, and streamlined surface transportation authorization bill this year. My organization strongly believes that the bipartisan highway and transit bill you develop will be able to overcome the roadblocks facing other committees and be enacted into law with widespread support in both the House and Senate. As advocates for taxpaying motorists, we strongly support this Committee's efforts to "put the trust" in the Highway Trust Fund. A high level of public trust in your efforts is absolutely critical to ensuring sustained, widespread enthusiasm for the critical national transportation investments funded by both highway user fees and general taxes.

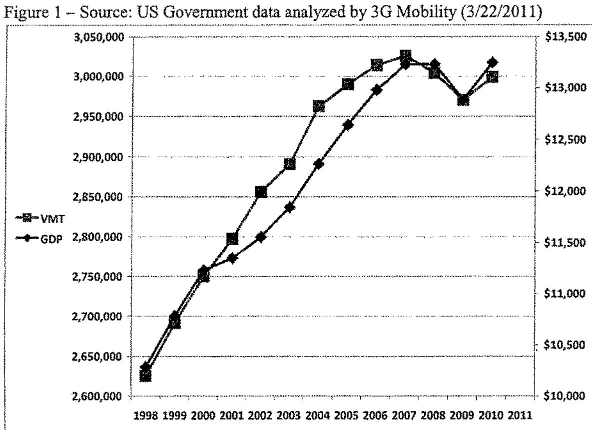
About The American Highway Users Alliance

Formed 79 years ago, the American Highway Users Alliance (The Highway Users) is a non-profit organization that promotes federal, state, and local policies that improve safety and mobility. We bring together a wide range of users that contribute to the Highway Trust Fund and we support public policies that guarantee the investment of user fees in projects that provide tangible benefits to those paying the bill. Our members include AAA clubs, trucking and bus companies, motorcyclists, and RVers who contribute user fees to the Highway Trust Fund. These members and several hundred other member businesses and associations represent millions of highway users from coast-to-coast. Safe, reliable, and efficient roads facilitate the movement of our families, employees, customers, and products. The Highway Users has worked closely with Congress on every major highway bill since 1956 as a stakeholder and grassroots advocate for a strong and trustworthy Highway Trust Fund.

The Big Picture: The Economy and Highway Use

Americans' love affair with cars and driving has a real economic value to the country. And as vehicles and fuels continually improve to improve efficiency and reduce pollution, highway mobility is becoming even more environmentally and financially sustainable. The latest review of government data prove once again that vehicle miles traveled (VMT) is tightly correlated with the Gross Domestic Product (GDP). As our economy rebounds, highway travel has increased 15 months in a row on a year-over-year basis. Currently, at 3.00 trillion vehicle miles per year, we have almost reached the peak pre-recession travel levels of November 2007. Many people erroneously believe that gasoline prices are a major determinate of vehicle-miles traveled, but in fact it is the overall economy that is most correlated with travel.

Figure 1 – Source: US Government data analyzed by 3G Mobility (3/22/2011)



As highway travel rebounds users are feeding the economy by working, shopping, and recreating. People do not drive simply because of the love affair with the car, they drive to participate in the economy and to access a full range of services and products that improve their quality of life. But with the growth of travel, congestion is once again rebounding. According to the Texas Transportation Institute, the cost of congestion has risen from $24 billion in 1982 to $115 billion in 2009. We waste nearly 4 billion gallons in fuel each year stuck in traffic.

Streamlining Interagency Reviews / Reducing Bureaucracy

As States face the reality of doing more with less, a critical way that Congress can help is by reducing institutional bureaucratic barriers that delay planning and project approvals. At a minimum, Congress should be vigilant in ensuring that new planning requirements or other program complications do not find their way into the new bill. We are deeply concerned that some well-meaning groups may propose new planning or other requirements that would give the Administration authority to demand specific types of road designs, overly influence state or metropolitan planning outcomes, or force additional levels of cooperative review with new groups and agencies that would slow planning and project reviews. We strongly oppose new planning requirements and ask that Congress, instead, review and eliminate as many existing requirements as reasonable.

To streamline project approvals, Congress could do a great deal including setting hard deadlines for interagency reviews, adding more programmatic categorical exclusions from the NEPA process, delegating NEPA review authority to more States, turning Executive Order 13274 into statutory language (it establishes priority projects for expedited review), designating large projects for priority interagency consideration, and allowing more advance design and right-of-way acquisition work prior to the completion of the NEPA process. We would be happy to work with you to identify additional options for reducing delays.

Funding & Finance

The Highway Users has long supported the idea of a self-sustaining highway-user supported Highway Trust Fund. We have analyzed Treasury data from 2001-2010 and note that the fuel taxes that support the trust fund have been relatively stable with only one year (FY2009) where fuel taxes dipped by more than $1 billion. We support the fuel tax and believe it could provide stable program support for many years into the future. Still, we recognize that the current rate is insufficient to meet the tremendous infrastructure needs of the country – even if all waste and diversion were eliminated from the program.

According to USDOT's most recent Conditions and Performance report, it would require $105.6 billion per year over twenty years from all levels of government simply to sustain current conditions and performance of our highway system and $15.1 billion to maintain conditions and performance for transit (7:1 ratio). A maximum improvement scenario would require $174.6 billion for highways and 21.1 billion for transit (8.3:1). The Highway Trust Fund cannot currently support the federal share needed to achieve these goals. Currently, about 80% of the transportation bill is used to support the federal-aid highway program and the balance is for transit, and small programs. We support maintaining this share of funding for highways in the new legislation.

The most volatile user fee collected into the trust fund is the "retail tax on trucks". This tax represents only 5.7% of the revenue into the Highway Trust Fund, but suffered an enormous $2.3 billion drop (-62%) in fiscal year 2008 due to the economy and a weak market for pricey new diesel engines that met new EPA emissions requirements. Unlike the fuel user fee, the retail tax on trucks is collected on a percentage basis. Many people wrongly assume that the fiscal problems facing the Highway Trust Fund are due to people buying less fuel or using alternative means of transportation. The reality is that the retail taxes on trucks, as well as other user fees like heavy vehicle use taxes and tire taxes, have a substantial impact and are much more unstable than the fuel tax.

We support the expansion of pilot programs to test other user fee concepts such as vehicle miles traveled (VMT) fees and we do not oppose the use of tolling for the construction of new roads and bridges as well as new express toll and HOT lanes where the imposition of tolls would be limited to those who choose to use the new lanes. However, with those limited exceptions, the Highway Users remains committed to the toll-free Interstate Highway System, the economic backbone of a national transportation system and we are wary of tolling schemes that allow for diversion of user fee funds and/or hold existing (particularly interstate) road users hostage to escalating toll rates.

We would like to work with the committee on financing, bonding, and public-private partnership proposals to leverage capital investments through loans and loan guarantees. We have long supported tax credit bonds as proposed by Senators Wyden and Thune, a concept that would distribute significant funds to the states. However, we remain concerned with the Administration's Infrastructure Bank proposal, which gives the DOT staff continued authority to select projects for grants. We are concerned that the Administration is less than enthusiastic about new highway capacity projects and will add various requirements as a condition to the award of grants. Most recently, the Administration proposed adding subjective "livability" requirements to the TIFIA program. We prefer to continue to give the States wide latitude to select their own capital projects and provide the tools needed to allow States to select from a menu of innovative financing options to get the projects done quickly.

In addition, the Highway Users would support an effort to make greater use of the General Fund for a variety of transportation programs. While the highway user fees should be guaranteed for projects that benefit highway users, general funds should not be overlooked as a supplement for a full range of transportation options, including roads – roads do provide general benefits to citizens. Many of the programs that are currently or proposed to be funded out of the "highway account" are not true highway programs. These should not be mandated and their funding should be derived from outside the highway trust fund. Examples include enhancements, childhood obesity programs, livability, rail, and a greater share of the transit program.

Setting Priorities

Twenty years ago, as the initial Interstate construction program winded down, the surface transportation program lost much of its initial focus. Since 1991, the sheer number of programs exploded and the Highway Trust Fund was seen by many as a revenue source for all kinds of new purposes – even those that related only tangentially to transportation. As this new Congress departs from the old "TEA" vision of surface transportation, it will have to cut the frills from the program and find ways to improve the efficiency and outcomes of the broad, true transportation programs that remain. It will be impossible to satisfy every interest group that wants money from this bill. Instead, the Congress will have to make tough choices and do something it hasn't had to do for a long time: set priorities. But Congress still needs to avoid the temptation to micro-manage planning outcomes and project selections in Washington. It's an important balancing act.

Key Federal Priority Areas

The Highway Users believes that the federal government should be involved in the following transportation priorities of critical, national importance:

- Safety
- Congestion Relief
- Truck Freight Corridors
- Renewal & Replacement of Aging Critical Infrastructure

Safety: More than half of all deaths involve lane or road departure, a largely preventable problem that can be solved with roadway safety devices. Most of these fatal crashes are in rural areas. We agree with the Administration that safety funding should be given increased emphasis compared to other programs. Perhaps the most important development in SAFETEA-LU was the creation of the Highway Safety Improvement Program (HSIP). Recent research from SAIC credits funding for this program as being more tightly correlated to reduced highway deaths than any other factor commonly cited. Still, with nearly 34,000 annual deaths and over 2 million injuries each year, much more can be done. In addition, to prioritizing HSIP, we also are proud to serve in diverse coalitions supporting robust funding for High Risk Rural Roads, Congressman Altmire's Older Driver road safety programs, and Ranking Member Rahall's highway safety bill. In addition to guaranteeing funding for safety programs, Mr. Rahall's bill also permits States to certify the importance of proprietary safety products which can be specified in contracts to advance road safety. This is a critical safety change that we join AASHTO in strongly endorsing. SAFETEA-LU also included dedicated funding for roadway safety educational pilot programs (Sec. 1411). These funds have been granted by USDOT to the Roadway Safety Foundation (RSF), a charitable/educational organization chartered by The Highway Users, to improve public awareness of roadway safety. Since 2005, RSF pilot programs have focused on deployment of: lifesaving, low-cost cable median barriers; rumble strips; and a variety of techniques to make roads safer for seniors. We strongly support reauthorizing this Road Safety section.

Congestion Relief: We were extremely disappointed that the Administration has removed congestion relief from the DOT's strategic plan and proposed that most of its reformulated National Highway System program not permit investments in new capacity. As VMT rebounds with economic growth, congestion will remain a huge drag on our economic potential. There are numerous ways to address congestion and we support giving States wide latitude to creatively approach this problem, but adding capacity needs to be among the menu of options available. We were disappointed that the Bush Administration's approach to congestion relief was overly focused on tolling, however this disappointment did not extent to support for removing the entire concept of congestion relief from the new strategic plan. The Highway Users supports congestion relief as a key strategic goal in the authorization bill and urges the Committee to permit the construction of new capacity in all of the programs authorized in the bill. A detailed, performance-based plan is outlined in our authorization recommendations brochure.

Truck Freight Corridors: Trucking dominates the America's freight network, carrying $8.3 trillion dollars' worth of goods, weighing 8.8 billion tons (70% of total) criss-crossing our country each year. Under any future freight plan, trucking will continue to dominate and be critical to our ability to conduct domestic and international trade. The Constitution is most specific on a clearly defined federal role in regulating interstate commerce. Expansion of the National Highway System (including the Interstate) as well as freight bottleneck relief should be a critical transportation and economic priority in the next authorization bill. Federal leadership from Congress is needed here to ensure that we have consistent national freight mobility. The toll-free Interstate Highway System, in particular, is emblematic of the importance of a federal highway program. As this system decays after more than 50 years of operation, it is more and more critical that trucking corridors be prioritized by Congress and that there be substantial and priority support for investments in Interstate and NHS routes.

Renewal and Replacement of Aging Critical Infrastructure:
Our major highways are showing their age. Congress can't solve every aging infrastructure problem but attention needs to be given to high volume federal-aid highways that are in danger. Bridges and pavements are requiring more advanced asset management strategies, replacement and reconstruction schedules. In many cases, it is simply not enough to replace an existing road or bridge within the same footprint. The Administration has advanced an agenda to get our roads and bridges up to a good state of repair. We agree with one caveat – they must also be brought up to a good state of *operation.* That can involve capacity as well as improved condition.

Improving Performance Without Micromanaging

By reforming, streamlining, and providing flexibility in the surface transportation programs, states should be able to deliver projects faster and provide a better return on the user's dollar. But what role should the federal government have to improve state performance? Some have suggested that the federal government should have increased control over planning, project selection, and the distribution of money. We strongly disagree. We believe that earmarking should be eliminated – including Administration earmarking. Instead, Congress should authorize a bonus fund (similar to the equity bonus program) that provides additional formula funds to states that meet performance criteria in any of the four federal focus areas we propose (congestion relief, safety, aging infrastructure, and freight corridor construction). By providing a bonus fund, Congress can create incentives for States to take on projects of federal interest without twisting arms or micro-managing projects. This *limited* role is the best compromise for federal involvement in state decisionmaking.

Conclusion

This Committee has an extraordinary opportunity to help improve the economy, reduce congestion, and save tens of thousands of lives by expeditiously authorizing a robust highway program with a reformed, streamlined, robust highway and transportation program.

The American Highway Users Alliance greatly appreciates being your partner in this effort. We are completely committed to helping you get the bill done this year. Our members, and our growing social network of highway enthusiasts, stand ready to help provide the support you need – both inside-the-beltway and outside-the-beltway – to get this legislation enacted.

Thank you again for the opportunity to testify.

THE IMPORTANCE OF Surface Transportation AUTHORIZATION TO TRAVEL, TOURISM AND RECREATION

On behalf of all segments of the travel, tourism and recreation industry, we write in strong and united support of the enactment of a well-funded surface transportation authorization bill as soon as possible.

Travelers and the diverse businesses that make travel possible are dependent on safe and efficient roads, highways and other forms of transportation. Millions of jobs depend on the economic activity generated by travel.

Although the size and economic importance of travel, tourism and recreation are not widely recognized, in every state this industry ranks among the top ten sources of employment. In most states it is in the top three.

Travel, tourism and recreation make up a significant component of the large and growing services sector. Nationally, in 2009, a down year for the industry, employment generated by travel, tourism and recreation totaled nearly 7.5 million people, with a payroll of $186.3 billion. More than $700 billion in overall travel expenditures generated tax revenue of $113 billion for cash-strapped local, State and Federal governments. As a result of expenditures by international visitors, the United States ran a travel trade surplus of $22 billion. Travelers, both domestic and international also contribute billions of dollars each year into the Highway Trust Fund that funds most Federal surface transportation programs.

When associated manufacturing is included, such as equipment for hotels, restaurants, amusement parks, outdoor recreation activities, recreational vehicles and many other products, travel, tourism and recreation constitute a major economic engine for the U.S., the health of which requires an efficient transportation system.

Sufficient investment in the transportation infrastructure through a Federal highway program responsive to the needs of travel, tourism and recreation will strengthen and grow the economy. Small towns and rural areas are especially dependent on highways. Nowhere is this more so than with those communities that are gateways to the national parks and other public lands.

According to the U.S. Department of Transportation, 90 percent of tourist travel is dependent on the aging National Highway System. Unless Congress establishes national transportation priorities that reflect the importance of travel, tourism and recreation, the American economy will be weakened, with a substantial loss of jobs, income, public revenue and international trade.

We are united in our conviction that quick action on the surface transportation program with due attention to the needs of our industry is a national priority. We pledge to work with you going forward to achieve this objective.

AAA

American Bus Association

American Motorcyclist Association

National Association of Gateway Communities

National Park Hospitality Association

Recreation Vehicle Industry Association

U.S. Travel Association

Western States Tourism Policy Council

American Association of State Highway and Transportation Officials

American Highway Users Alliance

American Recreation Coalition

National Association of RV Parks and Campgrounds

National Tour Association

Southeast Tourism Society

United Motorcoach Association

AMERICAN HIGHWAY USERS ALLIANCE

May 2, 2011

The Honorable John J. Duncan, Jr.
Chairman
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Duncan:

Thank you for the opportunity to provide testimony before the Subcommittee on Highway and Transit on March 30, 2011, concerning "Improving and Reforming the Nation's Surface Transportation Programs". I received your letter asking me to respond to an additional question for the record from Ranking Member DeFazio. If you have any questions about my response, please do not hesitate to contact me.

Mr. DeFazio's question is as follows:

1. *Mr. Cohen, the Texas Transportation Institute's periodic congestion report found that the cost of congestion has risen from $24 billion in 1982 to $115 billion in 2009. What impact do operational inefficiencies and increased costs due to congestion have on motorists?*

Response for the Record:

It is important to note that the congestion costs calculated in the TTI report only refer to lost fuel and time in metropolitan areas. For the average motorist, these costs add up to $808 in 2009, up from an inflation-adjusted $352 in 1982. The TTI report does not estimate the full economic cost of congestion, which would also take into account productivity losses, crash costs, quality-of-life costs, pollution and health costs, and other indirect costs, which we would anticipate total hundreds of billions of dollars each year.

According to the Federal Highway Administration, congestion tops the list of transportation issues that people say affect their communities and their choices about where to live and where to do business. Operational inefficiencies and increased costs due to congestion impact motorists in multiple ways. All types of congestion have costs, but the impacts on individual motorists and their passengers depend upon the severity of the congestion, the type of congestion (recurring bottlenecks vs. non-recurring incidents), and how pervasive the problem is to a region. We do know that all types of congestion can be lessened, given adequate funding and the ability to deploy a full array of operational and/or physical improvements. As described in our recommendations for the surface transportation authorization bill (included in the hearing record), we support performance standards that create federal incentives for states to focus on congestion relief on the National Highway System.

For the motorists and their passengers, an individual day's experience with congestion leads to wasted time and fuel, the potential for late arrivals at work or school, late daycare pick-ups (with per-minute penalties), shopping trips curtailed or skipped, less time for recreation and social activities, and more stress and anxiety. When severe congestion recurs on a daily basis and affects larger areas, economic and quality-of-life opportunities are affected in a more permanent way because families have less access to jobs, to shop for the best quality or lowest price goods, or to access the full range of recreational, religious, healthcare, or cultural attractions in their communities.

For highway-using businesses, the unpredictability of congestion creates substantial indirect costs in addition to wasted time and fuel. A transportation system that is unreliable is incompatible with a modern "just-in-time" logistics plan. Modern, optimized logistic routes have revolutionized freight deliveries by minimizing the use of warehousing and keeping goods moving through the entire production and delivery chain. As a result of this and greater competition, the cost of transportation logistics as a percentage of GDP has dropped substantially over the past 30 years. This has had enormous benefits for consumers, businesses, and given the United States one competitive advantage in international trade. But increased congestion threatens the efficiency of such a system and severe congestion threatens its viability.

It is a national imperative that we fight congestion now in order to improve the economy and our quality-of-life.

Sincerely,

Gregory M. Cohen
President & CEO

cc: The Honorable Peter A. DeFazio, Ranking Member

American Road & Transportation Builders Association

Testimony of

Testimony of William G. Cox
President
Corman Construction, Inc

On Behalf of
The American Road and Transportation Builders Association

Hearing:
Improving and Reforming the Nation's Surface Transportation Programs

Submitted to:
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure

March 30, 2011

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Testimony of William G. Cox
President
Corman Construction, Inc

Improving and Reforming the Nation's Surface Transportation Programs

Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure

March 30, 2011

Chairman Duncan, Mr. DeFazio and members of the Highways and Transit Subcommittee, my name is Bill Cox and I am the president of Corman Construction, Inc.—a heavy civil construction firm based in Annapolis Junction, Maryland. I am also the chairman of the American Road and Transportation Builders Association (ARTBA).

Corman Construction is one of the Mid-Atlantic's largest contractors. We specialize in highway construction, bridge construction and repair, underground utility work, tunnel construction, marine construction and more. Some of our more prominent projects in this area include the Woodrow Wilson Bridge, rehabilitation of the Frederick Douglas Bridge over the Anacostia, and the Intercounty Connector in Maryland. We also worked on the Capitol Visitor Center.

ARTBA members come from all aspects of the intermodal transportation design, safety, and construction sectors. As a result, our association brings together contractors, engineers, product suppliers, equipment manufacturers, public officials and financial experts to advance a singular mission: improving the nation's transportation infrastructure network.

We commend the subcommittee for convening today's hearing. We also greatly appreciate the ongoing leadership of this entire Committee in continuing to push for action on a multi-year reauthorization of the federal surface transportation program. While we are certainly pleased the Obama Administration and key senators have recently gotten behind the need to enact a six-year highway and public transportation reauthorization bill, the bipartisan leadership of this Committee has been pursuing this goal since early 2009.

The Time to Act is Now

One of the most attractive benefits of major public investments in transportation infrastructure is they create tangible capital assets that are long-lived. In addition to creating jobs and generating tax revenues throughout the economy during the construction cycle, these investments provide infrastructure improvements that foster and facilitate continuing economic growth over many years beyond the initial investment.

The greatest long-term economic returns can often be found in strategic investments that facilitate business activity, especially in industries that depend on the transportation network. Infrastructure investments aimed at reducing traffic congestion or providing faster point-to-point travel, for example, can increase productivity by reducing travel time.

Given the recent economic recession and the challenges our country continues to face in terms of unemployment, particularly in the construction sector, passing a robust federal surface transportation bill will help sustain and create jobs and support future economic growth.

Current transportation infrastructure investments generate over $380 billion in annual economic activity for the nation – which is nearly 3 percent of U.S. Gross Domestic Product. This activity supports nearly 3.4 million jobs throughout the U.S. economy with a payroll of over $159.3 billion. This includes approximately 1.7 million direct jobs for transportation construction workers and supplier firms. As those 1.7 million people spend their wages by going out to restaurants, buying cars or trucks, purchasing groceries or consuming housing, their spending supports an additional 1.7 million jobs in other sectors of the U.S. economy.

But this is only the tip of the iceberg. Even more important are the jobs and economic activity that could not exist without our nation's modern transportation infrastructure. Every manufacturing plant in the U.S., every retail store, every plumber and service worker, every trucker and millions of other jobs depend on highways, airports and railroads for inputs and to deliver products to customers. If we let our transportation system decay, American workers across the economy will be hurt. There are approximately 78.6 million American jobs in just tourism, manufacturing, transportation and warehousing, agriculture, general construction, mining, retailing and wholesaling alone that are dependent on the work done by the U.S. transportation construction industry. These dependent industries provide a total payroll in excess of $2.8 trillion.

The U.S. is experiencing intense competition from emerging economies around the world. Our transportation infrastructure is critical to our competitiveness. We have started with a great advantage – the investment America made in the Interstate Highways. But we are losing that advantage as China, India, Europe, are all investing more in new capacity than we are because they recognize the importance of transportation infrastructure to their economic competitiveness.

In China, infrastructure spending has increased an average of 20 percent each year over the last two decades. China, which is roughly the same size as the continental U.S., has built over 30,000 miles of new expressways in the last ten years. Their highway system is expected to extend over 53,000 miles by 2020, surpassing the current 47,000 miles of Interstate in the United States.[1]

One of the most powerful things Congress can do to support existing jobs, create new jobs and strengthen the foundation of U.S. economic competitiveness is to pass a robust multi-year reauthorization of the federal highway and transit programs in 2011.

Investment vs. Spending

The financial requirements to rebuild and improve the nation's highway, bridge and public transportation systems are well documented. In 2008, the congressionally-mandated National Surface Transportation Policy and Revenue Study Commission estimated total unmet annual surface transportation needs were in the range of $225 to $340 billion. When compared with current revenue projections for the Highway Trust Fund, these needs are staggering. It also does not take a political scientist to understand the current climate that exists in Washington, D.C., and state legislatures across the country when it comes to public spending.

Mr. Chairman, I have spent more than 40 years in the transportation construction industry where the dominant method of project award is by competition to the lowest bidder. As such, I am keenly aware of the bottom line and the need to control costs. At the same time, I know that without strategic investments in capital and personnel, my company will not grow or be prepared to respond to future market conditions.

That simple, but incredibly important, truth seems to be overlooked in many of the discussions about the need to cut federal spending. Notwithstanding the political rhetoric on both sides, there is a difference between investment and spending in the business world and this is certainly true about the federal transportation programs. Daunting needs and revenue assessments should not mask the reality that we cannot have a growing economy and a failing surface transportation infrastructure. Furthermore, the longer the status quo persists, the further performance of our highway and public transportation facilities will deteriorate and the more expensive they will become to fix.

To that end, the most important thing members of Congress can do at this stage is to jumpstart the surface transportation reauthorization debate as soon as possible with tangible legislation. As this process moves forward, we urge all parties to focus on achieving clearly defined national transportation goals and to keep an open mind about the investment levels necessary to meet long-term objectives.

While increased investment from all levels of government is necessary to help boost the performance of the nation's surface transportation network, there are also substantial opportunities to deliver transportation improvements through federal policy reforms.

[1] Wall Street Journal, "China Bets Highway Will Drive Its Growth," November 11, 2008.

Accelerating Project Review and Delivery

Past surface transportation reauthorization legislation has attempted to expedite the project review and approval process, but according to the U.S. Government Accountability Office (GAO) it still typically takes between nine and 19 years to plan, gain approval of, and construct a new major federally-funded highway project. Simply put, despite past efforts, projects are still not getting built in a timely manner.

While the project review and approval process can often involve dozens of overlapping state and federal laws, the area most in need of reform is the National Environmental Policy Act (NEPA), a law that is triggered any time an action by the federal government will result in an "environmental impact." For transportation projects, NEPA is activated when federal funds are used to support a project. NEPA was never meant to be a statute that enabled delay, but rather a vehicle to promote balance. While the centerpiece of that balancing is the environmental impacts, other factors must be considered as well, such as the economic, safety, and mobility needs of the affected area and how the project or any identified alternative will address those needs.

One practical effect of delays caused by NEPA is state departments of transportation building in extended time periods to their planning schedules for environmental reviews, simply assuming there will be delay. Planning for delays, however, is not a proper strategy. The current level of delay is simply not acceptable. Projects should not spend a decade or more in regulatory limbo. To remedy this, ARTBA suggests a number of fundamental changes to the project review and approval process.

First, the U.S. Department of Transportation (DOT) should be given the authority to require participating agencies to adhere to a set schedule in the approval of transportation projects. This type of true "lead agency" status will allow for a more predictable schedule in the delivery process as opposed to waiting for each agency to complete "their portion" at a much slower pace. Specifically, a hard time limit of 180 days should be set for all permits and other non-DOT controlled issues for project approval.

Another area for examination is the existing duplication between reviews done in the NEPA and transportation planning processes. One idea, originally proposed by the Bush Administration in 2003, would allow any study used during the transportation planning process to be valid for the purpose of fulfilling subsequent NEPA requirements (and vice-versa) as long as the information is still valid. This simple, yet effective concept should be pursued as there is nothing to be gained by redoing a study simply because it is demanded by an additional regulatory regime if the original information is still valid.

The Committee should also consider allowing states to assume responsibility for the NEPA process. This concept was originally started as a pilot program for five states in the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and should be allowed as an option for all states. SAFETEA-LU also promoted the delegation of certain categorical exclusions (CEs), or those federal actions with the least amount of environmental impacts to all states. There should be an examination of the types of CEs states are allowed to assume, and if possible, more should be added. Delegation allows states to use practices suited to their individual environmental and transportation needs which may not be applicable in other areas of the country.

A major area of NEPA also ripe for reform is the required analysis of alternatives to the proposed transportation project. This process should be limited only to those alternatives which are economically and technically feasible when compared to the project in question. In the case of transportation improvement projects, for instance, planners are often forced to consider alternatives that are not realistic for the affected area or the transportation goal that is being pursued. Further, the process should also take into account elements not currently considered by NEPA, such as the environmental and public health benefits of the project which would be forfeited by not proceeding.

There are opportunities outside of the NEPA process to accelerate project delivery. First, there must be improvement made in utility relocation practices. Location and relocation of utilities continues to be one of the leading causes of delays for highway and bridge construction projects, regardless of size. Utilities located in highway right of way are often not accurately documented and mapped, leading to potentially dangerous circumstances for workers, damage to facilities, disruption of service to customers, significant delays to construction activities and delays in benefits being provided to highway users. Standards establishing responsibilities for utilities in highway right of way must be developed in order to establish a sense of uniformity to this process.

The project review and approval process must be reformed in order to more effectively deal with the transportation needs and congestion issues facing the nation. If handled appropriately, improving project delivery would increase the efficiency of the transportation network, and ensure the traveling public receives the full benefit of the user fee-financed transportation system. We are not proposing changes that are outcome determinative; we are merely identifying process improvements that would generate quality decisions in a more timely manner.

For over a decade, reform to the environmental review process has been a top ARTBA priority. ARTBA looks forward to continuing its long tradition of working with the House in order to address federal transportation policy issues in a manner which balances needed environmental protections with the efficient delivery of all modes of transportation improvements vital to the nation's public health and safety.

Using Innovation to Enhance Transportation Policy

The federal highway and public transportation programs have been incredibly successful. In fact, the Brookings Institution cites the U.S.'s highway system as one of the top 10 accomplishments of the federal government. This impressive achievement notwithstanding, past success cannot serve as a rationalization for the status quo. As is the case in the business world, elected officials should constantly be looking for new and innovative opportunities to deliver services.

The increasing involvement of the private sector in project financing and delivery over the last 20 years has been a welcome and much-needed addition to the overall effort to improve the nation's surface transportation network. Public-private partnerships (P3s) offer not only a source of supplementary resources for transportation facilities, but also the entrepreneurial power of the private sector to improve efficiency in managing these endeavors.

ARTBA members have decades of experience across the broad range of transportation P3s. In fact, the ARTBA P3 Division has been on the cutting edge in promoting these types of opportunities since its inception more than 20 years ago. ARTBA remains an ardent supporter of P3s and federal policy reforms to increase their role in supplementing core public sector transportation investments. However, the potential contribution of P3s to the nation's overall surface transportation challenges must be considered in the proper context.

Since 1989, 24 states have worked with the private sector to build at least 96 transportation projects valued at more than $54 billion. Sixty-five percent of these projects have come in eight states: Florida, California, Texas, Colorado, Virginia, Minnesota, North Carolina and South Carolina.

Unfortunately, 26 states have not yet taken advantage of a P3 process for transportation improvements. In fact, almost half of the states have not yet approved P3 enabling legislation and, therefore, are not able to take advantage of these opportunities.

P3 projects are certainly a key component of the total solution to the nation's transportation infrastructure challenge, but they also currently have limited applications. To further encourage the use of transportation P3s in the next surface transportation reauthorization bill, ARTBA recommends that Congress:

- Enhance TIFIA—The Transportation Infrastructure Finance & Innovation Act has leveraged $7.9 billion of federal credit assistance to support $29 billion of total project investment by all parties. This is a return of more than three-to-one and even greater progress could be made by increasing the resources allocated to the TIFIA program.
- Expand PABs—Private Activity Bonds to support highway and intermodal activities have generated great interest and activity since this eligibility was established in 2005. The current authorization expires once the $15 billion cap is reached and this authorization should be extended to allow further use of PABs to support infrastructure improvements.
- Restore Build America Bonds—The successful Build America Bonds (BAB) program has lapsed. The continuing state budget difficulties and the record of

BAB support for transportation improvements make a compelling case for renewal.

- Eliminate Restrictions on Tolling—States should be given maximum flexibility to impose tolls to generate revenues from new and existing roadways, including the Interstate Highway System, to support needed infrastructure improvements. Expanded opportunities to utilize tolling, however, should include a specific prohibition against using the generated revenues for non-transportation activities.
- Evaluate Infrastructure Bank Proposals—The concept of a national infrastructure bank to provide either direct grants or credit assistance/loan guarantees for large nationally or regionally significant transportation projects would fill a clear void in federal transportation policy. As such, an Infrastructure Bank dedicated exclusively to advancing surface transportation improvements deserves serious consideration during the reauthorization debate.
- Educate Public Officials—The reauthorization bill should include enhanced strategies to encourage state and local officials to take advantage of opportunities to utilize P3s to advance transportation projects. They could range from technical assistance on individual projects to enacting state P3 enabling legislation.

While the potential of P3 projects is significant, other policy reforms would also capitalize on innovation to improve the effectiveness of the federal surface transportation program. Current Federal Highway Administration regulations can serve as a deterrent to utilizing the latest technologies and products to build projects better and faster. To rectify this situation, we encourage you to include a provision in your reauthorization proposal that allows the use of patented or proprietary products if a state transportation department certifies the item will contribute to the achievement of specific performance goals and that no other equally suitable product exists.

New and innovative revenue opportunities should also be considered to help address short- and long-term financial obstacles facing the Highway Trust Fund. We support the proposal from the Obama Administration to allocate modest resources for the study of a vehicle miles traveled user fee or some other comparable mechanism to ensure the trust fund can respond the nation's transportation challenges in the future.

More immediately, the reintroduction of a sales tax on new motor vehicle sales is one user fee option that could help boost Highway Trust Fund revenues. Recent analysis by the ARTBA economics team shows that an excise tax on the sale of new motor vehicles would not impact the sale of new cars or light trucks. In fact, during the life of SAFETEA-LU, a one percent sales tax on new cars and light trucks would have raised an estimated $20.9 billion for the Highway Trust Fund, or roughly the equivalent of a two-cent increase in the federal motor fuel tax rate.

Impediments to financing transportation improvements will not get any easier over time and it is incumbent on all parties to explore traditional and innovative approaches to fulfill this core function of the federal government.

Program Reforms

ARTBA supports the goal of consolidating the myriad of federal highway and public transportation programs into a more efficient structure that is aligned directly with achieving national priorities and clear federal responsibilities. While much of this discussion to date has revolved around the need to reduce the number of existing programs, we believe the overriding goal should be to improve the outcome of these activities. Certainly eliminating or reducing overlapping programs is appropriate, but we should also attempt to fill the clear void in surface transportation policy with respect to goods movement.

ARTBA believes the next surface transportation reauthorization should establish a new, federally-led program to develop the transportation infrastructure capacity necessary to facilitate U.S. freight flows. Inefficient goods movement hinders the competitiveness of U.S. firms in the global marketplace and the overall strength of our economy. States cannot be expected to address this dilemma on their own. These challenges will only grow in the future as U.S. freight shipments are projected to grow dramatically over ht the next 20 years. ARTBA's proposed "Critical Commerce Corridors (3C) Program" would supplement, not supplant, existing programs by developing a national strategy to facilitate goods movement and providing the resources necessary to implement.

We believe that the 3C system, which would include truck-only lanes, multi-modal transfer centers, new multi-state corridors and "last mile" connections with the nation's sea and water ports, rail hubs and airports, should be funded with a new dedicated federal freight-related user fee/tax outside of current Highway Trust Fund revenues. The concept of user fee financing for transportation programs has proven to be an effective and stable source of revenue for long-term projects. We should build on this successful model in developing a national freight program.

ARTBA has endeavored to develop a viable new revenue source to support a goods movement program. ARTBA engaged PricewaterhouseCoopers LLP (PwC) National Economics & Statistics Group to delineate the structure for such a tax and analyze its budgetary impact. The proposed new federal excise tax would be assessed on the value of transportation services provided by trucks with gross vehicle weight ratings (GVWRs) of more than 26,000 pounds (DOT Class 7 or Class 8 vehicles).

The "Highway Transportation Services Tax" (HTS) would be levied in addition to the federal Highway Trust Fund taxes currently paid by these commercial vehicles. It would be structured similarly to the current excise tax on air cargo services (see Internal Revenue Code Sec. 4271).

Another key component to improving the outcome of the federal highway and public transportation programs is instituting new measures to assure accountability in the use of federal funds in order to achieve specific performance goals. One of the hurdles facing all levels of government is the lack of faith the American people have in public institutions. Ensuring transparency and accountability would help in restoring public faith in the stewardship of these funds.

Similarly, the federal surface transportation program should be reformed to ensure highway and public transportation investments achieve national objectives and demonstrate the clear value delivered to the American public. To achieve this goal, a process that integrates the development of performance metrics, implementation strategies, and accountability for progress with federal highway and public transportation investments should be established in the next reauthorization bill.

Conclusion

Mr. Chairman, members of the subcommittee, again I commend you for convening today's hearing and thank you for inviting the American Road & Transportation Builders Association to participate.

The nation's economic recovery is fragile and its surface transportation network is at a crossroads. While there are some that suggest we should delay action on a multi-year surface transportation bill until some unspecified point in the future, the reality is that kicking the can down the road will only exacerbate the urgent economic and infrastructure issues facing the nation.

We certainly recognize writing and enacting a multi-year reauthorization bill will not be easy. The most important thing members of this Committee can do at this stage, however, is to produce legislation and move forward. Until the relevant committees in the House and Senate start this process, there will be no opportunity to provide the long-term certainty needed to implement state transportation improvement plans.

The commitment of this Committee to producing a long-term transportation bill is clear and we pledge to work with you to achieve this goal.

I would be happy to answer any questions.

William G. Cox
President, Corman Construction, Inc.
Responses to Questions from Congressman Peter DeFazio
House Highways & Transit Subcommittee Hearing
March 30, 2011

1. **Mr. Cox, according to the U.S. Department of Transportation (DOT), the Federal Government needs to invest a minimum of $62 billion a year just to maintain our roads and bridges in their present condition. We currently invest less than two-thirds of that amount. The FY 2012 Budget Resolution passed by the House will require a 35 percent cut to surface transportation programs from current investment levels. What do you foresee will be the impacts of this underinvestment on highway safety, economic competitiveness, and mobility?**

Representative DeFazio, the American Road & Transportation Builders Association (ARTBA) has long advocated for needs-based investment levels for the federal highway and public transportation programs. The U.S. Department of Transportation's Conditions and Performance Report provides the empirical information necessary to determine what level of investment is necessary to maintain current conditions and system performance or to produce improvements in both areas.

The federal government, however, is only one component of the overall U.S. transportation construction market. For example, federal highway investments historically constitute between 40 and 45 percent of annual U.S. highway capital improvements. The real-world impacts of a 35 percent reduction in federal surface transportation investment, therefore, would depend on the concurrent behavior of other participants in this marketplace, most notably state and local governments and the private sector. This dynamic was clear in the implementation of the American Recovery and Reinvestment Act (ARRA) where transportation cutbacks by a number of states significantly offset the benefits of stimulus highway investments. Furthermore, federal policies can change that increase or decrease the amount of resources directed to the type of infrastructure activities that deliver safety, economic competitiveness, and mobility benefits.

According to an ARTBA analysis of Federal Highway Administration data on the use of federal funds, approximately 85 percent of highway program resources are invested directly in activities that improve or enhance the safety and performance of the nation's highway network. Consequently, a 35 percent reduction in federal investment—with no compensating increase from other levels of government/private sector or federal policy reforms—would certainly reduce the total amount of highway safety, economic competitiveness and mobility improvements that could be initiated.

2. **Mr. Cox, would a surface transportation program that was significantly more dependent on public-private partnerships provide the degree of certainty necessary for your member companies to plan for the future.**

Representative DeFazio, the answer to that question will depend on that individual member and the region in which they operate. ARTBA has been an aggressive proponent of public-private partnerships (P3s) to supplement the core federal highway and public transportation programs for over 20 years. That experience has provided our association and its members with first-hand knowledge of the capabilities and limitations of P3s in the transportation arena. Well constructed P3s can fill a void in existing transportation programs at all levels of government. What P3s cannot do is replace these core programs and meet every transportation need in every community across the nation.

For our members that focus on large construction projects in densely populated areas, increased use of P3s could provide them with the certainty they and their public sector counterparts need to plan and implement long-term transportation improvements. For smaller firms that operate in rural areas or in states that do not or cannot legally engage in P3 projects, a greater reliance on P3s would likely have little impact on their operations.

As I noted in my written testimony 24 states have worked with the private sector since 1989 to build at least 96 transportation projects valued at more than $54 billion. Sixty-five percent of these projects have come in eight states: Florida, California, Texas, Colorado, Virginia, Minnesota, North Carolina and South Carolina. Unfortunately, 26 states have not yet taken advantage of a P3 process for transportation improvements.

P3s clearly have an increasingly important role to play in the effort to address the nation's transportation challenges. They should, however, be considered in their proper context—as an additive to long-term, systemic initiatives by all levels of government.

3. **Mr. Cox, an analysis of nation-wide construction investment found a $20 billion reduction in state and local investment over the past three years. The Government Accountability Office (GAO) has previously found that since the mid-1990s, increases in Federal highway funding have been accompanied by decreases in State highway spending. What are the impacts of declining state and local investment on your industry? If a surface transportation bill contains significant cuts in Federal dollars, do you believe states and local governments have the ability to step up to fill the gap?**

State and local governments depend on dedicated highway taxes and user fees to finance their highway improvement programs, just as the federal government does. The revenue sources are more varied at the state and local level than at the federal level, and include revenues from motor fuel taxes, vehicle registration fees, sales taxes on motor vehicles, truck taxes, and a variety of smaller fees. Revenues from these taxes and fees are significantly affected by the state of the economy. In particular, when the U.S. economy experiences a downturn as occurred in 2007-09, state and local revenues for highway improvements go down, just as did revenues into the federal Highway Trust Fund. The recession cut into motor fuel tax receipts, vehicle registration fees, new car sales, and the taxes and fees levied on truck traffic. The result was a significant decrease in the ability of state and local governments to finance highway improvements. The Federal Highway Administration has not yet released data on state and local highway investment during 2009 or 2010, but there are data that illustrate the impact of recession on state and local highway investment:

- In February 2009, Congress enacted the ARRA, which included $27.5 billion of funding for highway improvements. According to the Federal Highway Administration, outlays for construction work performed on projects financed by the ARRA totaled $5.6 billion in calendar 2009 and $11.5 billion in 2010. But the total value of construction work performed on highway and bridge improvements did not increase by a commensurate amount either year. In 2009, the value of construction work rose only $600 million, suggesting that state and local governments reduced their own highway investment by $5 billion. In 2010, highway construction rose only $1.4 billion, indicating that state and local investment in highways that year went down another $4.5 billion, to a level $9.4 billion below their investment in 2008. The economic recession thus forced a significant reduction in state and local investment in highways and bridges. Fortunately, the Recovery Act filled the gap, preserving the jobs of tens of thousands of construction workers and workers in supporting industries that would otherwise have been laid off. It is significant to note that highway and bridge construction was the only major construction segment that did not decline during the 2007-09 recession, despite the reduction in state and local investment, due to support provided by the Recovery Act.
- Other evidence comes from the recession that occurred in 2001. While that was a much milder recession than the 2007-09 recession, it also had a significant impact on the revenues used by state and local governments for highway improvements. In the aftermath of that recession, state and local highway investment was flat for four years and did not begin to grow until 2005, when the U.S. economy began experiencing strong growth.

The economic recovery will certainly help restore state and local revenues from highway user taxes and fees. But there is no reason to believe that state and local revenues from highway user taxes and fees will grow significantly faster than revenues into the federal Highway Trust Fund. The Congressional Budget Office expects Highway Trust Fund revenues to grow an average of about 1.5 percent annually for the foreseeable future.

Historically, the federal highway program has financed about 45 percent of construction work performed on highways and bridges, while state and local governments have financed about 55 percent. If federal highway funding were to fall below its current level of $41.1 billion, there will certainly be pressure on state and local governments to increase their own highway investments. But the only way for state and local revenues to grow significantly faster than federal highway revenues would require increases in tax rates, which meet the same obstacles as an increase in the federal motor fuel taxes.

While states and local governments certainly have the ability to compensate for transportation investment reductions at the federal level, doing so would require them to overcome the same political challenges facing the federal highway and public transportation programs.

AGC of America
THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA
Quality People. Quality Projects.

Testimony of
Paul Diederich

on behalf of
The Associated General Contractors of America

Presented to the

Subcommittee on Highways and Transit
of the
Transportation and Infrastructure Committee

on the topic of

Improving and Reforming the Nation's Surface Transportation Programs

March 30, 2011

The Associated General Contractors of America (AGC) is the largest and oldest national construction trade association in the United States. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors, and over 12,500 specialty-contracting firms. More than 13,000 service providers and suppliers are associated with AGC through a nationwide network of chapters. Visit the AGC Web site at www.agc.org.

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Mr. Chairman and Members of the Committee, thank you for the opportunity to present testimony on the Surface Transportation Reauthorization. I am Paul Diederich, President of Industrial Builders, Inc. in Fargo, North Dakota. My company was started by my father in 1953. Our company is a member of the Associated General Contractors of America (AGC) and I am currently serving as AGC's Vice President.

AGC is the largest construction association in the country, representing contractors that build all forms of infrastructure, including: highways, bridges, transit systems, airport terminals and runways, water and wastewater treatment facilities, underground utilities, public buildings, multi-family housing, office buildings, military facilities, water resource projects, energy production and conservation, and many other structures that are the backbone of the U.S. economy which provide and ensure U.S. citizens' quality of life. AGC represents more than 33,000 firms, including 7,500 of America's leading general contractors and over 12,500 specialty contracting firms. In addition, over 90 percent of the AGC membership is small businesses. Unfortunately, we have seen many of our members lay off people, cut back on purchasing and upkeep of equipment, and some are going out of business due to the ever shrinking construction marketplace.

My father testified in support of a highway bill twice, and this is my second time to testify before this committee. The reason I came here is to highlight the importance of continuing a strong federal role in transportation infrastructure investment in the United States of America. It is vitally important to a company like ours to have some certainty that there will be work to compete for on an ongoing basis.

We built our company one project at a time and one piece of equipment at a time. We built the company with an optimistic outlook. In addition to roads and bridges, our company has built levees for the Army Corps, we built natural gas compressor stations and pipelines for the energy industry, we built manufacturing facilities and warehouses for the agricultural sector and many different types of work as the country prospered after World War II.

As my brother and I build our company through the second generation, we wonder which capital investment programs this country will continue and in what format, and we wonder if our father would feel optimistic today. Out industry is in a severe recession and the future of major capital investment programs feels uncertain at best.

The series of extensions has had an impact on the industry. The lack of certainty has had an impact on the people who use the system because they are not seeing major capital improvements. It has had an impact on the companies that builds roads; bridges and transit systems cannot make long-range plans; we hold back hiring decisions and we defer our own equipment purchases. It has an impact on the people who work for us. The construction industry has lost 2.5 million jobs over the last two years. The construction careers that built the country look a lot less attractive if the government acts like they will turn the program on and off like a light switch. In North Dakota the department of transportation has held back long-term projects that provide long-term jobs. Every time the program gets close to shutting down, I have to wonder if I will have to lay off workers. As our construction season is getting ready to begin, I wonder if I will be able to hire workers for the construction season.

It is even more important as the construction industry continues to struggle

While the recession officially ended in June 2009, construction continues to suffer from job losses, uncertainty, and ever-tighter margins. The current unemployment rate in the industry is 21.8 percent (more than twice the national average). During the past twelve months alone, the industry has lost over 100,000 jobs, and over 2.2 million jobs have been lost since 2007. In short, the construction industry continues to suffer from depression-like conditions.

The industry continues to shed jobs because demand for construction remains weak, and because of uncertainty. There is uncertainty over the economy, uncertainty over the regulatory climate, uncertainty over the tax climate and uncertainty over the future of the nation's long-term capital investment programs.

I would like to thank the Committee for holding this hearing and for making a priority of moving long-term infrastructure legislation, including the Federal Aviation Authorization and the Surface Transportation Authorization. Those bills are long overdue and a lot of good ideas have been laid on the table.

Transportation and the Economy

The uncertainty does not just impact contractors. The transportation system moves the economy. The construction industry's programmatic problems are just a symptom of the bigger systematic problems. The U.S. economy is not as strong as it needs to be. While at the same time our future is threatened by growing long-term budget deficits, the country needs to also consider the importance of federal capital investment programs. The excess capacity that was built into the transportation system as it was being built facilitated post World War II U.S. economic expansion. That excess capacity is gone. As major economies around the world copy the U.S. model by expanding infrastructure investment to sustain economic growth, America must take meaningful action to preserve our long-term economic growth model. We acknowledge that there is a legitimate economic reason to work to reduce the budget deficit. We also believe that infrastructure is too important to ignore. This was recognized by the National Commission on Fiscal Responsibility and Reform, which included in its report last December the recognition that that the *nation needs both—strong economic growth and strong deficit reduction.*

They put it in these terms:

> **"Cut and invest to promote economic growth and keep America competitive.** We should cut red tape and unproductive government spending that hinders job creation and growth. At the same time, we must invest in education, infrastructure, and high-value research and development to help our economy grow, keep us globally competitive, and make it easier for businesses to create jobs."

The Commission also recommended programmatic reforms before additional funding is made available.

> The Commission recommends gradually increasing the per-gallon gas tax by 15 cents between 2013 and 2015. Congress must limit spending from trust funds to the level of dedicated revenues from the previous year. Before asking taxpayers to pay more for roads, rail, bridges, and infrastructure, we must ensure existing funds are not wasted. The Commission recommends significant reforms to control federal highway spending. Congress should limit trust fund spending to the most pressing infrastructure needs, rather than forcing states to fund low-priority projects. It should also end the practice of highway authorization earmarks such as the infamous "Bridge to Nowhere."

In this vein, AGC strongly urges the Committee to move a multi-year surface transportation bill that will promote economic growth and put the construction industry back to work. We support the Committee's commitment to writing a long-term surface transportation bill that streamlines programs, eliminates waste, creates efficiencies, increases project delivery, and promotes innovative financing. That would be a positive step in assuring that the federal dollars are spent judiciously.

AGC firmly believes that capital investment is Essential for Economic Growth

Transportation is important to America's economy. It is our national surface transportation network that allows manufacturers to distribute their products to markets; and it allows people to get to and from work and to conduct business. This concept is borne out by some of our coalition partners in the reauthorization effort like the Chamber of Commerce and the National Association of Manufacturers. The Chamber said the following in their Jobs for America open letter to Congress last year, "without proper investment and attention to our infrastructure systems, the nation's economic stability, potential for job growth, and global competitiveness are at risk." The National Association of Manufacturers included the following statement in their Manufacturing strategy for jobs and a competitive America, "invest in infrastructure to help manufacturers in the Unites States more efficiently move people, products and ideas." They each believe that infrastructure investment is critical to improving international competitiveness.

If our surface transportation network has adequate capacity and is efficient, it provides better accessibility to markets and employment, it lowers costs and it improves productivity. It makes businesses more competitive and better able to compete in the global marketplace. It allows the economy to flourish, and a flourishing economy means *more jobs* for all Americans.

On the other hand, if our surface transportation network has inadequate capacity and is inefficient, it provides less accessibility to markets, it raises costs, and it lowers productivity. It makes businesses less competitive and less able to compete in the global marketplace. It weakens the economy. And a weaker economy means *fewer jobs* for all Americans.

Fortunately, America has had leaders who have understood the important impact transportation infrastructure has on the economy and our national well-being. The Federal government has played a critical role in developing our navigable waterways and canals, our transcontinental railroads, our national aviation system, our major metropolitan transit systems, and our Interstate Highway System. These transportation systems have been one of the major reasons why our economy has been able to expand and flourish over the course of U.S. history.

Nowhere is this more evident than with the Interstate Highway System. A few decades ago, our parents and grandparents had the foresight to invest in President Eisenhower's vision of a national system of interstate highways. This Interstate Highway System has been a boon to our economy. Since the system was built with excess capacity, it has been able to support our growing economy and population. And since it was new, with a design life of 50 years or more, we have not had to spend much on repairs or replacement.

Unfortunately, the system is over 50 years old. The excess capacity has been used up in key spots, resulting in bottlenecks and congestion throughout the system. This increases costs for our nation's businesses, making them less competitive, and lowering productivity. It is starting to hurt our economy and job-creating capabilities. Moreover, the system is starting to fall into disrepair now that it has reached its design life.

Today's problems are insignificant compared to what's coming. If we don't act soon, a growing population and economy will result in gridlock on much of the system because of inadequate capacity and inefficiency. The system will provide substantially less accessibility to markets; it will raise costs for businesses significantly, and it will lower productivity significantly. It will make our businesses less competitive and less able to compete in the global marketplace. It will substantially weaken the economy, driving manufacturing and jobs to parts of the world where infrastructure investment is a higher national priority. As a result, there will be *far fewer jobs* for all Americans.

To keep this from happening, we must make substantial targeted investments in our national surface transportation network—including our highways, our transit systems and our intermodal facilities. We must provide additional capacity where needed. We must repair and replace sections as they wear out, and we must make these improvements on a system-wide basis. A project here, and a project there, does not get the job done. The National Surface Transportation Policy and Revenue Study Commission estimated that all levels of government and the private sector need to invest at least $220 billion annually to meet these needs. Today we invest only about $87 billion annually, which explains why congestion is getting worse and our transportation systems are continuing to decay.

The challenge in writing the next surface transportation authorization bill is how to prioritize targeted investments in our nation's surface transportation infrastructure in the face of declining revenue generated from the Highway Trust Fund (HTF).

Current HTF revenue does not meet the maintenance demands of the federal aid highway system, much less address the need for additional capacity, intermodal improvements, eliminating bottnecks and improving safety. It is estimated that the current HTF revenues will only meet 44 percent of the requirements to simply maintain the current federal aid system; similarly, such revenues fund only 36 percent of the cost to improve the federal aid system. However, Chairman Mica, President Obama and many others have said increasing the gas tax is off the table. Absent that increase, we will be forced to confront a new reality.

Without additional revenue, the program will be forced to operate within the revenue stream generated by a user fee that was last increased by 4.3 cents per gallon in 1993 when the highway user fee was increased from 14 cents per gallon to 18.4 cents per gallon. So, by the middle of this decade it will have lost about half of its purchasing power. This translates into a much smaller federal transportation program - one that addresses fewer options and one that benefits fewer Americans in fewer areas of the country. If this is the new normal for transportation, Congress will need to re-examine and redefine the federal role in surface transportation. Congress will be forced to decide what programs are most important to achieving the national goal, fund them with the limited revenue available, and make substantial reforms to make the current [program] system more efficient and cost effective.

But this may be harder than it seems. Just to provide an example of the enormity of need, I would like to offer the following example: When Eisenhower signed the first highway bill in 1956, the user fee was 3 cents-per-gallon, and a first-class postage stamp was the same. Today the user fee stands at 18.4 cents-per-gallon, six times the rate in 1956. On the other hand, a first class stamp costs 44 cents, more than 14 times the rate in 1956. It is absolutely critical that we continue to invest in our nation's infrastructure in order to maintain the integrity of what we have, as well as to improve in areas of need.

In addition, the Obama administration acknowledged that the country needs a $556 billion transportation program, but in their proposal they acknowledged that there is no easy solution to financing the program the country needs. The administration also acknowledged that consolidation of programs and other reforms were needed as well. While we agree with the needs and the premise that reforms are due, we do not agree that the administration's priorities are perfect, and we are very concerned at the prospect of changing the highway trust fund into the transportation trust fund and funding rail and an infrastructure bank out of the fund. The highway trust fund is oversubscribed as it is. Adding new accounts doesn't solve nearly as many problems as it creates in the zero sum world we believe Congress is looking at now.

Establish a Clear, Achievable National Goal

The once clear objective of the federal-aid highway program was to connect the nation from east to west and north to south. That objective has now proliferated to more than 100 different funding categories. This makes it difficult to identify priorities or to make clear what the federal role is.

We believe the primary federal role in transportation should be to facilitate interstate commerce; therefore, the federal program should be focused on connecting major cities, major manufacturing facilities, shipping and distribution hubs, reducing congestion and enhancing safety. To maximize the beneficial impacts of what may be a smaller federal investment, the federal involvement will be forced to focus on just the National Highway System (NHS) routes.

The NHS is made up of the interstate system plus 115,000 miles of rural and urban principal arterials. The current NHS carries 40 percent of all highway traffic and 70 percent of truck traffic. This is the national economic engine.

The programs should not be micromanaged by congress or the US DOT, but should instead be subject to minimum standards for performance, maintenance, environmental compatibility and safety. Funds should be given to states to address national priorities within the state's borders.

Move Public Opinion

This bill should also return faith to the users of the system that the money being collected is being put to good use. In order for this to happen top-to-bottom reforms are needed to guarantee that the users of the system are getting a return on the dollars that they pay into the system in the form of the user fees. What is needed is a program that will be accountable for results, makes investments based on community needs, and delivers projects on-time and on-budget.

Focus groups have found that there is a perception that existing transportation funding is not used in a cost-effective manner and that the current process used to complete projects is wasteful, and takes too long. Public confidence in the federal program must be restored.

We believe this goal will be difficult to achieve while operating the program exclusively on the revenue coming into the HTF. If that is required, it can only be accomplished by making hard choices. Living within the revenue currently generated by the highway user fee will force the committee to pass a bill that will be about 14% below SAFETEA LU and nearly 30% below current funding levels. Under these fiscal constraints, funding from the highway and mass transit accounts of the HTF must remain separate. The Committee must look at the 108 programs currently funded from the HTF and determine what is a national priority to fund, what should be eligible to be funded and what should no longer be funded. In addition, the program must be more focused on meeting the national goal; it must show reform through greater transparency and accountability. The program should include better planning, programming, and project delivery.

By showing fiscal restraint in transportation spending and returning the HTF to its core function of constructing and maintaining our highways, roads, and bridges the principle of the highway user fee will be honored and the national priorities will be addressed. Taxpayers will receive the benefit of a well functioning highway system that is promised when paying a dedicated fee for using the system. The perception of the program can be removed, lifting a major barrier in building support for an eventual increase in federal funding.

Program Reform

Allow states the flexibity to address federal priorities within their borders

This newly focused federal program must allow states the greatest flexibility to make strategic decisions on a narrower program that focuses on NHS improvements that will best address the national objective. To accomplish this, many existing funding categories will have to be eliminated and or incorporated into the newly expanded NHS program. The majority of the funding should focus on keeping the NHS in a state of good repair and adding capacity necessary to keep the NHS fully functional and accommodate future economic growth. For the rest of the needs, a program like the Surface Transportation Program (STP) could allow access to a more flexible program without existing suballocations, allowing states to address the priority national needs within their borders. States should be free to address national and state priorities but do not have the resources to spend on government programs that are not the core national priority.

Project Delivery

Reform also must be addressed in project delivery and streamlining. Program reforms are necessary to give highway users the best return on their investment. This is particularly true if the program is to operate within cuts that will be required if the program just runs on the existing highway trust fund revenue. Delays in project delivery can increase the cost of projects and deny users the benefits of their investments. Expediting project delivery for transportation infrastructure projects appears to be a priority of both the Administration and Congress. FHWA has looked to address project delivery through its Every Day Counts (EDC) Initiative and Chairman Mica plans to include a 437-Day Plan to expedite infrastructure projects in the reauthorization.

FHWA's EDC initiative focuses on the flexibilities in existing laws that allow it to focus on expediting project delivery. A number of the proposed reforms cut project delivery time and reduce cost. AGC believes the following EDC initiatives should become standard operating procedures in states:

- Linking the planning and environmental process to eliminate duplication and speed approval;
- Early legal review of decisions made in the planning and environmental process;
- Standardize procedures for planning and project review;
- Expand use of mitigation banking for environmental permits;
- Allow the planning and design process to begin before NEPA review is complete;
- Make use of and consider increasing flexibilities in the law for right of way acquisition and coordination with other key development actions;
- Make greater use of flexibilities in the law that expedites utility relocation; and,
- Provide FHWA greater authority to provide technical assistance in Environmental Impact Statement development.

Streamlining Decision Making and Dispute Resolutions Moves Projects Faster

AGC believes reforms need to go farther. In addition to the Every Day Counts initiative, legislative changes are necessary to expedite project delivery. The federal /state partnership should include more decision-making delegated to states. Eliminating micromanagement, removing redundant procedures, increasing accountability of federal and state government decision-makers, and limiting opportunities for lawsuits can achieve efficiencies in project delivery. The program of the future must retain public participation, focus on the safety of the traveling public, and ensure environmental compatibility.

Regulators should limit their involvement to areas of specific agency expertise; legal disputes must be assured swift judicial reviews; and interagency conflicts should be settled with efficient dispute resolution procedures that include one decider who is in charge of finishing the project. The following recommendations should be included in the surface transportation reauthorization legislation:

- Continue and expand to all states the existing pilot program that allows state DOTs to assume all USDOT environmental responsibilities under NEPA and other environmental laws. Identify and eliminate impediments to states for accepting this delegation of authority. So far, California is the only state that requested authority to undertake the NEPA environmental review process that was allowed under a pilot program established in SAFETEA-LU. California's experience with this process should be looked at for lessons learned. Streamline the NEPA process and set strict deadlines for resource agencies to make decisions. Limit the possibility for lawsuits and provide for expedited review of legitimate complaints. There is no reason the process can't facilitate quick resolution of legitimate concerns.
- Concurrent reviews should become the norm rather than the exception.
- Eliminate the need for projects that are undertaken within an existing right-of-way to undergo a full environmental review.
- Expand the list of projects that are eligible to be included as a categorical exclusion from environmental review.
- Under 23 CFR 645.205(c), the State is required to control utility use of right-of-way on a federal-aid project so as to preserve the operational safety and the function and aesthetic quality of the highway facility. State DOTs should be given more authority to require utilities located within the highway right-of-way to relocate their facilities in an expeditious manner when road improvements are pending. Under this authority, states should be allowed to require utility companies to provide electronic files mapping utilities located in NHS right of way for all future utility locations and relocations in the highway right-of-way. Incentives should be created to encourage states to use Subsurface Utility Engineering on all construction projects where utility location is an issue.
- Allow states (at their own risk) to acquire right-of-way prior to final completion of the NEPA review process.
- Allow states to advance design work (at their own risk) prior to final acceptance of NEPA review and formal record of decision.
- Delegate compliance for Americans with Disabilities Act, labor and environmental rules to the states so compliance questions and plans can be executed quickly.
- States should be given more discretion to administer their construction contracts with federal oversight and approval requirements minimized. Authority to approve change orders or changes in project scope should be maintained by the states.
- Allow states discretion to limit bikeways on expressways to circumstances where it is deemed these activities safe for both bicyclists and motorists.
- Compliance with federal rules should strive to include best practices rather than just be outcome oriented.
- The process should include a swift opportunity to appeal when there is a dispute between contractor and state over federal requirements with hard deadlines for decisions. For

instance the FHWA should be required to issue decisions within 7 days on disputes or on change orders.

- Federal review of state rules and procedures should occur no more often than every five years to ensure compliance with federal management requirements, rather than reviewing every element of each project.
- State and federal compliance audits should be good for at least 3 years, rather than reinvestigated on every project so that inspectors can expand their hunt for bad actors rather than continuously auditing and re-auditing good players.
- States should be encouraged to consider total road closure as the first option when looking at reconstruction and rehabilitation projects on existing roadways.
- Partnering has been used successfully by some state DOTs. States should be incentivized to use a formal partnering process on projects with an estimated cost greater than $5 million. Decision deadlines should be part of the partnering process.
- States should also be incentivized to expedite and accelerate project delivery. Rather than have the federal government tell states how to run their construction programs, they should receive financial incentives from discretionary funding sources for shortening project delivery times.

Supplementing Current Revenues

Without additional funds, there will be a great need to provide supplementary revenue streams for traditional transportation infrastructure funding. However, these financing approaches must not be over sold. Not all financing mechanisms are appropriate for every transportation construction project and will not work in every state or every region. Any potential financing tool, whether it be private investment or innovative financing, must be carefully applied.

These mechanisms are important in providing up-front capital to state and local governments to meet their construction needs by leveraging future dollars. In most cases these projects will be more expensive for the users because the capital used to finance the projects will need to be repaid with interest. Financially viable projects tend to have high traffic counts and high forecast for future growth. Therefore innovative financing and private investment is often hard to apply in rural settings, like North Dakota

In addition, with the great demands on the current revenue stream, Congress should minimize the HTF revenues which are used to subsidize any potential private financing tool.

We need an honest discussion of all new sources of revenue

Public Private Partnerships (PPPs) have their place and limits. Some policy makers portray PPPs as the silver bullet to solving the investment gap in our transportation system. The fact is that less than 10% of transportation investments can financially support PPP investment. In addition, private entities borrow money at higher rates than the federal government, and that borrowing cost will need to be repaid by users of the system. Considering these facts, and since the majority of PPPs are entered into at the state and local level the federal government should develop best practice information for PPPs that focuses on transparency and accountability.

In addition to PPPs, the next authorization bill should include a transition to the next generation of federal revenue for infrastructure investment such as the following:

- Congress should consider transitioning the user-fee collection model to a Vehicle Miles (VMT) tax. A VMT tax would be charged to all vehicles using transportation infrastructure that is eligible for federal funds. Mileage could be electronically recorded and collected at the gas pump when vehicles are fueled or through a monthly invoice.
- Reauthorize the Transportation Infrastructure Financing Investment Act (TIFIA) loan program with a larger volume capacity and increase the project eligibility for TIFIA financing.
- Continue the availability of Grant Anticipation Revenue Vehicles or GARVEE Bonds and Grant Anticipation Notes. These grant anticipation financing vehicles enable public agencies to borrow against future federal grants and provide upfront funding for capital investment.
- Invest in the re-capitalization of state infrastructure banks. Ensuring the health of the state infrastructure banks could help support smaller projects.
- Lift the volume cap on Private Activity Bonds for highway and intermodal projects.
- Reauthorize the Build America Bonds program as a financing option.
- Expand qualified tax credit bonds (QTCBs) for surface transportation projects. QTCBs are currently authorized for forestry conservation, renewable energy projects, energy conservation, qualified zone academies, and new school construction.
- Establish a national infrastructure bank to help address surface transportation infrastructure needs. Many questions remain as to structure, capitalization, and scope of a national infrastructure bank, therefore, the bank should not be seen as a rifle shot solution to our surface transportation funding needs.
- Make permanent interstate tolling pilot programs in SAFETEA-LU
    - Allow state and local governments to toll new capacity on the Interstate system.
    - Allow tolling of the Interstate in large metropolitan areas
    - Allow tolling of the Interstate for reconstruction and rehabilitation

In this time of constrained resources and volatile markets, the resources available for financing surface transportation projects should be diverse and flexible enough to allow states and localities to use the most efficient and appropriate form of contracting for each given project.

Conclusion

AGC urges the Committee to take the steps to bring some certainty to the market, to reform the program in a way that allows for the prioritization of the greatest needs of our surface transportation network. These steps, along with a careful examination of all possible financing and funding options will allow the program and the country to thrive. The construction industry makes decisions about investments in new equipment and in retaining and training a workforce based on its projection about where the market will be over the long-term. Without the knowledge that a continuous and growing market is on the horizon, construction firms will not make these critical investments. This is particularly true for small businesses that have less operating capital to invest and tend to be more risk adverse. But in talking about the transportation system, the impact hits all segments of the economy. For these reasons we encourage the enactment of a reformed, refocused multi-year surface transportation bill that puts our members back to work and allows the entire economy to expand.

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HEARING ON: IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS
QUESTIONS FOR THE RECORD
PAUL DIEDERICH
MARCH 30, 2011

1. **Mr. Diederich, the lack of adequate public sector investment has lead to increased focus on public-private partnerships (PPP) as a tool to financing surface transportation projects. In your view, are PPPs a more or less expensive method of building projects? Why? Can PPPs realistically be used to support maintenance or rehabilitation projects, in your view?**

Public-private partnerships (PPPS) on surface transportation projects, specifically highway projects have the potential to provide numerous benefits to the public. However, they are not a panacea and also bring with them potential costs and trade-offs. These short terms savings tend to make PPPs more politically appealing.

In the short-term, PPPs allow state and local governments to construct new infrastructure without having to use public funds or in some cases in combination with public funds. The use of private funds may free up some public funds that can be used on other public programs including transportation. There are potential benefits including the transfer or sharing of project risks with the private sector. Some public private partnerships have delivered efficiencies on the operation of the systems and relieved public entities of life-cycle management concerns. Limited public restrictions can also allow liberal use of innovative technologies, and greater potential for market based decisions to increase mobility.

These short-term savings and benefits are offset by added costs in out years. PPPs bring money to the table, but there is no such thing as free money. Even though PPPs can be used to obtain financing without using public dollars, this money must be paid back to the private investors with interest. Restrictions in PPP agreements can limit the extent that the concessionaire can raise tolls but they increase risk and that comes at a cost. In addition, a public entity may give up more than it gains if the net present value of the future stream of revenues given up is greater than the payment from the private entity. PPPs can realistically be used to support maintenance or rehabilitation projects. In some cases, they are the only way to get a project underway and according to the Federal Highway Administration the use of PPPs are emerging in the area of highway maintenance. States procure maintenance and preservation of highways in a variety of ways. Also according to FHWA, more states are entering into performance-based maintenance contracts, in which all risks for the maintenance of certain assets are transferred from the agency to the contractors.

2. Mr. Diederich, would a surface transportation program that was significantly more dependent on PPPs provide the degree of certainty necessary for your member companies to plan for the future?

As I stated in my testimony, "Public Private Partnerships (PPPs) have their place and limits. Some policy makers portray PPPs as the silver bullet to solving the investment gap in our transportation system. The fact is that less than 10% of transportation investments can financially support PPP investment." For these and other reasons my company and other AGC members can not rely on increased use of PPS to make businesses decisions and plan for the future. The bottom line is that PPPs are another tool in the toolbox but will never replace the certainty that we are given through a fully-funded multi-year surface transportation bill.

The way the Federal-aid Highway program traditionally operates is through the six-year authorization legislation which provides states with contract authority to cover capital improvements over the life of the authorization. Contract authority is an important budgeting concept because it gives states the certainty they need to plan long-term about what highway improvements they will be able to undertake in the coming years. This certainty also is important to the construction industry because they can do their own planning, market projections and investment decisions based on the authorized funding levels. PPPs do not provide the same long-term planning potential because there is less transparency and certainty associated with this financing option.

3. Mr. Diederich, an analysis of nation-wide construction investment found a $20 billion reduction in state and local investment over the past three years. The Government Accountability Office (GAO) has previously found that since the mid-1990s, increases in Federal highway funding have been accompanied by decreases in State highway spending. What are the impacts of declining state and local investment on your industry? If a surface transportation bill contains a 35 percent cut in available Federal dollars, do you believe states and local governments have the ability to step up to fill the gap?

North Dakota and some of our local government entities have been able to replace a portion of "reduced federal Investment", but cannot replace all of the lost Federal money. While most states have faced deficits in recent years, North Dakota has remained in surplus and added to our rainy day fund. Many AGC members throughout the country have seen their state programs become more reliant on federal funds in the face of their individual state budget crisis. Declining federal, state and local investment means that our infrastructure will continue to deteriorate, there will be less work for our members and construction employees will remain unemployed.

The question of whether or not states and local governments will have the ability to step up and fill the investment gap that will be caused by a theoretical 35 percent cut in available Federal dollars remains to be seen. Many states and local governments are broke and can't meet their surface transportation needs just as the Federal government can't meet their needs.

Testimony of Bryan Grote
Principal, Mercator Advisors LLC
And
Member, National Surface Transportation Infrastructure Financing Commission

Before the
United States House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit

Improving and Reforming our Nation's Surface Transportation Programs

March 30, 2011

Chairman Duncan, Ranking Member DeFazio, and members of the Subcommittee, thank you for inviting me to testify this morning. My name is Bryan Grote and I'm a Principal of Mercator Advisors. We provide financial consulting services to sponsors of major infrastructure projects and capital programs involving a blend of public and private sector resources and utilizing innovative procurement, financing or management techniques.

My prior experience includes working in a variety of positions for the federal government – including at the U.S. Department of Transportation, where I helped implement the TIFIA credit program and served as the first director following its enactment in TEA-21.

I also was privileged to serve on the National Surface Transportation Infrastructure Financing Commission ("Financing Commission"), which was authorized in SAFETEA-LU to explore alternative funding and financing mechanisms for surface transportation.

My testimony today reflects these multiple perspectives and focuses on federal financing tools that can stimulate greater infrastructure investment in this fiscally-constrained environment.

Federal Credit and Tax Incentives

Obviously there is a larger context dealing with surface transportation investment needs, revenue sources to fund those needs, and the federal role in helping address those needs as expressed through various policies and programs. But in the near term, especially with a fragile economy and a looming fiscal crisis, there is a benefit to looking carefully at federal credit and tax financing incentives that can significantly help sponsors of major projects and capital programs accelerate their initiatives with a minimal federal budget impact.

Credit assistance and tax incentives help maximize the financial capacity of state, local and project revenue streams by reducing borrowing costs. These financing tools can be quite efficient because:

a) Project sponsors must identify revenue streams;

b) The "market discipline" of private and other non-federal investment helps ensure that projects are economically sound and financially viable;

c) They are applicable to both public and private projects; and

d) They have a much smaller budgetary impact than traditional grants.

TIFIA Credit Assistance

One way for the federal government to leverage scarce resources and attract private investment is to be a provider of or credit enhancer to long-term debt. The majority of surface transportation infrastructure projects can attain an investment grade rating and access the capital markets. But certain projects – especially large, complex initiatives with new or uncertain revenue streams – may not be able to readily do so on cost-effective terms. They may be desired investments with significant benefits, but require some level of financial subsidy to advance. By being a provider of a limited amount of subordinate or supplemental "patient" capital, the federal government can enhance the creditworthiness of the senior debt and enable the project to access the capital markets for the balance of its financing needs. This is the TIFIA proposition, which was developed back in the mid 1990s.

TIFIA assistance provides powerful leverage – greater than 30:1 in terms of the amount of the capital investment compared with the cost of the federal subsidy – for two reasons:

1) The nominal amount of TIFIA assistance (face amount of the loan, guarantee or line of credit) is limited to 33 percent of the total project costs; and

2) The fiscal charge (subsidy cost) is based not on the face amount of the loan but on the present value of expected losses resulting from defaults. The weighted average budget score of TIFIA loans has been about 10 cents on the dollar.

To date, the TIFIA program has made $7.9 billion in credit commitments for 23 projects representing $29.4 billion in capital investment. Six of those commitments, totaling $1.6 billion and representing $6.0 billion in capital investment, have been retired.

As you know, the U.S. Department of Transportation announced earlier this month that it received 34 letters of interest from project sponsors seeking $14.0 billion in new TIFIA credit commitments for project investments totaling $48.2 billion. However, the current (SAFETEA-LU) level of TIFIA funding can support only about $1.2 billion in credit assistance each year (assuming the historical average subsidy rate) – less than 10 percent of the expressed demand.

Some specific recommendations for enhancing the TIFIA credit program and increasing its effectiveness are:

1. Increase TIFIA Program Funding. Based on the current demand and the anticipated future pipeline of major projects, Congress should consider significantly increasing the TIFIA program funding level. Two years ago, the Financing Commission recommended a funding level of $300 million per year (nearly a three-fold increase). Given the credit demand that has been expressed since that time and the continued relative lack of long-term capital for infrastructure projects, it might be appropriate to consider an even higher level. Annual funding of $300-500 million, for example, could support $15-25 billion of new loans and leverage $45-75 billion in total investment over the next five years.

2. Broaden TIFIA Eligibility to Include Programs of Related Projects. TIFIA was originally conceived as a "project finance" tool with credit commitments tied to project-specific milestones, including environmental approvals. Today, however, transportation agencies are recognizing that a *capital program of large, inter-related projects* can produce systemic regional benefits in terms of improved mobility, air quality and economic development. Explicitly extending TIFIA eligibility to multi-project capital improvement programs involving major reconstruction, rehabilitation or renewal would help state and local sponsors improve system performance by supporting a state of good repair.

3. Authorize Upfront Contingent Commitments. Sponsors of large capital programs of related projects would benefit if TIFIA credit commitments were more predictable over a multi-project / multi-year delivery period. This could be achieved by authorizing the use of upfront conditional commitments, with subsequent loan (or other credit instrument) obligations and disbursements subject to individual projects meeting all relevant federal requirements, including environmental approvals under the National Environmental Policy Act. The contingent commitment would be available only if the program sponsor already had access to dedicated revenue sources that could be pledged to repayment of the TIFIA loan(s). The use of contingent commitments would mitigate financing risk for TIFIA-eligible projects and programs with the greatest scope and complexity. TIFIA commitments could further reduce financing risk for large initiatives if there was an authorization to use a limited portion of TIFIA funding for partial interest rate buy-downs, in the event rates rose between the time of the contingent commitment and the date of the loan obligation, when the interest rate is established. To control costs and share risks, Congress could limit the use of any interest rate subsidies and require some form of cost-sharing responsibility by the TIFIA borrower.

4. Eliminate or Modify the Springing Lien. TIFIA loans are intended to be subordinate to other lenders to induce co-investment and reduce financing cost. But under current law, in the event of a bankruptcy-related event, the federal loan "springs" to equal status with other loans. Because of this murky status, the rating agencies and senior lenders do not view the TIFIA loan as truly junior, eroding the intended credit enhancement of the senior debt and reducing the benefit of the TIFIA subsidy. In addition, TIFIA's murky lien status hinders the ability of some project sponsors – which have already issued other bonds under an existing trust indenture secured by the same revenue sources intended to be used with TIFIA commitments – to make effective use of the program. The Financing Commission recommended eliminating the springing lien provision, stating that any perceived increase in credit risk (resulting from potential losses in a bankruptcy-related

event) should be reflected in the subsidy cost estimates of the TIFIA credit instruments. Alternatively, Congress could consider waiving the springing lien for very secure loans with investment grade revenue streams not dependent on project performance or utilization and leaving the springing lien in place for other projects and credit structures (e.g., project financings backed by relatively speculative user fees).

5. Strengthen the TIFIA Institutional Platform. An enhanced TIFIA program will benefit from a stronger organizational structure to manage the increased volume and complexity. TIFIA credit commitments are associated with some of the largest projects and most complicated capital structures. It is important for the federal government to devote sufficient resources – both internally and externally – to properly evaluate proposals, negotiate deals, and monitor and enforce long-term agreements.

Tax Incentives

Another way the federal government can leverage scarce resources and attract private investment is to subsidize the cost of desired investments through tax incentives. Like credit assistance, tax incentives can support greater investment at just a fraction of the scored cost of traditional grants. Although tax code changes are not under this Committee's jurisdiction, they should be considered in developing any comprehensive federal financing strategy for surface transportation.

1. Private Activity Bonds. Congress should continue and expand the highway / intermodal Private Activity Bond (PAB) program. Project sponsors increasingly will explore public-private partnerships (P3) in advancing major initiatives. And highway / intermodal PABs will grow in importance as a P3 financing tool – especially as the credit crisis recedes and the economy gradually recovers. The Financing Commission recommended increasing the national volume cap from $15 billion to $30 billion. It also suggested some technical amendments that would improve the use of this tool – notably exempting the interest on PABs from the Alternative Minimum Tax (AMT).

2. Tax Credit Bonds. Congress should consider authorizing a Qualified Tax Credit Bond (QTCB) program targeted specifically at surface transportation infrastructure investments. There are several existing QTCB programs with total authorizations exceeding $36 billion for forestry conservation, renewable energy projects, energy conservation, qualified zone academies and school construction projects. The Build America Bonds authorized in the Recovery Act were another form of tax credit bond that was broadly applied without limitation (other than having a December 31, 2010 expiration date). In contrast, the Financing Commission recommended that any such tax incentive be structured narrowly to facilitate the financing of major projects that benefit the public. A more targeted tax credit bond program for surface transportation, like the existing QTCB programs, would have its:

- Permitted purposes carefully defined;
- Issuance volume legislatively capped;

- Maximum interest rate subsidy set daily by the Treasury; and its
- Maximum bond term set monthly by the Treasury.

A tax credit bond program for surface transportation could meaningfully supplement the existing federal program supported by the Highway Trust Fund with a modest scored budget impact. For example, Congress could authorize the issuance of $50 billion in tax credit bonds over a five- or ten-year period for qualified surface transportation projects. The bonds would have a term of perhaps 30 years, commensurate with the useful life of the projects they finance. The federal government, by paying the annual interest due on the bonds through tax credits, would amortize its subsidy cost over the term of the bonds in the form of tax expenditures – effectively achieving a quasi capital budgeting approach. The federal interest subsidy on long-term bonds would provide a very significant financial benefit to state and local project sponsors. Through this kind of tax credit bond program, the federal government could generate $50 billion in total investment for a scored budget cost of only about $10-15 billion (depending on the pace of bond issuance and other technical assumptions).

Authorization of a large tax credit bond program for surface transportation would also broaden the market for U.S. infrastructure investment. It would provide an attractive vehicle for private capital from pension funds, life insurance companies and other corporate / taxable-rate investors which have longer-term investment horizons matching the financing needs of most infrastructure projects but which do not benefit from holding tax-exempt debt or face other constraints.

Conclusion

Both TIFIA-style credit assistance and targeted tax subsidies (such as provided through a QTCB program) can be effective federal policy tools in helping project sponsors monetize revenue streams to generate greater investment. They also can be used to encourage private sector participation in surface transportation – through providing investment capital, accelerating project delivery, and life-cycle costing of infrastructure assets. And they have a relatively modest budget impact compared with their investment potential – which is critically important in the current fiscal environment.

Thank you for allowing me to offer a few specific recommendations for improving and expanding the federal financing tools available to surface transportation. As the Financing Commission and many other groups have noted, the fundamental twin challenges to addressing the nation's infrastructure crisis are prioritizing the most critical investments and identifying the most suitable revenues for making those investments. But providing financing incentives that help state and local project sponsors raise new revenue and generate more investment in major projects and capital programs will support the ultimate federal policy goals.

Subcommittee on Highways and Transit
Hearing on Improving and Reforming the Nation's Surface Transportation Programs
March 30, 2011
Bryan Grote
Questions for the Record

Questions from Rep. Peter DeFazio

1. Mr. Grote, your written testimony mentions the ability of Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance to leverage funds. You also point out that since TIFIA was created in 1998, only 23 projects have received credit assistance under the program. While demand on the program is increasing, the number of projects seeking TIFIA assistance pales in comparison to the approximately 10,000 projects approved under traditional grants. Would you agree that there is a limited universe of projects that are viable to receive assistance under this program?

Answer: I agree that federal financing assistance such as that provided through the TIFIA credit program is suitable for a limited universe of projects. Technically, TIFIA can be utilized by any sponsor of a project costing $50 million or more and willing to dedicate revenues for repayments. Practically, however, TIFIA financing is most meaningful for large projects whose sponsors may not be able to readily access the capital markets without credit enhancement on favorable terms. TIFIA was designed to help finance a relatively small number of large "mega" projects (not to replace the grant assistance required by most projects), many of which have pursued TIFIA assistance in recent years. Since the 2008 credit crisis, demand for TIFIA loans has increased substantially, due to weakness in the tax-exempt municipal bond market and the lower rates attainable by borrowing at the U.S. Treasury yield through TIFIA. So, future demand may turn largely upon the relative levels of tax-exempt vs. Treasury borrowing rates. Regardless, TIFIA credit and other federal financing incentives are niche tools in the larger context of the nation's tremendous investment needs and underlying revenue requirements.

2. Mr. Grote, would you agree that there is a limited universe of projects that are viable to be funded through public-private partnerships? Do you believe rural areas and other areas without high traffic volumes to sustain revenues benefit from increased reliance on public-private partnerships?

Answer: Public-private partnerships (P3s), which can take many forms and which may be used productively in many circumstances, are not a panacea to the nation's infrastructure investment crisis. They are properly viewed as a project delivery and management tool rather than a funding source per se. I agree that P3s in which the private sector invests debt and/or equity requiring competitive returns are most viable in areas with high-density user populations that are willing to pay sufficient fees and/or taxes for the infrastructure improvements. Some forms of P3s may be viable in some rural areas – particularly where the local or state government sponsor / owner contracts with a private entity to provide long-term operation and maintenance of a facility (in addition to its construction financing) and compensates that entity over time with so-called availability payments. These are annual payments from general governmental resources that do not require the users or direct beneficiaries to pay tolls or other fees. Generally speaking, however, P3s may be relied upon to finance only a small portion of the nation's needed transportation infrastructure – likely less than 10 percent. Most rural areas will continue to have to rely on a broader tax-based source of revenues to fund infrastructure improvements – whether provided directly by state / local units or indirectly through a P3 availability payment approach.

3. Mr. Grote, the National Surface Transportation Infrastructure [Financing] Commission examined a wide variety of potential revenue sources. Did the Commission examine the cost to motorists of user-based financing mechanisms? What are these costs on a per-mile basis? Did the Commission look at the ability of such tools to deliver an effective and efficient national system?

Answer: Yes, the National Surface Transportation Infrastructure Financing Commission (Commission) examined numerous potential revenue sources – including various user-based mechanisms – and estimated the costs to motorists of those sources (*see italicized text below*). The Commission found that:

> "A funding and finance framework that relies on more direct forms of "user pay" charges such as a VMT (Vehicle Miles Traveled) fee system is the consensus choice for the future. The Commission's extensive investigation into alternative funding approaches has proved to its satisfaction that a VMT-based system is the best available option for the next-generation federal revenue system. A properly calibrated VMT fee system could:
>
> - Make it more feasible to provide sufficient resources to fund a cohesive and comprehensive national surface transportation program, including necessary and important cross-subsidies for certain areas or user groups, such as rural highways, public transportation, or other critical investments;
> - Be structured to more equitably allocate real system costs to those users placing the most demands on the system based on the belief that system use, not solely fuel use, is what affects the quality of our transportation system;
> - Help optimize use of existing infrastructure and result in relatively lower overall capital investment needs; and
> - Avoid dependence on consumption of petroleum-derived fuels for its very existence, which is increasingly important given current and emerging energy and environmental goals that will drive increases in fuel efficiency."

The Commission carefully examined investment needs, revenue sources, and related costs to system users (motorists). Regarding its primary recommendation that the nation transition to a more direct user pay system (such as a VMT fee), the Commission stated that future mileage-based charges should be established and maintained at rates sufficient to fund the entire federal share of annual needs. The Commission did not recommend any particular "federal share of annual needs," but did provide alternative analyses to illustrate potential fees for policy makers:

"*For illustrative purposes, to meet the "Need to Maintain and Improve" annual investment level ($96.2 billion {of federal funding} in 2008 dollars according to the Commission's base case analysis), the federal VMT fee assessed on all miles driven, regardless of the system where they occur, would be approximately 2.3¢ per mile for light-duty vehicles (LDVs) and 13.2¢ per mile for heavy trucks (an average of 3.2¢ per mile for all vehicles). If, alternatively, the VMT charges were limited to miles driven on the federal-aid highway system, the approximate fee would be 2.7¢ per mile for LDVs and 15.5¢ per mile for heavy trucks (an average of 3.7¢ per mile for all vehicles). In either case, those rates would need to be adjusted to account for inflation and changes in total travel. For point of comparison, they would be equivalent to a 48.4¢ per gallon federal gas tax and a 75.9¢ per gallon federal diesel tax.* However much revenue Congress decides to raise at the federal level, the Commission believes it is critical to move forward with a VMT fee system."

Much more analysis and supporting detail can be found in the *Report of the National Surface Transportation Infrastructure Financing Commission, Paying Our Way: A New Framework for Transportation Finance (February 2009).*

SAFER ROADS SAVE LIVES

United States House of Representatives

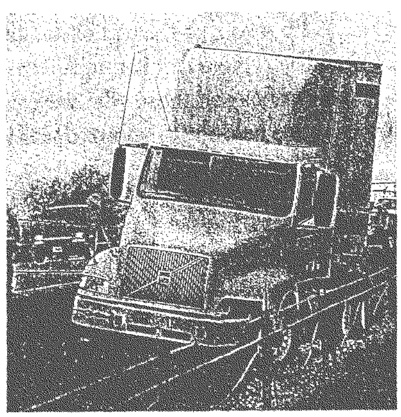
Committee on Transportation and Infrastructure

Subcommittee on Highways and Transit

Hon. John J. Duncan, Jr., Chairman

Testimony of:
Mr. Joe Jeffrey, Chairman
American Traffic Safety Services Association (ATSSA)

March 30, 2011



Chairman Duncan, Ranking Member DeFazio, Members of the Subcommittee, thank you very much for the opportunity to testify today on behalf of the roadway safety industry about the critical need for a multi-year transportation authorization. My name is Joe Jeffrey, and I am the Chairman of the 1,600-member American Traffic Safety Services Association (ATSSA). ATSSA's member companies manufacture, distribute, and install roadway safety devices such as pavement markings, signs, guardrail, median barrier and other infrastructure safety features as well as provide temporary traffic control. Making the roadway itself safer is a distinct difference from other aspects of roadway safety including seat belts and distracted driving. I am also the President of Road-Tech Safety Services, a California-based company that specializes in traffic control equipment for the highway construction industry.

As you continue to craft the next transportation authorization legislation, ATSSA believes that safety should and must be a core function and focus of the legislation. ATSSA has developed authorization suggestions and policies which we believe will help America move closer to achieving our overarching goal – to get us ***Toward Zero Deaths*** on our nation's roads.

In this economic climate, where we are all going to have to do more with less, we understand that growing any program in the next transportation authorization is going to be a challenge. Our recommendations for safety improvements throughout this testimony are proven, cost effective ideas that offer significant return on investment. We are not recommending rebuilding roadways for these improvements, but simply making modifications to existing roadways that will drive down fatalities and in turn have economic benefits that will be felt across the nation.

Highway Safety Improvement Program

One of the most successful components of SAFETEA-LU is the Highway Safety Improvement Program (HSIP). This program has been the critical factor in reducing roadway fatalities nationwide. According to a June 2010 study commissioned by ATSSA and conducted by SAIC, investment in the HSIP is critical to saving lives and improving safety. The report, which I ask also be entered into the record, concludes that every $1 million obligated by the HSIP saves seven lives, and with NHTSA's cost of life estimate being over $6 million per person, that is a tremendous return on investment of 42:1. However, at the end of the day, it's about more than societal savings. Through our Victims and Survivors campaign, ATSSA highlights the people who have tragically lost their lives in car crashes and those who were saved by roadway safety infrastructure. These stories help to put a face behind the approximately 34,000 annual roadway deaths.

In Chairman Mica's home state of Florida, there has been great success with the use of guardrail and cable barrier. According to a July 2010 *Orlando Sentinel* article, five years after guardrail was installed on Florida's Turnpike, fatalities decreased by more than half. A January 2007 report in *Florida Transportation Monthly* states that, according to Florida Turnpike Traffic Operations, the Turnpike has seen a nearly 70 percent reduction in cross-over crashes due to the installation of guardrail. In addition, Chairman Duncan, I know you also personally understand the importance of roadway safety infrastructure - as you've spoken of the concrete barrier that helped to stop your car from a head-on crash last year.

Below are some other examples of how HSIP funds have been utilized across the country:

California:

- Intersection Improvements
  - Channelization, turning lanes, crosswalks, among others
  - Total: 24 projects; $13.6 million
- Roadway/Structure Improvements
  - Shoulder or median rumble strips, signing, pavement marking, striping, among others
  - Total: 29 projects; $41.3 million
- Roadside Improvements
  - Concrete guardrail end treatments and crash cushions, installation/replacement of metal beam guardrail, among others
  - Total: 11 projects; $15.1 million
- Two- and Three- Lane Monitoring Program
  - Centerline rumble strips and rumble strips with thermoplastic traffic stripes
  - Total: 4 projects; 52.7 miles; $1.9 million
- Median Barrier Monitoring Program
  - Installation of thrie beam, cable, or concrete median barrier
  - Total: 6 projects; 20.2 miles; $9 million
- Upgrade Median Barrier
  - Upgrading existing double metal beam barriers to either concrete or thrie beam barrier
  - Total: 2 projects; 14.5 miles; $36.4 million

****Note**: The California Department of Transportation makes a concerted effort each year to invest in safety infrastructure above and beyond what California is allocated through federal funding.

Illinois:

- Systemic improvements have helped them reach the **lowest fatality numbers since 1921**.
- Focusing on stretches of dangerous roadway to prevent lane departure has been a priority. This has accounted for the most significant reduction of Illinois fatalities.
- Some examples of the types of projects the state has focused on include
  - Interstate Shoulder Milled Rumble Strips.

- Interstate bridge pier and sign foundation protection.
- Upgrade Guardrail to a higher much better crash performing system.
- Upgrade non-crashworthy guardrail end sections with approved crash tested end sections.
- Cable median barrier has been installed on 210 miles of roadway. The before and after crash data were evaluated. Prior to the barrier's being installed, 6 to 16 cross-median crashes occurred per year at these locations (an average of 11 cross-median crashes per year). As the length of barrier installed increased, the crashes went down to four in 2006 and 2007, and no cross-median crashes over the 210 miles were reported in 2008.
    - **Based on this preliminary safety analysis,** the average annual number of cross-median crashes **was reduced by approximately 60%** in 2006 and 2007.
- Curve improvements including chevrons and rumblestrips.
- Rural highway shoulder paving with rumblestrips at strategic locations.
- Illinois has formed an innovative partnership with the State Highway Patrol whereby the IL State Highway Patrol's accident reconstruction teams have been trained to do Roadway Safety Assessments. This has resulted in low-cost countermeasures such as brighter delineation (pavement markings), signage, and a short section of guardrail installation.

Iowa:

- New centerline rumble strip policy
- Increased focus on curve crashes
    - Systemic sign improvements
    - Low cost improvements only

Kentucky:

- Systemic installation of centerline rumble strips (about 2,000 miles)
- Pilot program: 170 miles of edge line rumble stripes

Minnesota:

- One median cable project resulted in **fatalities going from 13 to 0.**

Mississippi:

- Lane Departure Countermeasures
    - Shoulder rumble strips on 99% of Interstate System
    - Edge line rumble strips/stripes to be installed on all new construction and rehabilitation projects
    - Installed 25 miles of cable median barrier (beginning in 2008)

- Installed 400 miles of centerline rumble strips in 2009
- Installing 6-inch stripes
- Installed concrete median barrier on 20-mile corridor

Missouri:

- System-wide safety solutions
  - Nearly 600 miles of median cable barrier
  - Median barrier was found to be **98% effective in preventing crossover fatalities**.
  - Rumble strips for all major roads (edge line and centerline)
  - 6-inch stripes
  - Install edge line stripes
  - Curve speed plaques for every curve/turn sign, chevrons and fluorescent yellow sheeting

Nevada:

- Installed 1,400 miles of rumble strips on two-lane roadways

Texas:

- Combined Highway Safety Improvement Program and High Risk Rural Roads Program
  - Nearly 500 projects totaling more than $420 million
  - Projects include:
    - Installation of centerline rumble strips
    - Installation of cable/concrete median barrier
    - Intersection improvements
    - Emphasis on cable barrier to stop cross-median head-on collisions
      - About 925 miles of installed median barrier
      - Another 95 miles in pending contracts
      - One-year before-and-after study of median cable barrier installations showed that this one project **saved 18 lives**.

Utah:

- In Utah cable barrier in one area showed **fatalities going from 22 to 0**.
- The state experienced a **56% reduction in crossover crashes** on two-lane roads by installing center line rumble stripes.

In these times of limited federal resources, it is important that we make strategic and meaningful investments that will make a difference in the lives of the American people – and increasing the focus on roadway safety is one way to do this. ATSSA is recommending an increase to the HSIP funding levels, with a target of 10 percent of overall highway program dollars. This investment can and will go a long way to continuing to reduce the number of deaths that tragically occur on our roadways. In addition, ATSSA is recommending that HSIP funds be used exclusively for roadway safety infrastructure improvements in order to make our roads as safe as possible, as quickly as possible. Given the roadway safety needs in every State, it is our recommendation that States not be allowed to transfer HSIP funds to other programs. On the other hand, if the idea of being able to transfer funds out of HSIP was linked to a performance metric that might be a valid method to allow for transferring funds. For example, if a state reduces fatalities by 90% then transfers would be allowed.

High Risk Rural Roads

SAFETEA-LU also created the High Risk Rural Roads program which aims to increase safety on the nation's rural roads. Funded at $90 million annually for all 50 states, the program was slow to get off the ground, but has started to gain traction and success. ATSSA is recommending an increase to this program in order to continue to highlight this sector of the American transportation network. An individual is 2 ½ times more likely to die on a rural road than on an urban one. That indisputable fact alone should cause us to place a special emphasis on these roadways, including targeted funding. Rural roads link farms to markets, towns to cities and freight from business to ports. Many of these roadways don't even have signs or pavement markings and are commonly curvy or hilly. Often times, these rural roads are not owned or maintained by the State Departments of Transportation – they are owned and maintained by a county, city or other local entity. In fact, according to a 2006 report from the Bureau of Transportation Statistics, "…some 25 percent of the nation's highways were owned by state and federal government, but 75 percent, or 2.9 million miles of America's roads was owned by counties, cities and townships." With a dedicated funding source like the High Risk Rural Roads Program, Congress can ensure that federal dollars are actually used on the rural roadways with the most safety need – regardless of the level of ownership of the roads themselves. Providing for a safe and efficient rural road system throughout the country will allow Americans to live in rural and suburban areas with fewer transportation concerns. Although there are tremendous challenges facing rural America, ATSSA believes that low cost roadway safety solutions aimed at rural roads will help rural America thrive and prosper.

A national coalition has emerged to advocate on behalf of this issue. The Roadway Infrastructure Safety Coalition (RISC), of which ATSSA is a founding partner, is comprised of ATSSA, AAA, American Highway Users Alliance, American Public Works Association, American Society of Civil Engineers, American Society of Highway Engineers, National Association of Counties, National Association of County Engineers, and the National Association of Development Organizations.

Whether it is the HSIP, the High Risk Rural Roads Program or the use of safety performance measures, ATSSA and the members of RISC are committed to working with the Committee to solve these very important issues.

Below is an example of the positive benefit-cost ratio from low cost road safety improvements on rural roads:

The Missouri DOT issued a final report in November 2008 that evaluated their striping and delineation program, "Benefit-Cost Evaluation of MoDOT's Total Striping and Delineation Program." Some of the most effective treatments that occurred on rural roadways included:

- Wider markings with resurfacing on rural multilane undivided highway (Benefit-Cost Ratio = 91:1)
- Wider markings without resurfacing on rural freeways (Benefit-Cost Ratio = 64:1)
- Wider markings and both center line and edge line rumble stripes with resurfacing on rural two-lane highways (Benefit-Cost Ration = 59:1)

Older Driver Infrastructure Safety

As the United States' population ages, it is going to be critical to make the roads as safe as possible for our older citizens - allowing them to live safely and independently for as long as possible. It is estimated that by 2025, one out of four American drivers will be 65 years or older. In SAFETEA-LU, section 1405 raised awareness for the need to invest in infrastructure safety aimed at older drivers; however, no funds were ever appropriated for this important program. Because of this, a recent GAO report from 2007 found that only approximately half of the States had implemented the Federal Highway Administration's recommendations from the *Highway Design Handbook for Older Drivers and Pedestrians.*

ATSSA is recommending that funds be available in the next authorization bill to allow states to make improvements to aid older drivers and older pedestrians. Some of the improvements would include larger and brighter signs, wider and brighter pavements markings, and dedicated left turn lanes, among others. Improvements such as these will help not only older drivers, but all drivers. A study from the Texas Transportation Institute has shown that enlarging edge line pavement markings from 4 inches to 6 six inches dramatically helps older drivers to stay within their lanes. This is critical because lane departure is the number one cause of fatalities across the country.

The Coalition for Older Roadway User Safety (CORUS) has been created to focus attention on this issue as well. CORUS is made up of ATSSA, AARP, American Highway Users Alliance, Easter Seals, National Association of Area Agencies on Aging, and Transportation for America.

Conclusion

As I mentioned previously, ATSSA is committed to helping America move ***Toward Zero Deaths***. Although this is a lofty goal, our Association and many transportation stakeholders believe that it's the only goal worth striving for. With low cost investments geared toward the Highway Safety Improvement Program, High Risk Rural Roads, and Older Driver Safety, we will be able to make great headway. At the end of the day, Congress needs to pass a multi-year transportation authorization bill as soon as possible. In addition to creating jobs and rebuilding the country's crumbling infrastructure, this next authorization bill will save the lives of thousands of Americans: men, women, and children alike.

Mr. Chairman, as I mentioned, I am a small businessman. I understand the importance of prioritization when it comes to using limited funds. In order to regain the confidence of the American people in the federal transportation program, we need to demonstrate the improvement to the quality of their lives that can come from this program. I firmly believe that safety is one area that we can all agree should remain a focus and priority of the federal government. ATSSA members stand ready to work with the Committee over the next weeks and months on the transportation authorization bill and we hope you will look to us as a resource.

Mr. Chairman, Ranking Member DeFazio, and Subcommittee Members, thank you for the opportunity to testify today, and I look forward to your questions.

SAFER ROADS SAVE LIVES

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The Honorable Peter DeFazio
Ranking Member
Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit
2134 Rayburn House Office Building
Washington, D.C. 20515

April 27, 2011

Dear Ranking Member DeFazio,

Thank you and the Subcommittee for allowing me the opportunity to testify on March 30 regarding "Improving and Reforming the Nation's Surface Transportation Programs." In this letter, I am pleased to include my responses to your three questions posed for the record.

1. **Mr. Jeffrey, during oral testimony, we heard from witnesses that increased utilization of tolling will increase the diversion of traffic to rural roads. What would be the impact of this diversion of roadway safety, particularly for roads off of the National Highway System?**

   One statistic that many Americans do not realize is that a motorist or passenger is 2 ½ times more likely to die on a rural road than on an urban one. Rural roads are often narrow and winding and have limited to no safety features such as guardrail, bright signs, or in some cases – even pavement markings. In the best weather conditions, travel on these roads can be challenging, but in inclement weather, it can quickly turn treacherous.

   Increased travel on rural roads due to toll avoidance or any other reason gives more credence to the need to have a laser focus on rural road safety. Rep. DeFazio, as you know, SAFETEA-LU created the High Risk Rural Roads Program which was funded at $90 million annually for all 50 states. You are most likely also aware that the obligation rate for this program was lower than expected or hoped. Upon speaking with state DOTs about this program, the top three reasons stated for the low rate was that states were:

   - Trying to get their Highway Safety Improvement Program (HSIP) projects in line and out the door simultaneously proved to be difficult.

   - Finding that their state's funding level for the HRRR Program was so low that they had a hard time devoting resources when other pots of money were available.

- The definition of a rural road as described in the HRRR Program was constrictive and many states had difficulty deciphering which roads would apply.

In order to attempt to address these concerns and still increase safety on rural roads, ATSSA has endorsed legislation which will soon be introduced that aims to point a focus on rural road safety. The High Risk Rural Roads Safety Act of 2011 authorizes funds for states to invest on their rural roads. The legislation increases the amount of funding available and expands the definition of rural, utilizing the 2009 Surface Transportation Authorization Act definition.

This need for rural road safety is so dire that a national coalition has emerged to raise awareness for the need to invest in America's rural roads. The Roadway Infrastructure Safety Coalition (RISC) is comprised of ATSSA, AAA, American Highway Users Alliance, American Public Works Association, American Society of Civil Engineers, American Society of Highway Engineers, National Association of Counties, National Association of County Engineers, and the National Association of Development Organizations.

Although there is a move to consolidate the U.S.-DOT programs, ATSSA believes that there is a such a need for attention on our nation's rural roads, that a standalone program makes the most sense.

2. **Mr. Jeffrey, in the next decade, one in five Americans is expected to be over the age of 65. Older drivers are at a much greater risk to be involved in traffic accidents if they continue to drive and for many of these Americans, driving is not an option. In your view, how can we provide this aging population with safe transportation options?**

In urban centers and some suburban areas, public transportation (i.e. rail or bus) are options for older Americans, however, in much of America, these modes do not present themselves as viable options. Currently, older Americans make about 90 percent of their trips by automobile either as a driver or as a passenger, and approximately 80 percent of individuals aged 65 or older still drive themselves.

In order to help protect our older citizens and to help them age in place (where they want to live versus where they have to live), in the 111th Congress, ATSSA endorsed H.R. 3355, the Older Driver and Pedestrian Safety and Roadway Enhancement Act which was introduced by Rep. Jason Altmire (Pa.). The legislation, which had 47 bipartisan cosponsors, authorized funds to help meet the safety infrastructure needs of older Americans. The bill had a funding source for states that wished to upgrade their roads by using the Federal Highway Administration's Older Driver Highway Design Handbook. Some of the recommended improvements include larger and clearer signs, wider and brighter pavement markings, and dedicated left turn lanes, among others.

Rep. Altmire is expected to reintroduce the legislation this spring, and ATSSA, along with the Coalition for Older Roadway User Safety (CORUS), expects to re-endorse the bill. CORUS is made up of ATSSA, AARP, American Highway Users Alliance, Easter Seals, National Association of Area Agencies on Aging, and Transportation for America.

Ensuring that the next transportation authorization bill focuses on making these low cost infrastructure safety improvements for older drivers is vitally important. We need to make certain that as our friends and loved ones grow older, they can still drive on roadways designed to be more forgiving.

3. **Mr. Jeffrey, the American Society of Civil Engineers rated the condition of our roads and bridges to be near failing. Many roads and bridges have already reached or exceeded their designed life cycle and many more are approaching this point. How many traffic injuries and deaths are caused in accidents related to poorly maintained infrastructure? What is the cost to the nation of these accidents?**

According to a May 2009 study completed by the Pacific Institute for Research and Evaluation (PIRE) on behalf of the Transportation Construction Coalition (TCC), of which ATSSA is a member, "motor vehicle crashes in which roadway condition is a contributing factor costs the U.S. economy more than $217 billion each year." In addition, the PIRE study found that roadway condition is a contributing factor in 52.7 percent – which utilizing preliminary 2010 data (32,788 roadway fatalities in 2010) is approximately 17,280 deaths a year – of roadway fatalities and 38 percent of non-fatal injuries. I have included this study for your reference.

Although these statistics are staggering, there are some solutions available. SAFETEA-LU created the Highway Safety Improvement Program (HSIP) which by all accounts has been a resounding success. A second study, commissioned by ATSSA and conducted by SAIC, found that every $1 million obligated by the HSIP saved 7 lives. With NHTSA's cost of life estimate of $6.1 million per person, this is a 42:1 return on investment. The HSIP helps America build safer roads with low cost safety solutions. In a time when budgets are constrained, being able to make use of solutions which are relatively low cost but yield a tremendous return on investment will help make our roads safer with reduced or level revenue streams. I have also included this study for your reference.

In the next surface transportation authorization, the HSIP should again be a cornerstone. In order to continue the roadway fatalities reduction, the HSIP should comprise 10 percent of overall highway program funding levels. This will help ensure that states can push forward with vital roadway safety infrastructure upgrades.

ATSSA is committed to raising awareness and solutions on how to continue the reduction in roadway fatalities. Our members work each day to save lives and reduce injuries because our association and its members know that safer roads save lives.

Sincerely,

Joe Jeffrey

Joe Jeffrey
Chairman

Highway Safety Improvement Program (HSIP) Obligations and Fatalities on U.S. Highways: Final Report

SAFER ROADS SAVE LIVES

Prepared for:
The American Traffic Safety Services Association (ATSSA)

Prepared by:

From Science to Solutions

Science Applications International Corporation (SAIC)
Transportation Solutions Division

June 29, 2010

Statement

This report was developed by Science Applications International Corporation (SAIC) under contract with the American Traffic Safety Services Association (ATSSA). The purpose of the analysis was to examine the relationship between the Highway Safety Improvement Program (HSIP) and a decrease in roadway fatalities for the period 2005 – 2009. The principle investigators were Robert P. Haas and Brian E. Chandler.

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Executive Summary

The most recent transportation funding legislation, the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) established the Highway Safety Improvement Program (HSIP) "to achieve a significant reduction in traffic fatalities and serious injuries on all public roads." Beginning in 2006, SAFETEA-LU provided increased funding for traffic safety projects as shown in Figure ES-1.[1]

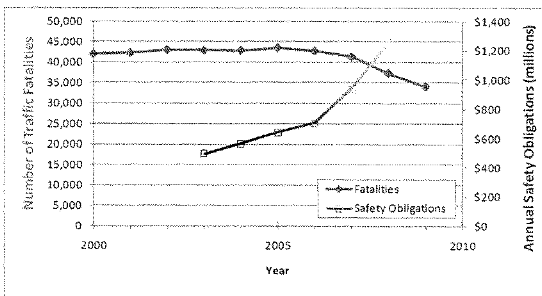

Figure ES-1. Traffic Fatalities and Annual Safety Obligation

At about that same time, traffic fatalities began to decrease noticeably, and have continued to decrease through 2009. These data indicate that the increase in safety obligations has had an effect on the decrease in traffic fatalities. However, many other factors could have impacted the number of traffic fatalities and might explain this decrease. A review of several of the most commonly cited factors indicated that none of them satisfactorily explained the sudden decrease in traffic fatalities:

- Seat belt usage has been steadily increasing since 2001, and there was no change in that trend in 2006.
- Air bag availability has been steadily increasing since 2001, and there was no change in that trend in 2006.
- Annual vehicle miles traveled (VMT) steadily increased between 1995 and 2007. Annual VMT dropped in 2008 and 2009, which could explain part of the decrease in traffic fatalities that occurred.
- The percent of VMT that is classified as rural has been decreasing steadily since 2002, and there was no change in that trend in 2006.
- The unemployment rate showed a sharp increase starting in 2007. However, a similar increase in 2001 did not result in a corresponding change in the number of traffic fatalities that occurred.

Of the factors considered, only the annual safety obligations shows the type of significant change beginning in 2006 that correlates with the sharp decrease in traffic fatalities.

After verifying that increases in annual safety obligations provided a plausible explanation for the decrease in traffic fatalities, the next step was to estimate the size of this impact – how much were traffic fatalities reduced for every $1 million increase in HSIP obligations? To estimate this, a model of traffic fatalities was developed. This model took

1 This figure includes safety obligations related to the HSIP (after 2006) and the TEA-21 and Surface Transportation Extension Programs (prior to 2006, with carry-over funds after that year). The safety obligation line is shaded red for the years when TEA-21 and ST funds dominated, transitioning to yellow for the years when HSIP funds were dominant.

into consideration the historical trends of decreasing fatality rates and increasing safety obligations in order to estimate the impact of the sharp rise in safety obligations that resulted from HSIP. As shown in Figure ES-2, this model does aremarkable job of reproducing the annual traffic fatalities that have occurred since 2003, including the drop in traffic fatalities that began in 2006.

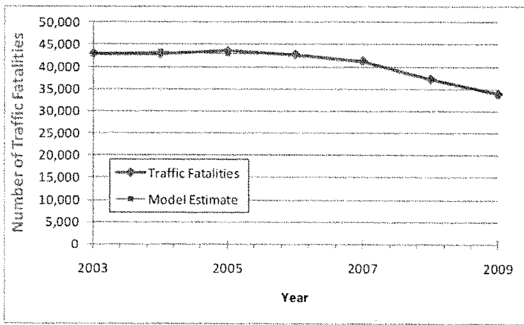

Figure ES-2. Traffic Fatalities and Model Estimates of Traffic Fatalities, 2003 to 2009

This model indicates that, for every $1 million increase in safety obligations, a reduction of seven traffic fatalities annually occurred. Based on economic values developed by the National Highway Traffic Safety Administration (NHTSA)[2], the savings to society from preventing a single traffic fatality is $6.1 million. Using this figure, calculations indicate that every $1 million increase of HSIP funds obligated results in an annual savings of approximately $42.7 million in societal costs to the United States (i.e., a benefit/cost ratio of 42.7 to 1).

It is possible that other changes that occurred at about the same time as the increase in safety funding through HSIP explain part of the observed decrease in traffic fatalities. For example, behavioral-focused traffic safety funds available through NHTSA increased after 2006. Also, SAFETEA-LU required that States develop crash data systems and Strategic Highway Safety Plans, which may have resulted in more effective use of existing safety funds. Insufficient data was available to include these factors in the model.

Even if those factors do explain some of this decrease, this analysis still suggests that the increase in HSIP obligations provided a tremendous savings in terms of lives saved and the societal costs of traffic fatalities.

2 *Value of a Statistical Life and Comprehensive Value of Life*. National Highway Traffic Safety Administration. April 2010. http://www.nhtsa.gov/staticfiles/administration/pdf/Value_of_a_Statistical_Life.pdf (accessed May 2010).

Introduction to the Highway Safety Improvement Program

The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) established the Highway Safety Improvement Program (HSIP) "to achieve a significant reduction in traffic fatalities and serious injuries on all public roads."[3] This program authorized about $1.3 billion per year from 2006 to 2009 to be spent on safety projects. Of this, $220 million per year was set aside for the Railway-Highway Crossing program. The remainder was apportioned to States using the following factors:

- One-third of the HSIP funds were apportioned to States based on the number of lane miles of Federal-aid highway in each State.
- One-third of the HSIP funds were apportioned to States based on the number of vehicle miles traveled on Federal-aid highways in each State.
- One-third of the HSIP funds were apportioned to States based on the number of fatalities on the Federal-aid system in each State.

The HSIP legislation also required each State to develop a Strategic Highway Safety Plan (SHSP), establish a crash data system, and report locations with severe safety needs annually. (Additional information on HSIP requirements is documented in 23 CFR 924.)[4]

Three years after its inception, it is natural to explore whether the HSIP has achieved its objectives. Did it primarily result in a significant reduction in traffic fatalities and serious injuries? Figure 1, which depicts annual traffic fatalities from 1994 to 2009, seems to indicate that the answer to this question is "Yes."

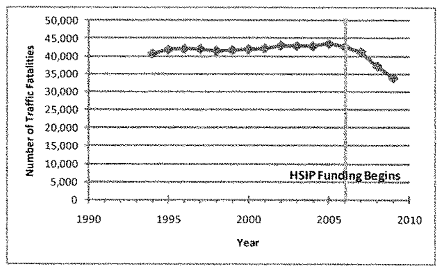

Figure 1. Annual Traffic Fatalities, 1994 to 2009

After more than 10 years with little change in the number of annual traffic fatalities, the number of fatalities began to drop just when HSIP was established. The purpose of this analysis is to examine that apparent effect in order to estimate what part of that drop, if any, can be attributed to HSIP.

Traffic Fatalities and Safety Obligations

One of the impacts of HSIP was a significant increase in the amount of funds allocated for traffic safety. However, the HSIP funds were not introduced into a vacuum. Prior to 2006, safety funding was available through the TEA-21 and Surface Transportation Extension programs. Carry-over funds from these programs continued to be obligated after 2006. Figure 2 depicts nationwide traffic fatalities and safety program obligations.

3 HSIP fact sheet, http://www.fhwa.dot.gov/safetealu/factsheets/hsip.htm (accessed April 2010).

4 Highway Safety Improvement Program (HSIP), Federal Highway Administration Office of Safety website, http://safety.fhwa.dot.gov/hsip/ (accessed April 2010).

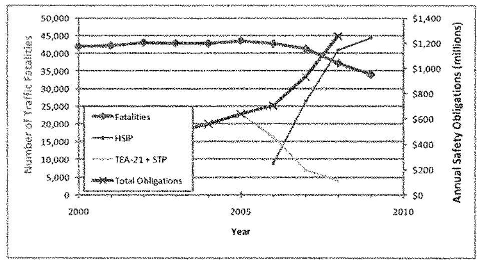

Figure 2. Nationwide Traffic Fatalities and Safety Program Obligations[5]

Note that the rapid drop in traffic fatalities that occurred between 2007 and 2009 was preceded by the sharp increase in safety program obligations that occurred between 2006 and 2007. This is the relationship one would expect if HSIP funding were responsible for this drop in fatalities – obligations for projects completed in 2007 and 2008 resulted in decreased fatalities during 2008 and 2009.

Observation Summary: Traffic fatalities began decreasing at about the same time as safety obligations began increasing due to HSIP.

Traffic Fatalities and Seat Belt Usage

Another factor that could impact the number of traffic fatalities is seat belt usage. As shown in Figure 3, seat belt usage has been increasing steadily since 2001, from about 73 percent in 2001 to 83 percent in 2008.[6] During most of that period, traffic fatalities remained fairly constant, with sharp declines in 2007 and 2008.

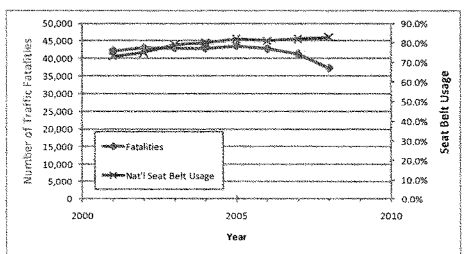

Figure 3. Nationwide Fatalities and Seat Belt Use, 2001 to Present

While the increase in seat belt usage has surely increased traffic safety during this period, there was no recent change in the seat belt usage trend that could explain the sudden change in the number of traffic fatalities.

Observation Summary: Seat belt usage frequency has been increasing. However, there was no change in this rate of increase in 2006 that would explain the decrease in traffic fatalities that began to occur at that time.

5 *Status of Funds Provided (various)*, FY2003-2009. United States Department of Transportation, Federal Highway Administration, Fiscal Management Information System (FMIS).

6 National Highway Transportation Safety Administration, "Seat Belt Use in 2008 - Use Rates in the States and Territories," *NHTSA Traffic Safety Facts*, DOT HS 811 106, April 2009.

Traffic Fatalities and Airbags

Airbags would be expected to play a similar role in traveler safety as seat belts – increased availability of airbags in the fleet of vehicles on U.S. roadways would be expected to decrease fatalities similarly to increased seat belt usage. Figure 4 depicts the percentage of people listed in the FARS database as being in a car during a fatal crash for which an airbag was available.

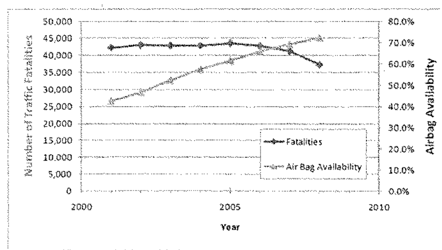

Figure 4. Traffic Fatalities and Airbag Availability[7]

As would be expected given the increased market penetration of airbags in the vehicle market, air bag availability for occupants of a car involved in a fatal crash has increased dramatically during this period from about 43 percent in 2001 to 72 percent in 2008.[8] While the availability of airbags has been increasing steadily over this period, there is no change in that trend that corresponds to the change in the number of traffic fatalities that began in 2007.

Observation Summary: Air bag availability in the U.S. fleet of vehicles has been increasing. However, there was no change in the rate of increase in 2006 that would explain the decrease in traffic fatalities that began to occur at that time.

Traffic Fatalities and Vehicle Miles Traveled

All other things being equal, the number of traffic fatalities would be expected to scale approximately linearly with vehicle miles traveled (VMT) – a given percentage increase in vehicle miles traveled would result in a similar percentage increase in fatalities, unless there is some reason that the risk in the additional miles traveled was different than the risk for the previous mileage. Figure 5 shows a different relationship than expected between traffic fatalities and VMT. VMT increased annually from 2001 to 2007, before dropping in 2008 and 2009, presumably due to the recent economic downturn. However, the number of traffic fatalities did not increase during this period of increased travel.

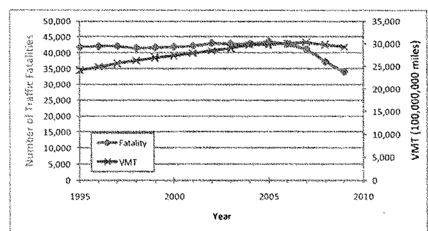

Figure 5. Traffic Fatalities and Vehicle Miles Traveled

7 Fatality Analysis Reporting System (FARS), National Highway Traffic Safety Administration, http://www.fars.nhtsa.dot.gov (Accessed April 2010)

8 Because airbags are expected to decrease occupant fatalities, the fraction of car occupants with an airbag available in a crash involving a fatality is likely lower than the same fraction for the general population.

The rate of increase in VMT began to slow in 2006, and VMT actually fell between 2007 and 2009. While this timing does correlate with the timing of the drop in traffic fatalities, one would not expect a small decrease in VMT (about 2 percent) to result in such a large decrease in traffic fatalities (about 22 percent). Thus, it would seem that the drop in VMT that occurred starting in about 2006 might explain a small part of the observed decrease in traffic fatalities that occurred since that time, but not all of it. Figure 6 examines the *fatality rate* per 100,000,000 VMT from 1995 to 2009, along with a trend line that fits that data from 1998 to 2006.

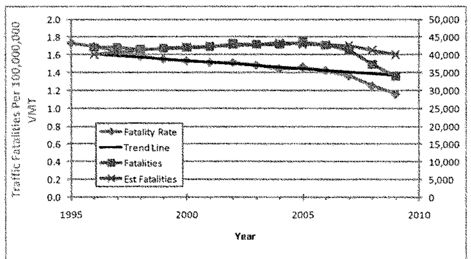

Figure 6. Traffic Fatalities per 100,000,000 VMT and Traffic Fatalities

Note that during the period, the fall in the fatality rate is nearly linear. This trend line was used to calculate the estimated number of traffic fatalities that would have occurred if the situation as it existed from 1998 to 2006 had continued to exist by multiplying the estimated fatality rate (from the trend line) by the actual VMT. This is the purple curve. Note that this curve provides an extremely close fit to the observed number of fatalities for the period from 1998 to 2006.[9] Beginning in 2007, something happened that changed the trend, something that resulted in 6,000 fewer traffic fatalities in 2009 than would have been expected from looking at historical trends alone.

Observation Summary: VMT did begin to decrease in 2006, at about the same time as the number of traffic fatalities began to decrease. However, the small decrease in VMT is not sufficient to explain the large decrease in traffic fatalities.

Based on historical trends, the decrease in VMT between 2006 and 2009, combined with the lowering fatality rate that was occurring historically, would have resulted in a decrease of about 2,800 traffic fatalities during that period. That leaves an additional decrease of 6,000 fatalities unexplained by historical trends.

Traffic Fatalities and Rural vs Urban VMT

Another factor that affects the number of traffic fatalities is the percent of vehicle miles traveled that are urban rather than rural. As shown in Figure 7, the fatality rate per VMT is much higher for miles traveled in rural areas than in urban areas. Thus, a shift over time from rural to urban travel would result in a lower overall fatality rate.

9 Although not within the scope of this study, it also appears that something occurred in about 1998 that affected the trend line - the fatality rate was falling more rapidly prior to 1998 than it did after 1998.

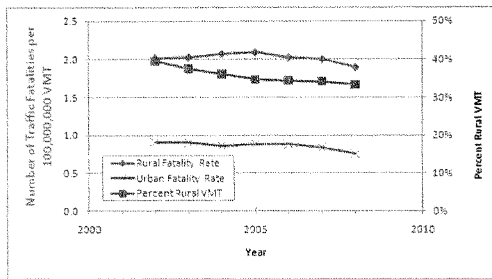

Figure 7. Rural and Urban Traffic Fatality Rate

This is exactly what is observed in the data. Between 2002 and 2006, the percent of VMT that occurred in rural areas dropped from about 40 percent to about 34 percent (see Figure 7).

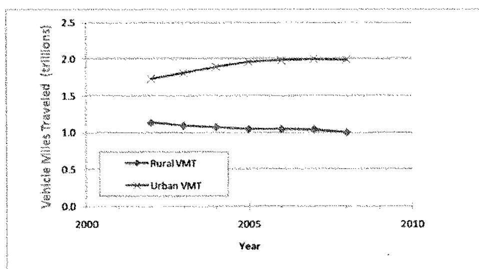

Figure 8. Rural and Urban VMT, 2002 to 2008

This shift could explain, in part, why the number of fatalities did not increase during this period, despite the increase in VMT. While total VMT was increasing, the number of rural VMT was decreasing (see Figure 8).[10]

There are two other things to note about these charts related to the drop in traffic fatalities since 2005. First, the decrease in the percent of VMT that was rural occurred mostly between 2002 and 2005 and has remained relatively constant since that time. So, this factor does not explain the changes that have occurred since 2005. Second, in both the urban and rural numbers, a drop in fatalities per VMT occurs between 2005 and 2008. Thus, some other factor that occurred during this time period seems to have made both rural and urban driving safer.

Observation Summary: A decrease in the percent of overall VMT that were classified as rural would result in a decrease in the overall fatality rate, and such a decrease occurred between 2002 and 2008. This could explain part of the decrease in the overall fatality rate that is observed during that period. However, this does not explain the decreases that occurred since 2006. In fact, the percent of VMT classified as rural leveled off at about the same time that the fatalities began to decrease more quickly.

10 One potential issue is the change in rural and urban roadway designation of a route. Reclassifications, annexations, and absorptions into Metropolitan Statistical Areas (MSA) over time have increased the percent of urban VMT without a change in driving habits. For the purpose of this report, these changes are assumed to have little effect on the nationwide urban/rural VMT split during the study period.

Unemployment Rate

Another factor that has sometimes been related to traffic fatalities is the unemployment rate. Figure 9 depicts the relationship between the unemployment rate and the number of traffic fatalities since 1994.

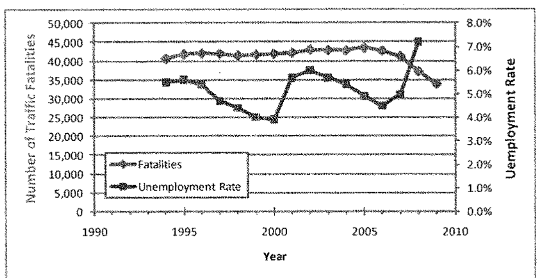

Figure 9. Traffic Fatalities and Unemployment Rate, 1994 to 2008[11]

While it is true that the unemployment rate began to rise at about the same time that the recent drop in the number of traffic fatalities began, a similar rise in unemployment in 2000 had no similar impact on traffic fatalities. Also, no changes in the number of traffic fatalities occurred when drops in unemployment began in 1995 and 2002. This suggests that the fact that unemployment began to rise in 2006 at about the same time that traffic fatalities began to fall was coincidental rather than causal.

Also, one would also expect the primary impact of unemployment on traffic fatalities to be on vehicle miles traveled – high unemployment indicates a more sluggish economy, which would result in less travel and, therefore, potentially fewer fatalities. Comparing the chart relating VMT to the fatality rate and the number of fatalities (Figure 6 on page 5) implies that VMT correlates much more strongly with the number of fatalities than does the unemployment rate.

Observation Summary: An increase in the unemployment rate did occur at about the same time as the 2006 decrease in the number of traffic fatalities. However, similar changes in the unemployment rate in the past did not coincide with a similar impact on the number of traffic fatalities. Any relationship between unemployment and traffic fatalities seems best explained through changes in VMT that might occur when the economic environment changes (as represented by unemployment).

Federal Safety Funding Obligation Ratio

One factor that safety analysts have related to traffic fatalities is the obligation ratio – the percent of safety funds that a State obligates to safety projects, relative to the amount they were authorized to spend. It has been assumed that States with a higher obligation ratio would have a lower fatality rate. The actual relationship is shown in Figure 10. In this figure, the blue line is the trend line depicting the relationship between the average HSIP obligation ratio and the fatality rate. (Each dot represents the HSIP obligation ratio and the fatality rate of a single State.)

11 *Annual Regional and State Unemployment, Bureau of Labor Statistics*, 1994-2008. http://www.bls.gov/schedule/archives/all_nr.htm#SRGUNE (Accessed May 2010).

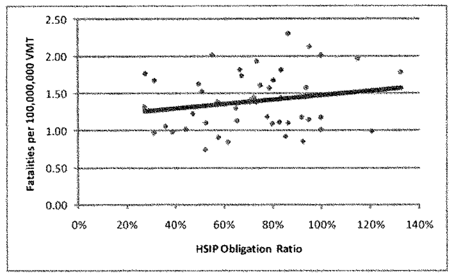

Figure 10. HSIP Obligation Ratio versus Fatalities per 100,000,000 VMT

This relationship is surprising, because it shows that the fatality rate was (on average) higher in States that had a higher HSIP obligation ratio.

The reason for this correlation relates to the complexity of the relationship between State HSIP obligation ratios and traffic fatalities. For example, States that have a higher overall fatality rate (partially due to a higher rural VMT percentage) appear to be more aggressive about obligating HSIP funds. In fact, Figure 11 shows exactly this relationship between the percentage of State VMT that is rural and the HSIP obligation ratio.

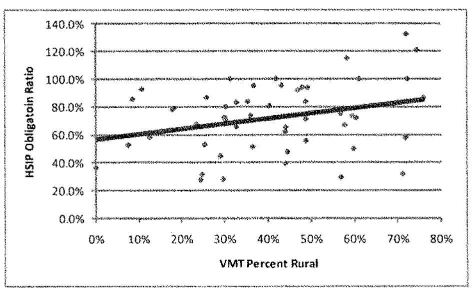

Figure 11. State HSIP Obligation Ratio versus VMT Percent Rural

This implies that the relationship shown in Figure 10 is misleading. High State HSIP obligation ratios do not result in high fatality rates. Instead, States with high fatality rates tend to be more aggressive about obligating their HSIP apportionments due to their awareness of the safety problem.

Observation Summary: The relationship between traffic fatalities and the HSIP obligation ratio is complex because the HSIP obligation ratio correlates with other factors that impact traffic fatalities, such as the percent of VMT that is rural.

A National Model Estimating the Impact of Safety Funds on Fatalities

Several of the observations above can be combined to produce an estimate of the impact of safety funds on traffic fatalities.

- Fatality rates followed a decreasing linear trend from 1998 to 2005 (see Figure 6 on page 5). This linear trend was used to estimate the fatality rate that would have occurred from 2006 through 2009 if these historical trends had continued.
- Observed VMT began decreasing in 2006. The actual VMT was multiplied by the fatality rate estimated by the fatality rate trend line to estimate the number of fatalities that would have occurred if the historical trend in fatality rates had continued.
- Safety obligations followed an increasing linear trend from 2003 to 2006 (see Figure 2 on page 2). This annual increase in safety obligations was likely responsible for at least part of the trend of decreasing fatality rates. This linear trend was used to estimate the amount that safety funding increased, over-and-above the historical trends.

The results of these calculations are shown in Table 1.

Table 1. Traffic Fatalities and Safety Obligations, 2006 to 2009

Variable	2003	2004	2005	2006	2007	2008	2009
Traffic Fatalities							
Actual	42,884	42,836	43,510	42,708	41,259	37,261	33,963
Trend	42,858	43,444	42,967	42,802	42,607	41,308	40,027
Difference	-26	608	-543	-94	1,348	4,047	6,064
Safety Obligations (millions)							
Actual	$497	$560	$638	$705	$933	$1,257	$1,267
Trend	$495	$565	$635	$705	$775	$846	$916
Difference	$2	-$5	$3	$0	$158	$411	$351
Cumulative Difference	$2	-$2	$0	0	$158	$569	$920

A chart of the 'Difference' row under Traffic Fatalities and the 'Cumulative Difference' row under Safety Obligations shows an astonishingly strong relationship between these two variables, as shown in Figure 12.

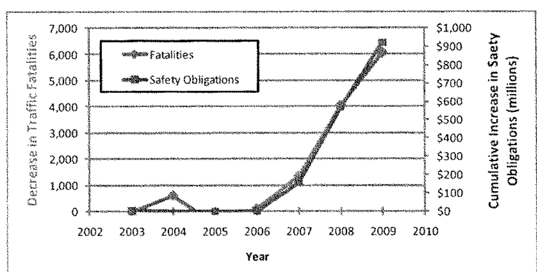

Figure 12. Decrease in Traffic Fatalities and Increase in Safety Obligations

A plausible explanation for this relationship is as follows. Most safety obligations are spent on specific safety improvement projects (e.g., installing cable median barrier). These expenditures would impact traffic safety not just in the year they were deployed, but in every future year until the system aged and was no longer effective or the system was replaced. For example, a guardrail deployed in 2006 would continue to impact safety in 2009. Over the period of time shown in the figure above, few of the safety treatments applied during that period would have aged or been replaced. Therefore, the safety benefits observed in 2007 would result from the increase in safety expenditures that occurred in both 2006 and 2007.

The increase in safety funding (over and above the historical trend) correlates remarkably with the decrease in traffic fatalities that occurred during this period. This relationship suggests that, for every $1 million of HSIP appropriation obligated during this period, a reduction of about 7 traffic fatalities per year occurred. Including this observation produces a model that provides a closely correlated reproduction of the dramatic drop in traffic fatalities that has occurred since 2006, as shown in Figure 13.

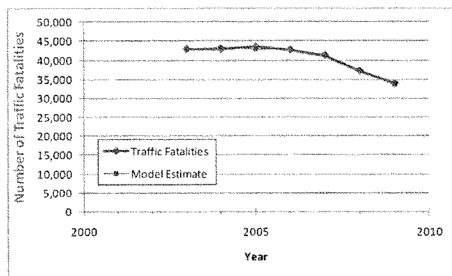

Figure 13. Traffic Fatalities and Model Estimates of Traffic Fatalities, 2003 to 2009

These curves are reproduced in Figure 14, magnified so that the differences between the observed traffic fatalities and the model estimates for fatalities can be viewed.

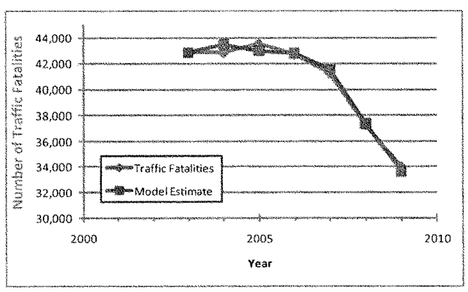

Figure 14. Close Up View of Traffic Fatalities and Model Estimates of Traffic Fatalities, 2003 to 2009

The simplest explanation for this correlation is that the increase in HSIP obligations resulted in the decrease in traffic fatalities, so that every $1,000,000 increase in HSIP obligations resulted in a reduction of about 7 traffic fatalities per year.

Observation Summary: After correcting for historical trends, there has been a large increase in traffic safety program obligations and a large decrease in traffic fatalities since 2006. If one assumes that this decrease in traffic fatalities was caused by the increase in safety program obligations, then every $1,000,000 increase in HSIP appropriations that was obligated resulted in a reduction of about seven traffic fatalities per year.

The Impact of Increased HSIP Safety Obligations

The analysis described in this report strongly suggests that the increase in HSIP obligations helped bring about a large decrease in traffic fatalities. The traffic fatality model developed for this report indicates that a decrease of seven fatalities per year occurred for every $1 million increase in HSIP obligations. The National Highway Traffic Safety Administration (NHTSA) has developed an economic value of preventing a human fatality; that value is currently $6.1 million.[12] A basic calculation yields that every $1 million increase of HSIP funds obligated resulted in an annual savings of $42.7 million in societal costs to the United States.

While this conclusion is a direct result of the model developed for this report, it is possible that the number of fatalities prevented through HSIP obligations may be a bit lower than the value of seven suggested by this analysis due to potential effect of other safety-related efforts during this time period. For example, this analysis only considered FHWA safety obligations, while NHTSA funds targeting traffic safety also increased during this same period. Thus, it is possible that the increase in this source of traffic safety funding explains part of the decrease in traffic fatalities that occurred since 2006. However, preliminary data available to these researchers indicate that the increase in NHTSA funds during this period was smaller than the increase in safety obligations considered in this analysis, so it would likely have only a small effect on the estimates in this report.

Another possible explanation for part of the decrease in traffic fatalities is the list of other safety-related requirements in SAFETEA-LU, including that each State develop a Strategic Highway Safety Plan (SHSP), establish a crash data system, and report locations with severe safety needs annually. The establishment of these traffic safety program features could have helped States spend existing safety funds more effectively. In other words, the decrease in traffic fatalities could have resulted from both the increase in safety obligations and more effective application of these safety funds. As with the increase in NHTSA funds, these researchers believe that this would have only a small effect on the estimates in this report.

Summary and Conclusions

The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) established the Highway Safety Improvement Program (HSIP) "to achieve a significant reduction in traffic fatalities and serious injuries on all public roads." This resulted in a significant increase in funds available for traffic safety improvement projects beginning in 2006, as shown in Figure 15. In this figure, the safety obligations were predominately TEA-21 and Surface Transportation Extension programs funds prior to 2006 (shaded red) and predominately HSIP funds in later years (shaded yellow).

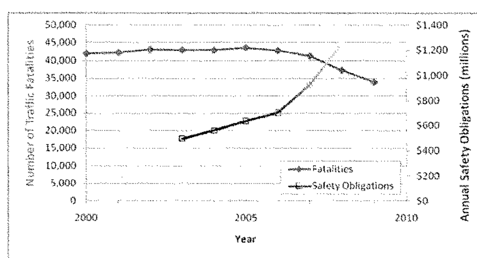

Figure 15. Traffic Fatalities and Annual Safety Obligations

At about that same time, traffic fatalities began to decrease noticeably, and have continued to decrease through 2009. These data indicate that the increase in safety obligations has had an effect on the decrease in traffic fatalities. However, many other factors could have impacted the number of traffic fatalities and might explain this decrease. A review of

12 *Value of a Statistical Life and Comprehensive Value of Life*, National Highway Traffic Safety Administration. April 2010. http://www.nhtsa.gov/staticfiles/administration/pdf/Value_of_a_Statistical_Life.pdf (accessed May 2010).

several of the most commonly cited factors indicated that none of them satisfactorily explained the sudden decrease in traffic fatalities:

- Seat belt usage has been steadily increasing since 2001, and there was no change in that trend in 2006.
- Air bag availability has been steadily increasing since 2001, and there was no change in that trend in 2006.
- Annual vehicle miles traveled (VMT) steadily increased between 1995 and 2007. Annual VMT dropped in 2008 and 2009, which could explain part of the decrease in traffic fatalities that occurred.
- The percent of VMT that is classified as rural has been decreasing steadily since 2002, and there was no change in that trend in 2006.[13]
- The unemployment rate showed a sharp increase starting in 2007. However, a similar increase in 2001 did not result in a corresponding change in the number of traffic fatalities that occurred.

Based on this review, a model was developed to estimate annual traffic fatalities. This model used historical trends to estimate the fatality rate per 100 million vehicle miles traveled (VMT), taking into account any factors whose trend continued to follow the historical patterns discussed above. Figure 16 shows this trend line and the fit to the 1998 to 2005 data.

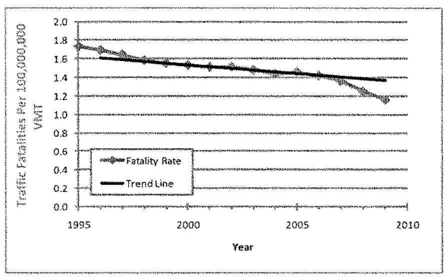

Figure 16. Fatality Rate Trend

This fatality rate trend was then used to estimate the number of traffic fatalities that would have occurred if some outside factor had not changed these trends, beginning in 2006. Figure 17 shows the actual number of traffic fatalities that occurred each year and the estimate for this number, based on the above trend line for the fatality rate and the actual VMT. The difference between these two curves is the amount of the drop in traffic fatalities that is not explained by the historical trends.

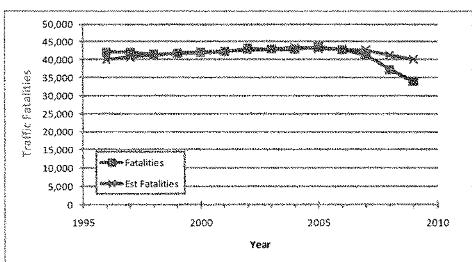

Figure 17. Actual Traffic Fatalities and Estimated Fatalities Based on Historical Trends

13 Traffic statistics indicated that the number of traffic fatalities per rural VMT is much higher than the corresponding value for urban VMT.

A similar approach was applied to safety obligations. The actual obligations and the obligation trend line is shown in Figure 18. The difference between these lines is the increase in safety funding that occurred during this period over and above the historical trend.

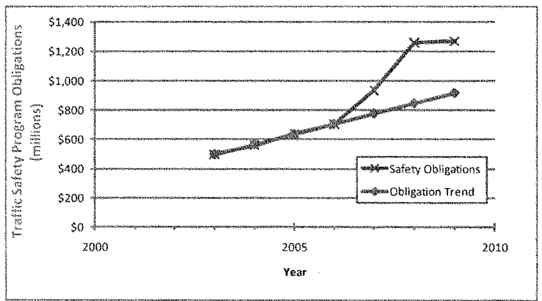

Figure 18. Actual Safety Obligations and Estimated Safety Obligations Based on Historical Trends

Figure 19 shows the relationship between this drop in traffic fatalities and the cumulative increase in safety obligations. These curves show that for every $1 million increase in safety obligations, traffic fatalities were reduced by about seven fatalities per year.[14]

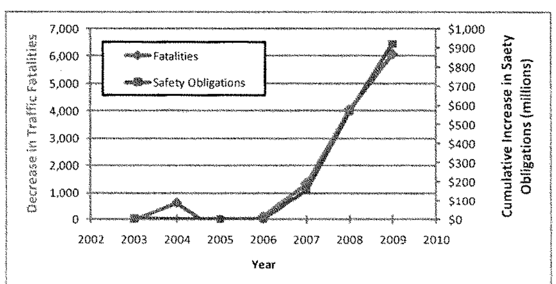

Figure 19. Decrease in Traffic Fatalities and Increase in Safety Obligations

14 This includes HSIP, TEA-21 and Surface Transportation Extension program obligations.

Combining these factors results in a model that does a remarkable job of reproducing the drop in traffic fatalities that occurred since 2006, as shown in Figure 20.

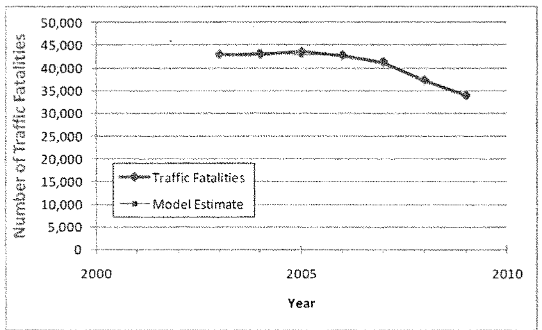

Figure 20. Traffic Fatalities and Model Estimates of Traffic Fatalities, 2003 to 2009

This model indicates that, for every $1 million increase in safety obligations, a reduction of seven traffic fatalities annually occurred. Based on economic values developed by the National Highway Traffic Safety Administration (NHTSA),[15] the savings to society from preventing a single human fatality is $6.1 million. Using this figure, calculations indicate that every $1 million increase of HSIP funds obligated results in an annual savings of approximately $42.7 million in societal costs to the United States (i.e., a benefit/cost ratio of 42.7 to 1).

It is possible that other changes that occurred at about the same time as the increase in safety funding through HSIP explain part of the observed decrease in traffic fatalities. For example, traffic safety funds available through NHTSA programs increased after 2006. Also, SAFETEA-LU required that States develop crash data systems and Strategic Highway Safety Plans, which may have resulted in more effective use of existing safety funds. Insufficient data was available to include these factors in the model.

Even if those factors' funds do explain some of this decrease, this analysis still suggests that the increase in HSIP obligations provided a tremendous savings in terms of lives saved and the societal costs of traffic fatalities.

15 *Value of a Statistical Life and Comprehensive Value of Life*, National Highway Traffic Safety Administration. April 2010. http://www.nhtsa.gov/staticfiles/administration/pdf/Value_of_a_Statistical_Life.pdf (accessed May 2010).

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Association of
Metropolitan
Planning
Organizations

Testimony of

Ashby Johnson
Deputy Director of Transportation at
Houston-Galveston Area Council
&
Chairman, Policy Committee,
Association of Metropolitan Planning Organizations

Before the

United States House of Representatives
Committee on Transportation & Infrastructure
Subcommittee on Highways and Transit

Hearing on

Improving and Reforming the Nation's Surface Transportation Programs

Wednesday, March 30, 2011
10:30 AM
2167 Rayburn House Office Building

Chairman Duncan, Congressman DeFazio, members of the Subcommittee, my name is Ashby Johnson and I am the Deputy Director of the Houston-Galveston Area Council and the current Policy Committee Chairman of the Association of Metropolitan Planning Organizations (AMPO).

AMPO is a non-profit, membership organization established in 1994 to serve the needs and interests of over 380 metropolitan planning organizations (MPOs) nationwide. Metropolitan areas are the nation's economic engines. Almost three-quarters of U.S. citizens live and work in these regions, which drive the nation's economy and compete head-to-head with regional economies in other countries. In fact, of the 100 largest global economies, 37 of them are metro areas in the

United States. Metropolitan areas account for 90% of the nation's GDP and produce 85% of the exports. The importance of metropolitan economies is not limited to large urban areas on the two coasts, however. Even in classically rural states like Idaho and the Dakotas, metro areas account for a majority of the economic output. To help facilitate effective regional transportation decisions during the transportation planning process, MPOs are designated by federal statute to carry out planning requirements mandated under federal law.

From the MPO perspective here are a few ideas that would improve project delivery and stretch federal resources:

1. <u>Require states to reimburse MPOs by same-day electronic transfers if practicable, or no later than 10 days.</u> <u>Require USDOT to enforce this</u>. Current law requires reimbursement in 30 days but states still fail to comply. Uncertainty with reimbursements delays project planning.

2. <u>A modest increase in MPO planning funds will result in fewer construction dollars being used for planning</u>. Many MPOs use STP and CMAQ funds for planning.

3. <u>Increase the population threshold for MPO designation from 50,000 to 100,000.</u> As the population of our country continues to grow, we are finding that more and more areas are crossing the current threshold. In many states this has led to the creation of numerous MPOs that are directly adjacent to each other even though they share the same travel and air sheds. The result of too many MPOs in close proximity is a fracturing of regionalism, an inability to fully address mobility problems, and financial resources being spread too thin.

4. <u>Provide MPOs with stronger project selection authority.</u> Once consultation or cooperation is completed with the states, MPO's stronger authority to select projects for the TIP will result in less back and forth at later dates and decrease delays.

5. Encourage states to designate MPOs with a population over 200,000 as designated recipients of federal funding for smaller programs. Smaller federal programs can be executed through MPOs that demonstrate capability, which frees the state to use its employee resources more efficiently on larger programs.

6. Require USDOT to incorporate the results or decisions of multimodal, systems-level corridor or subarea transportation planning studies into NEPA documents. Current law is discretionary and allows NEPA lead agencies to consider the incorporation if there is agreement between the lead agencies. If the results are supported with appropriate documentation and data, and the process complies with law, this early work will shorten project delivery. Some case studies are currently duplicated at the federal level and by the state.

7. Require the implementation of statewide performance measures.

    a. The first performance measures should be developed in a collaborative and transparent manner between USDOT, states, MPOs, local governments, public transportation providers, and other parties who may be responsible for implementing, measuring, monitoring, or reporting results and outcomes.

    b. AMPO does not recommend requiring the establishment of performance measures or targets for 385 MPOs in addition to statewide measures and targets. MPOs and states should cooperate to achieve statewide targets that may or may not require the establishment of targets in MPO planning areas.

8. Conformity/Nonattainment. For MPOs in air quality non-attainment, they must follow the "conformity" process. When you also consider that a conformity determination is often triggered by a TIP or Plan amendment, or a state implementation plan (SIP) trigger, the

reality is that a continuous conformity process is in place in many metro areas to account for even minor project changes. Many MPOs report that they budget for at least one conformity determination per year. While air quality is critical, the conformity *process* is not efficient. Each conformity determination requires significant MPO staff time to conduct the technical work, hold interagency consultation meetings and public hearings, and ensure the full engagement of MPO board members. MPOs must choose where to focus their limited planning resources, and elected MPO board members must choose where to focus their available time. A strengthened planning process could evolve when the concern about short-term, procedural deadlines for conformity is lessened.

Thank you for the opportunity to present the subcommittee with a few ideas from the MPO point of view. I will remain in the hearing room for follow-up questions.

May 2, 2011

Hon. Peter DeFazio
U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

Dear Congressman DeFazio:

On behalf of the Association of Metropolitan Planning Organizations (AMPO), I would like to thank you for the opportunity to provide some "practitioner's insight" into two key issues in the transportation planning process. You sent two (2) follow up questions to my written and verbal testimony of March 30, 2011. The questions were as follows:

1. The Government Accountability Office has identified that freight-related projects have a difficult time being programmed for construction under the current planning process. How can the planning process be better integrated or account for the benefits of freight-related projects? How can the Federal government facilitate multi-state and regional partnerships to improve transportation system performance and reliability?;

2. Your written testimony referenced strengthening the role of MPOs in project selection. Can you discuss the current process? Does the process provide metropolitan areas the ability to address their surface transportation needs? Does the disconnect between planning and project selection undermine or complicate other regional planning activities?

On behalf of AMPO, I respectfully submit the following response to Question 1.

First, I should clarify that my written and verbal testimony concerning freight issues and the transportation planning process were mostly intended to reflect concerns related to non-roadway projects such as rail, ports, pipelines, etc.

The main issues with the non-roadway projects are ones of benefit and equity. Current freight data is spotty at best and what data exists is largely in a summary format that doesn't provide the detail that MPOs need. The data contains large gaps because the private operators do not want to divulge proprietary information that would give a competitor an advantage. Due to the spottiness of the current data, it is difficult for MPOs to do an honest cost/benefit analysis and thus it is difficult for MPOs to derive how much public and private benefit a project would achieve. Oftentimes the freight data that is available to an MPO doesn't have the sufficient geographic scope to fully estimate either the cost to the public or the private shipper/operator. This has been a particularly troublesome issue in some metropolitan areas like Houston, Dallas, and Atlanta where we have rail bottlenecks that are nearly a century old (Towers 30 and 55 and Howell Junction respectively). The rail bottlenecks have spillover effects outside of the rail network due to the number of at-grade crossings in our respective regions. When the trains slow down and/or stop for long periods to get through a bottleneck or enter a rail yard designed for 19th Century freight volumes, the trains block numerous streets for long periods resulting in congestion on the roadway network and neighborhoods cut off from schools, fire and police services, and transit. In Houston, it has also resulted in safety issues as some children have been permanently disfigured while crawling under stopped trains to get to school and the train suddenly moved and cut off limbs. The bottlenecks also have effects outside of our regions and, in some cases, outside of our states. Howell Junction in Atlanta affects rail freight movements in Athens, Georgia, Charlotte, North Carolina, and Birmingham, Alabama. Bottlenecks in McAllen and El Paso, Texas affect rail traffic in Mexico and rail bottlenecks in Houston and Dallas affect freight movements across Texas and in some portions of Louisiana, Arkansas, Oklahoma, and New Mexico. For major ports of entry, metropolitan areas and their states are asked to bear the burden for very expensive projects that may have some negative benefits (e.g., more traffic and noise) for the region but which have benefit for the entire country. The current federal funding programs and project selection systems do not take this disparate cost/benefit equation into account.

Metropolitan regions like Houston, Dallas, Atlanta, and Chicago have been dealing with these rail issues for quite some time but it is not unique to just large MPOs. McAllen and Laredo Texas have similar issues as does Hampton Roads, Virginia and Savannah, Georgia. Chicago has probably been the most successful of the bunch. The main difference there has been the CREATE Program which provides dedicated federal funding to remove long time rail bottlenecks. The Federal government identified this issue to be of national significance and is committing dedicated funding to the project cost. While the Federal funding is not enough to cover the full project costs, the dedicated funding at least signals the importance of this key piece of infrastructure to the nation. The other key to CREATE's success is that the federal government assisted in the negotiations with the railroads. Currently, there is no clear way for MPOs to work with railroads on projects that have public and private benefits.

Lastly, there is a need to examine the impacts of major freight terminals on key local streets ("the first or last two miles" of freight delivery). In those instances where there is a clear Federal interest there should be some financial assistance to local governments to maintain those facilities.

A good starting point for resolution of the larger issues would be for the federal government to clearly define its interest in interstate and international commerce, work with MPOs and State Departments of Transportation to identify freight bottlenecks of national significance regardless of mode or ownership, and help with negotiations with the private entities (when requested) and provide dedicated funding. This process would be time consuming but could achieve significant gains in mobility across the nation for people and goods. This approach could also be constructed in such a way as to identify community issues (e.g., noise, pollution, cut through traffic, environmental justice) and address those at the same time. The U.S. Department of Transportation could also initiate a competitive grant program for significant freight mobility project of national significance. Towards that end, MPO, SDOT, and USDOT professionals could serve on a selection panel to screen and award grant funds or it could be handled by a Transportation Research Board special committee with rotating membership.

In response to Question 2, I respectfully submit the following response:

There is a major disconnect between the promise of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) that envisioned a cooperative decision making process around the "MPO table" and the actual letter of the law which gives the bulk of the funding and, thereby, project selection authority to the states. Transportation management areas receive a suballocation of funds directly and, for the most part, have been very proactive in creatively funding projects in their regions that have economic, environmental and societal benefits. For the vast bulk of highway funding, MPOs can only veto bad state projects.

This issue can be addressed by giving medium and large MPOs the authority to program all surface transportation projects in their regions including projects on the National Highway System (NHS). MPOs should also be given the statutory option to implement and/or construct projects in their regions.

On the financial side, MPOs need greater ability to know what financial resources are available and we need the information to follow a project from the planning through the implementation phases. Currently, most MPOs only know as much financial information as their SDOT is willing to divulge. The less information we have the less ability we have to be the stewards of the regional transportation priorities. *Statutory language that requires SDOTs to be more transparent as to how many federal funds they receive and how they used them could remedy this issue. MPOs could also be made federal grantees so that federal funding could be obligated by MPOs themselves rather than relying upon the SDOT to obligate funding.*

Some SDOTs routinely ignore local planning decisions of long standing in the environmental process, which has significant negative impacts on urban form and on the private land investment decisions based on those locally and regionally adopted plans. *To remedy this issue MPOs need to be statutorily moved from an advisory agent to a SDOT and made more of an equal. Currently, there is no provision in Federal statute that provides consequences if an SDOT fails to live up to the spirit or the letter of Federal planning statute and regulations. MPOs have a required Federal certification every four (4) years. SDOTs should be required to go through a similar certification process for a start.*

Please feel free to contact me on ' if you have questions or require more information.

Sincerely,

Ashby Johnson
AMPO Policy Committee Chair
Deputy MPO Director
Houston-Galveston Area Council

Testimony of

Deron Lovaas

Federal Transportation Policy Director, Natural Resources Defense Council

on

Improving and Reforming our Nation's Surface Transportation Programs

Subcommittee on Highways and Transit

Committee on Transportation and Infrastructure

United States House of Representatives

Wednesday, March 30th, 2011

Chairman Duncan, Ranking Member DeFazio, Members of the Committee, thank you for inviting me to testify at this hearing on improving and reforming our nation's surface transportation programs. NRDC is the nation's most effective environmental organization. Founded in 1970 by a group of law students and attorneys, we use law, science and the support of 1.3 million members and online activists to protect the planet's wildlife and natural places and to ensure a safe and healthy environment for all living things.

Introduction

Our outdated national transportation policy undermines America's safety, energy and climate security, and economy. Roads and bridges, transit systems, and other critical assets across the country have not been well maintained. This disinvestment, in addition to hurting the performance of the transportation network, is increasingly posing a safety hazard as we tragically saw on I-35 in Minnesota.

At the same time, even as Presidents from both political parties as far back as Richard Nixon have called for reductions in oil dependence, we remain as dependent on oil as ever, often imported from hostile countries. Our overwhelming reliance on oil as a transportation fuel coupled with few economical and convenient alternatives to automobiles for moving people and goods have kept America shackled to a volatile and costly global oil market.

Finally, while our transportation network has fostered tremendous economic growth, investments in the system, if not done right, can be unproductive or even wasteful. Inefficiencies – in the form of traffic congestion, high transportation cost burdens for businesses and families, and negative environmental effects from air and water pollution to climate change – further undermine the economic benefits.

While state and local transportation officials have a shared role in fixing our transportation system, reforming and improving federal transportation policy is critical to our success in changing any of these trends. Now is the time to create a safer, smarter, and cleaner transportation network for the future, by:

- **Ensuring that transportation dollars are invested in projects that bring the highest returns by requiring performance-based planning and accountability for outcomes;**
- **Prioritizing the rehabilitation of aging roads, rail lines and bridges, and ensuring that all transportation facilities are well-maintained for optimal use and operation;**
- **Focusing improvements to the transportation system on projects that help to reduce our dependence on oil;**
- **Funding and financing maintenance, operations and growth of the system;**
- **Improving project development and delivery;**
- **Developing a national goods movement strategy; and**
- **Protecting our water quality and wildlife populations.**

These steps have broad public support. In February, 18 of America's largest environmental organizations, representing millions of members and activists across the country sent a letter to the leaders of the House and Senate committees with primary jurisdiction over federal transportation policy calling for many of these reforms. Next month, a similar set of organizations will have collected nearly 100,000 petition signatures calling for a reformed federal transportation bill that reduces our oil dependence.

By working together to develop and pass a strong, coherent national transportation policy, Congress and the Administration can enhance mobility, boost the economy, increase our security, and improve the environment.

Investing Wisely: Getting the Most Bang for Transportation Bucks

We've made tremendous investments in our transportation infrastructure over the years, and the resulting national network has fostered unrivaled economic growth and development. Today, the transportation system we've built continues to add significantly to our national economy. The transportation services we rely on to do business represent about $1,114 billion (2000 dollars) in 2006, equal to 9.8 percent of GDP.[1] Transportation-driven GDP (a broader measure which attempts to capture all value-added generated to meet the economy's transportation demand, plus transportation services that contribute to non-transportation sector activity) was estimated at 16.5 percent of GDP in 1997.[2] More broadly, overall built infrastructure (e.g., buildings, roads, transit lines, etc.) accounts for about one-third of the value of U.S. assets.[3]

Many studies have found evidence of large private sector productivity gains from such public investments in the infrastructure, in many cases yielding higher returns than private capital investment.[4] For example, the export of American-made goods, which requires efficient movement of freight to ports, accounts for jobs totaling 7 percent of the U.S. workforce.[5]

However, there is evidence that economic benefits of new transportation investments have dropped. For example, according to a study by a New York University economist the return on investment of new highway projects has been in decline for years.[6] And inefficiencies -- in the form of congestion, high costs, and environmental impacts – exacerbate matters further.

The flaws in our transportation system also have a broader impact on our economy. Long commutes and congestion impose real economic costs. The Texas Transportation Institute estimates that we lose $87.2 billion dollars in productivity during the 4.2 billion hours Americans spend in traffic each year.[7] Billions more in fuel is wasted. Moreover, economist Joseph Cortright has shown how sprawling metropolitan land use patterns make the problem worse.[8] Cortright calculated that a typical traveler in the least-sprawling U.S. city spends 40 fewer hours per year in rush hour traffic than the average American, due to shorter travel distances.

Stubbornly high household transportation costs also show this inefficiency. Analysis by the transportation and land-use think tank Reconnecting America shows that transportation costs have been growing for years, and are now often the second highest expense for American families. The average household spends more on transportation than on food or health care.[9] In highly automobile-dependent suburbs, transportation can consume as much as 25 percent of a household budget, compared to just 9 percent in neighborhoods with access to public transportation.[10]

Studies also show, however, that smart, strategic transportation investments can save consumers money, increase economic output, and boost employment. Some investments make smarter use of scarce taxpayer dollars than others. For example, repair jobs and public transportation investments typically have very high rates of return. Jobs are created directly as part of project construction, indirectly through the manufacturing supply chain (e.g., steel for rails, components for buses and rail cars) as well as through workers spending wages domestically.

The Apollo Alliance finds that dramatically increasing yearly investment in public transit and intercity rail to $40 billion from the present _XXX would generate 3.7 million new jobs and boost annual gross domestic product by $60 billion.[11] Such investments also have a ripple effect, benefitting, for example, small towns where buses are manufactured, or farms that rely on port cities for access to the global marketplace. At the same time, investing in public transportation will save consumers money. Consumers can save hundreds of dollars each month by taking public transportation, compared to driving. The American Public Transportation Association estimated that in March of this year individuals, on average, could have saved $825 per month based on the March 4, 2011 average national gas price and unreserved monthly parking rate.[12]

In this fiscally constrained era we must collect and make good use of information regarding potential costs and benefits during the transportation planning and project selection and design processes. Resources should be focused on the projects that will yield the greatest return in terms of mobility, social, and economic benefits.

> **<u>Policy Recommendation</u>: A new transportation program should include a set of national policy objectives related to mobility and access, safety, economic impact, energy use and environmental quality.**

- Federal programs must then be reformed and reoriented to direct funding to help states and localities make progress toward these objectives.
- National objectives should be complemented by commensurate state and regional objectives, explicitly written into long-range plans and transportation improvement programs.
- To hold states and regions accountable for objective-setting and achievement, Congress must offer incentives in the form of preferential matching and special funding for programs, projects and initiatives that contribute to these goals.
- As additional incentives for transportation officials, the new federal program should include large merit-based, competitive programs to leverage federal investments by spurring virtuous competition and driving innovation and reform among a large pool of applicants. Two programs are especially worthy as models: The Urban Partnership Agreement competition in the Bush Administration and the TIGER program in the Obama Administration.

Fixing It First: Addressing Failing Infrastructure

Chronic underinvestment in repair and maintenance of our transportation system is a national crisis. Five hundred bridges in America failed between 1989 and 2003.[13] Today, nearly 8,000 bridges across the country are in disrepair.[14]

Deferred maintenance is crippling our road and transit networks as well. The American Society of Civil Engineers estimates that $1.2 trillion is needed over the next 5 years to improve the condition of the system.[15] Even at that investment level, America would still lag behind infrastructure investment rates of many other nations that are our international competitors.

Proper routine maintenance could have prevented tragedies like the I-35W bridge collapse in Minnesota. Unfortunately, state authorities often direct money into headline-grabbing new projects rather than critically needed maintenance. In fact, in a 2011 poll, 86 percent of respondents supported a "fix it first" policy that focuses on maintaining existing transportation systems before building new ones.[16] The era of wasteful earmarks for flashy but foolish projects, must give way to a focus on fixing our creaky, decaying, and essential existing transportation infrastructure.

Such an approach reduces ongoing maintenance costs, supports business and residential investment in areas already served by transportation infrastructure, and creates more jobs per dollar than construction of new capacity.[17] A new transportation law should include a clearer, more aggressive "fix-it-first" policy for all modes of transportation to reap these benefits.

<u>Policy Recommendation</u>: A new transportation law must adopt a "fix-it-first" approach to infrastructure.

- Substantial investment should be allocated exclusively to repairs.

- US DOT should develop a set of performance criteria related to state of good repair for transportation facilities.
- States and regions should be required to show how they will achieve progress toward state of good repair goals in their Long-Range Plans and Transportation Improvement Programs.

Breaking the Oil Habit: Delivering Mobility Choice

Transportation drives America's dependence on foreign oil. While we have weaned the electricity sector almost completely off oil, transportation remains 96-percent dependent on petroleum products, mostly gasoline and diesel.[18] And nearly 70 percent of oil used in the U.S. goes to transportation. The biggest sub-sectoral oil consuming category is cars and light trucks, which account for about 60 percent of the total.[19] Heavy-duty vehicles comprise about one-third that percentage, and aviation about half of that. The remainder is rail, marine and other uses.

Taken together, our oil consumption adds up to a 19 million-barrel-per-day habit. This tremendous thirst for oil is a concern because the vast majority of oil resources are held by other nations. In fact, oil production in the United States peaked circa 1970, despite tremendous investments in exploration and production. The U.S. has 526,000 producing oil wells, or more than the rest of the world combined, as well as thorough subsurface mapping.[20] To meet our gargantuan demand oil imports have risen steadily from 35 percent in 1973 to more than 50 percent now, a situation unlikely to change except via demand moderation since other countries have vaster reserves and therefore longevity of production capacity.[21]

The good news is that overall oil intensity of the U.S. economy – the amount of oil used per unit of GDP – has declined substantially since the 1970s due to greater energy efficiency and fuel switching. However, this has not been the case in the transportation sector, which remains shackled to global oil marketplace trends. Therefore repercussions of oil price increases and spikes can be severe and widespread.

High oil prices have an immediate impact on transportation costs for both households and businesses. As transportation costs rise, goods and services that must be transported also rise in price. Food, consumer goods, raw materials, and other fundamentals of our economy are all simultaneously affected. Our economy is therefore held hostage to a turbulent global oil market, which is influenced by diverse factors such as consumer behavior in other large growing nations such as China, supply decisions made by state oil companies organized in the OPEC cartel and political unrest and instability in the Middle East.

Apart from economic impacts, our oil dependence poses a national security concern for strategic military and defense reasons. Oil consumption by the transportation sector is a major source of heat-trapping pollution, accounting for approximately one-third of U.S. greenhouse gas emissions.

In addition to the numerous environmental impacts, climate change carries worrisome security implications. An increasing number of security experts at CNA Corporation, the Center for Strategic and International Studies as well as the Defense Department have identified climate change as a challenge to the nation. CNA describes a "threat multiplier" effect due to climate change whereby regions of the world that are already stressed due to poor social, economic and/or political conditions risk degenerating into disaster and/or civil war zones with additional stress due to the unpredictable impacts of climate change.[22] Asian, African and Middle Eastern countries are particularly susceptible to such a scenario. As CNA sums up:

> Economic and environmental conditions in already fragile areas will further erode as food production declines, diseases increase, clean water becomes increasinglyscarce, and large populations move in search of resources. Weakened and failing governments, with an already thin margin for survival, foster the conditions for internal conflicts, extremism, and movement toward increased authoritarianism and radical ideologies.[23]

Transportation fuel use is also a primary driver of local air pollution that has been linked closely to both public health problems such as asthma and other respiratory diseases.[24] Some – such as the elderly and children – are especially vulnerable to the effects of air pollution. My three-year-old daughter is asthmatic, so I am keenly interested in reducing pollution from transportation and other sources.

How do we reduce our oil dependence? Raising the bar on fuel economy performance of our vehicles as the Administration is doing via rulemaking is one way. Providing consumers with more fuel choices by making cars pluggable is a second way. The third component of this three-pronged attack on oil dependence is greater mobility choice.

Studies show that strategic transportation investments can help cut oil use. In April of 2010, the Department of Transportation released a comprehensive report addressing strategies to reduce energy use and emissions in the transportation sector.[25] The report found that significant progress can be made through increasing the efficiency of our transportation system through operational improvements and infrastructure investments. A separate analysis by the Environmental Protection Agency published in March of 2010 reached the similar conclusion finding that such measures could reduce on-road oil use by 14 percent annually by 2030 and on-road GHG emissions 13 percent annually.[26]

I am currently collaborating with an unusually broad set of energy and transportation experts as part of the *Mobility Choice* project initiated by the Institute for the Analysis of Global Security (IAGS), and our blueprint for transportation reform has ten elements as described below.

Ensure the Price of Fuel Better Reflects Oil Security Costs

To better reflect the hidden costs of oil, primarily those associated with its national security impact, an oil security fee could be levied either per barrel or at the pump. This fee would send a more accurate signal to consumers about the real cost of their gallon of gasoline or diesel. Reflecting the hidden costs of oil at the pump would enable consumers (assuming modal choices exist and vehicles are platforms on which fuels can compete) to make more economically informed transportation choices. **Implementing a fee equivalent to an additional 25 cents per gallon of gasoline in 2020 could generate annual savings of almost 240 million barrels of oil and generating $44 billion of revenue**.

Deploy "HOT" lanes and Congestion Pricing

The concept of pricing to address congestion was first proposed by Nobel Laureate William Vickrey about fifty years ago and at present the federal program has supported more than 50 projects in more than a dozen states with more than 20 projects in operation.[27] The use of this tool helps to address a "tragedy of the commons" issue with transportation, whereby public goods are consumed inefficiently due to a lack of accurate price signals unlike, for example, time-variable prices for daytime cell use and midday electricity use.

Facility pricing strategies have been deployed more aggressively elsewhere in the world, including Singapore, London, Stockholm and the Netherlands. Political and public acceptance has been a challenge in many cases, with lessons that could be useful in the United States. Specifically, to earn support from the public and other stakeholders – including environmental groups – proposals must address a real problem that pricing would help resolve (such as oil savings), have a credible plan for the revenues including investments in transportation alternatives such as bus rapid transit, come from a trustworthy source, and start incrementally.[28] The last of these is particularly important. Launching modest-sized projects can offer the public "proof of concept" and build momentum towards wider use of pricing tools.

Together, such strategies could save nearly 80 million barrels of oil in 2020, and twice that in 2030 as pricing becomes more comprehensive.

Allocate Transit Dollars to Optimize Oil Savings

Providing transportation choices can be an effective way to reduce oil consumption. Taxpayer dollars allocated to transit can be focused on capital improvements that improve service on existing high load routes with an eye toward maintaining a consistently high load factor. For instance, this might mean more frequent service during peak usage hours; this would reduce travel times, which would in turn attract even more riders. Investments should also add new routes that are expected to be consistently high load.

***Mobility Choice* analysis shows that increasing the level of service on routes that have better than average load factors could save more than 4 million barrels of oil in 2020, and more than 6 million in 2030. Expanding service to reach new geographic areas, assuming again that only routes with better than average load factors would be funded, could save almost 21 million barrels of oil in 2020 and more than 38 million barrels in 2030.**

Increase Insurance Choice

Car insurance is a fixed-cost for most drivers in the U.S. today – they pay the same amount per year regardless of how many miles they drive. Yet, all else being equal, the likelihood of an accident for a given driver increases as he or she drives more. As a result, low-mileage drivers are effectively subsidizing risk for high-mileage drivers; this results in distorted price signals for the costs of driving. Converting the variable portion of insurance costs into a per-mile cost for drivers – a system known as Pay as You Drive (PAYD) - would correct these price signals. Research shows that the majority of drivers in the U.S. would *actually save money* under such a system, since the current subsidy to the smaller pool of relatively high-mileage drivers would be eliminated.

In spite of increasing interest among states there are very few PAYD policies available. The overwhelming majority of Americans continue to drive with one-price-fits-all policies and virtually no insurance companies offer PAYD (Progressive Insurance's Snapshot program is a notable exception). If PAYD policies were made an option for all drivers, between 20-40 percent of drivers could be expected to use it as a way to reduce auto insurance premiums. **This tool, if used by the states could generate savings of 56 million barrels of oil in 2020 and almost 60 million in 2030.**

Provide Transit Vouchers for Mobility Choice for Low-Income Households

While lowering transit fares is a proven way to increase ridership, this comes at a cost to transit agencies in the form of lower farebox revenues – undercutting agencies' ability to maintain service in the long run. To allow transit agencies to become more self-sustaining while meeting mobility goals, subsidies can be focused on helping the people that actually need financial support. To this end, transit vouchers could be provided for low-income households. This policy would help transit agencies avoid some farebox losses by charging higher fares for consumers who can afford it. Policies could be designed so that vouchers could be redeemed with either existing transit agencies or private entrepreneurs running private sector buses, shuttles, vanpools and jitney buses. **Mobility Choice analysis shows that providing transit vouchers would also save nearly 700,000 barrels of oil each year.**

Increase Commuting Options and Telecommuting

A large share of trips are -- particularly at peak hours -- to the workplace. There are many strategies that can encourage commuters to choose travel options other than driving alone. For example, parking cash-out programs reward employees who find other ways to get to work by giving them the cash-equivalent to a parking benefit. On-line ride matching, vanpool services and guaranteed ride home programs provide commuters an alternative to driving alone. Extensive outreach programs by larger employers can be used to educate employees about the commute options available. Transit agencies can offer employers "bulk discounts" on monthly transit passes, providing incentives for greater transit use.

Telecommuting and compressed workweeks also offer opportunities to eliminate entirely some trips to the workplace. The choice to take the "broadband highway" to work, shop or run errands can save oil. As one energy expert put it, "consider the potential of virtualization as a disruptive energy technology. If for only one day a week the herd of stop-and-go business commuters was allowed to telework from home or from a networked satellite office near their neighborhood, over 30 million gallons a day of gasoline would be saved."[29] In fact, forty percent of IBM's employees telecommute, saving nearly $2.9 billion in reduced office space needs (and millions more on energy costs) since 1995.[30]

Improved commuting options could save 71 million barrels per year by 2020.

Return Gas Tax Revenue to Areas with the Most Traffic and Oil Savings Potential

Our nation's metropolitan areas have grown into hosts to most of the nation's population, employers, GDP and traffic. Any new program should suballocate a larger proportion of gas tax receipts – either through a brand-new program or through the existing Surface Transportation

Program – directly to metropolitan regions, with appropriate conditions to maximize efficient and transparent use of the funds.

Improve Local Land-Development Rules

Transportation choices and land use are inextricably linked. By creating more transportation-efficient land use patterns, people can choose modes other than driving for some trips, and reduce the number of miles they need to drive. Mixing commercial and residential land uses makes it possible for residents to walk or bicycle to neighborhood stores, and higher density development centered around transit stops can make public transportation a much more attractive and viable option for residents. Yet current regulations often stand in the way of neighborhood designs that allow minimal driving, with zoning codes that prohibit mixed-use developments and that do not allow for a mix of housing types and lot sizes. Government policies need to be revamped to encourage – rather than impede – efficient development patterns, and eligibility of municipalities for certain federal transportation funds should be conditioned on liberalization of rules to meet market demand.

Some recent analyses provide evidence of a mismatch between what the marketplace provides and changing consumer preferences. One analysis looked at Atlanta households and found that "the segment of the housing market that is interested in these alternatives is underserved—that is, there is unmet demand for alternative development in the Atlanta region."[31] Another analysis compared Boston and Atlanta, finding that 70% of Bostonians who wanted to live in a walkable suburb actually did while only 35% of the same in Atlanta did.[32]

And a national survey of developers found that more than 60% agreed with the statement "In my region there is currently enough market interest to support significant expansion of these alternative developments," with a high of 70% in the Midwest and a low of 40% in the South Central region. In terms of location within metropolitan regions (central city, inner suburb, outer suburb, or rural) the highest percentage (80%) reported an intent to develop more densely should land-use regulations be relaxed in inner suburbs.[33]

Removing barriers to mixed-use development and providing incentives for regional and city planning agencies to plan for more efficient land use could save more than three million barrels of oil in 2020. This initial savings would more than triple by 2030 as these policies have more time to influence development, and pay larger dividends beyond 2030.

Deployment of Smart Traffic Management

Traveling on roads and transit in other industrialized nations, one witnesses a host of technologies that could improve operating efficiency of existing transportation modes, from variable signage providing real-time information to system users to traffic management centers to keep traffic flowing freely. Upgrading our current infrastructure with 21st-century technology is one of the first, most cost-effective steps we can take to save oil and cut pollution by reducing congestion and idling. These technologies save time, money, and frustration for travelers.

Congressmen Rogers and Carnahan will soon offer a bill endorsed by NRDC, the SMART Technologies for Communities Act, which will select six communities as part of a pilot intelligent technology deployment project. These communities will benefit from investment in smart technology, serve as testing sites with clear performance objectives and measurement and model and refine best practices that can then be replicated in across the nation.

Together, these technologies could save almost 5 million barrels of oil in 2020 and almost 10 million barrels in 2030, while simultaneously improving traffic flow on arterials and freeways in the nation's congested urban areas.

Deploy Cost-Effective Intercity Rail Options as Justified by Cost Efficiency and Oil Displacement Potential

Intercity rail offers the opportunity to switch intercity auto and air trips to more energy-efficient trains. As with transit expansion, the greatest oil saving benefits can be gained by implementing service with relatively high load factors. Federal funds for rail can be targeted to expand service on lines that will attract enough ridership to operate with relatively high load factors.

Leveraged targeting of investments will require development of criteria and a phase-in approach for new capacity. One noteworthy white paper by America 2050 lays out a methodology for screening potential city pairs that could be linked by high-speed rail based on six criteria aimed at ensuring adequate ridership: Metropolitan size, distance, transit connections, economic productivity, congestion (for both auto and air travel) and whether or not pairs are part of one of 11 "megaregions" that are already interconnected in various ways. Based on these criteria, as part of a three-phase investment plan the group proposes first building new rail connections in Northeastern, Midwestern and California megaregions. This method is worthy of consideration whether or not new rail capacity is "high speed."[34]

If funds are dedicated to expanding ridership on routes with at least 20 percent higher load factors than the Amtrak average, funding intercity rail could save half a million barrels of oil per year.

In order to ensure that the technologies and techniques described above are deployed expeditiously, Congress must enact a new transportation law with robust policies to drive them.

<u>Policy Recommendation</u>: The Federal government should establish a national oil-savings objective for our federal transportation program and require similar objectives for states and regions. The federal government should provide financial assistance to meet these objectives by:

- doubling annual funding for public transportation;
- expanding dedicated resources for other transportation facilities and strategies that reduce oil consumption, such as bicycle lanes, pedestrian improvements, and intelligent transportation systems; and
- establishing oil savings as one focus of all new, merit-based, competitive loan and grant programs.

Funding and Financing

One of the greatest challenges that we face in upcoming years is paying for the upkeep and expansion of our transportation system. As receipts from the federal motor fuel excise tax continue to fall, and the Highway Trust Fund grows increasingly insolvent, we must consider new mechanisms to fund transportation.

<u>Policy Recommendation:</u> To finance a transition to a more robust, efficient, and cleaner transportation system, a variety of tools could be used such as methods to generate new revenue, including:

- an oil security fee as described above;
- gasoline tax increases; and
- increased tolling and pricing of transportation facilities.

In the long run, it may be desirable and possible to shift to a fee tied more directly to road usage than the gasoline tax, what is often referred to as a "VMT fee." This concept should be tested and piloted first, however, and structured carefully. For example, it should continue providing an incentive for consumers to invest in fuel-efficient car and truck technology by charging on a sliding scale depending on vehicle fuel economy.

We should also make aggressive use of innovative financing mechanisms that leverage public investments. Public private partnerships with clear public benefits agreements can take advantage of private resources to fund public infrastructure. A federal infrastructure bank is another promising public policy tool. The World Bank, which we helped create after World War II, has invested in infrastructure projects around the world, and in the 1980s began mobilizing private sector money with innovative partnerships.[35] An infrastructure bank should make loans to jurisdictions across the country so they can work with companies to build the roads and rail we need to excel economically. The bank would make loans based on a project's merit, such as whether it would increase economic productivity in a region, or bring greater transit access to rural areas.

Improving Project Development and Delivery

Both the current federal transportation planning process and the project review process can improve the quality of a transportation project in important ways to better achieve mobility improvements, as well as economic development, environmental, health, and energy goals. These processes ensure that all members of the public, including individuals and businesses, have the opportunity to have a say in the development of their communities. They ensure that scarce resources are directed toward the projects that the community needs the most. And they help planners and engineers identify and avoid or mitigate negative impacts to the community and its natural environment.

Unnecessary delay during the planning, design, and delivery of a sound transportation project can cost taxpayers, the economy, and the environment, in addition to local mobility and access. Some of the largest causes of delays in federally supported transportation project delivery are:

- project redesign or design additions;
- the need to relocate businesses;
- project complexity;
- lack of funding for the project;
- local objections to the project; and

- interagency communications problems. [36]

On the other hand, delays related to environmental and preservation laws account for only a small share of total transportation project delays. In most cases delays from environmental review occur in the most complex and/or controversial projects, where thorough review is most warranted. Very few projects are actually required to complete an Environmental Impact Statement (EIS). In 2001, of all highway projects that received federal funds, only three percent accounting for 9 percent of funds, required an EIS.[37]Nearly all federally funded transportation projects have been eligible for Categorical Exclusions (CEs) or Findings of No Significant Impact (FONSIs), both of which shrink review requirements substantially.[38]

We must therefore be cautious about focusing too heavily on the environmental process when seeking to speed project delivery. In doing so, we would be failing to address the most widespread sources of project delay as well as potentially undermining key environmental protections that have served the nation well for more than 40 years.

A new transportation authorization bill should include targeted, thoughtful reforms focused on 1) improving the transportation planning and project development process, and 2) simplifying the project review process and while retaining safeguards that are designed to protect the environment and ensure that the public has an adequate opportunity for involvement in their local transportation plans and decisions. In particular, reforms can be made to reduce duplicate processes, increase the effectiveness of initial planning and transportation project reviews, create incentives for timely project delivery, and focus resources on the most effective transportation investments and solutions.

However, even without policy changes, many transportation agencies are finding that they can adjust their internal agency structures to better prioritize limited funds and staff time to focus on the projects that are most likely to move forward in the near term. Additional innovations that can and should be adopted more widely without changes to current law include new internal operating strategies such as development of templates for project categories, bundling of similar project analysis, and aggregating mitigation strategies for projects in relatively close proximity.

Policy Recommendation: The federal transportation bill should improve the transportation planning and review process to improve project delivery without compromising bedrock environmental review laws.

Steps to accomplish this include:

- Create new incentives for closer linkage between the transportation planning process and the project review process
- Increase the use of Mitigated CEs and FONSIs
- Encourage greater design flexibility for transportation projects to avoid environmental impacts that would need mitigation

Congress should also consider further steps to integrate transportation planning with project reviews, building on initial steps taken in SAFETEA-LU.

- By focusing on more comprehensive planning initiatives, such have been undertaken in Sacramento and Salt Lake City, environmental impacts *and benefits* can be identified early in the process
- Projects and suites of projects could then be designed from the outset to avoid or mitigate environmental impacts and maximize benefits, reducing delays later during the project review process
- The data collected and used during these planning efforts could then be incorporated into the project review phase, further cutting down on the time needed to certify compliance for several projects at once
- Contingent upon completion of such a comprehensive planning process, identified benefits might also be used as documentation for CEs or FONSIs.

Orange County Transportation Authority Executive Director (and former Caltrans director) Will Kempton is developing a proposal for reducing barriers to timely project delivery. The proposal is in the final drafting stage, and having reviewed it I can confirm that many of his ideas are worthy of consideration by this Committee.

Moving Goods Faster, Cleaner, and Cheaper

Surface freight transportation – from rail to trucks to ships and barges – is the backbone of America's economy. The system allows for the affordable movement of goods and services and creates a significant number of jobs. However, goods movement is a rising source of road and rail congestion, as well as environmental and public health impacts.

Despite freight transportation's economic and environmental impacts, until recently, the freight system—*as a system*—has not received the attention it deserves in federal transportation planning and funding. It is possible to simultaneously modernize America's freight system, improving its efficiency, while also reducing environmental impacts. The federal transportation law reauthorization provides an important opportunity to help America's freight system meet growing demand while saving oil as well as reducing air pollution, water pollution and noise through targeted provisions.

<u>Policy Recommendation</u>: Congress should develop a comprehensive freight title to guide investment in and development of our freight network to facilitate affordable goods movement while reducing environmental impacts. Such a title should:

- Define project eligibility for Highway Trust Fund spending in a way that emphasizes system performance outcomes, including freight movement reliability and environmental performance.
- Establish freight reliability and environmental performance standards to help inform project eligibility for federal funding.
- Within one year, develop a national freight plan that identifies key hubs, ports, corridors and gateways whose improvement is essential to simultaneously meet pressing reliability and environmental and public health goals.

- Create an Office of Multimodal Freight within the office of the Secretary of Transportation.
- Establish a competitive grant program that recognizes innovation and encourages projects that simultaneously deliver system reliability and emissions and other environmental impacts reductions.

Protecting Water and Wildlife

Environmental impact from transportation and oil use are not limited to air quality and climate change. Transportation also has a substantial impact on water quality and wildlife.

Pollution from stormwater runoff threatens our communities' drinking water and the rivers, lakes and streams in which our children swim, fish and play. Highways and roads are a major source of stormwater runoff, which is a leading cause of water pollution in the U.S. Roads and related infrastructure, such as parking lots, comprise two-thirds of all paved surfaces, the primary source of stormwater runoff. Roads collect pollutants from tailpipe emissions and brake linings along with other contaminants that wash into rivers and streams during storms, polluting drinking water supplies and taxing downstream communities. One inch of rain that falls on one mile of road produces 55,000 gallons of polluted stormwater.[39]

Smart stormwater mitigation strategies such as "green roads and highways" are a cost effective way to reduce stormwater runoff, flooding and help meet clean water requirements. Green roads and highways use innovative methods to reduce and clean runoff by protecting, restoring or mimicking the natural hydrology of an area to prevent runoff or divert it into natural areas instead of directly into local streams, rivers, and sewer systems. A single acre of wetland holding a foot of water will store up to 330,000 gallons of water and filter pollutants such as oil, sediments and other chemicals that otherwise run off our nation's roads and highways and into our streams, rivers and lakes.

Many cities are already using natural practices in stormwater mitigation to avoid more costly alternatives. In Seattle, the Street Edge Alternative project reported a 29% savings over traditional street retrofitting and a 49% reduction in paving cost by using green techniques. The California Department of Transportation found that comprehensive use of green infrastructure to control stormwater would cost $2.8 – 7.4 billion compared to $44 billion for conventional controls.

<u>Policy Recommendation</u>: The reauthorization of the Transportation Bill should require all new and rehabilitated federal aid highways and roads to meet a performance-based standard to reduce polluted stormwater runoff, flooding and meet clean water requirements.

The greatest cause of the destruction of critical wildlife habitat, which is the most significant threat to America's biodiversity, is sprawling development. This is oftentimes driven by poorly planned transportation investments. The rapid increase in wildlife-vehicle collisions on U.S. roadways is also a growing concern and has significant impacts on public health and safety, incurs substantial property damage and injury costs, and reduces the health and viability of wildlife populations.

Better transportation planning can shape future growth, thereby determining the quantity and quality of habitat left for wildlife. Wildlife biologists and transportation planners and engineers have been working together for the last decade to mitigate the impacts of highways on wildlife. SAFETEA-LU included a provision requiring transportation planners to consult with natural resource and land management agencies to compare maps and consider potential conflicts early in the planning process.

<u>Policy Recommendation</u>: To build on progress in reducing impacts to wildlife, Congress should:

- standardize collection and analysis of wildlife-vehicle collision data collection, and facilitate sharing of this data between state transportation agencies and resource agencies;
- expand and improve section 6001of SAFETEA-LU by supporting resource agencies' involvement early in planning through both process requirements and funding; and
- include consideration of developing wildlife passages during bridge assessments.

Conclusion: Getting it Done - The Time to Act is Now

Thank you for the opportunity to submit testimony on behalf of NRDC, our transportation team and our members concerning our mutual concern for how to reform the federal transportation program to deliver higher quality, safer, cleaner, more efficient, and more cost-effective transportation projects to taxpayers and communities across the country. I welcome the opportunity to discuss our policy recommendations and their possible development and implementation with you and your staff.

In this time of fiscal prudence, we cannot afford to sacrifice personal safety, national security, or economic recovery. We must press forward with wise investments in a smarter, bolder, greener transportation program. Let's get to work.

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[39] American Rivers factsheet. *Transportation Bill Reauthorization: Reducing Polluted Stormwater Runoff Using Green Infrastructure.* 2010.

IBTTA

International Bridge, Tunnel and Turnpike Association

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TESTIMONY BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

MARCH 30, 2011

"Improving and Reforming the Nation's Surface Transportation Programs"

FRANK MCCARTNEY

PRESIDENT

INTERNATIONAL BRIDGE, TUNNEL & TURNPIKE ASSOCIATION

IBTTA is the worldwide association for the owners and operators of toll facilities and the businesses that support tolling. Our mission is to advance toll financed transportation. Each year the association engages thousands of transportation professionals from toll agencies, concessionaires, and allied businesses through educational meetings, knowledge sharing, and advocacy. Founded in 1932, IBTTA has members in more than 20 countries on six continents.

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Testimony Before the
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
U.S. House of Representatives
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"Improving and Reforming the Nation's Surface Transportation Programs"

Frank McCartney
President
International Bridge, Tunnel and Turnpike Association

Introduction
Chairman Duncan and members of the subcommittee, good morning. My name is Frank McCartney. I am the president of the International Bridge, Tunnel and Turnpike Association. Thank you for giving us the opportunity to present our views on the very important subject of reforming and improving our nation's surface transportation programs.

IBTTA is the worldwide association for owners and operators of toll facilities and service providers to the toll industry. Our mission is to advance toll-financed transportation. Each year the association engages thousands of transportation professionals from toll agencies, concessionaires and allied businesses through educational meetings, knowledge sharing and advocacy. Founded in 1932, IBTTA has more than 60 toll agency members in the United States and hundreds more in 20 countries on six continents.

In addition to my role with IBTTA, I am the executive director of the Delaware River Joint Toll Bridge Commission in New Hope, Pa., where I have served since May 1999. As executive director, I manage a $47 million annual operating budget and oversee a staff of 350 full-time employees. I also direct the commission's $1.2 billion comprehensive capital improvement program to preserve and better manage our agency's 20 bridges.

I am also a member of the executive management committee of the E-ZPass Group, which oversees the largest region of electronic tolling interoperability in North America. E-ZPass includes 24 toll agencies in 14 states. The group has more than 20 million transponders in circulation. It handles more than 2 billion toll transactions and collects $7.3 billion in tolls each year with proven reciprocity for toll operators and full interoperability for motorists.

Tolling is a piece of the puzzle
No doubt, identifying bold new methods for funding and financing our nation's surface transportation programs will be difficult. My goal is make your job a bit easier by presenting tolling as one solution that will help solve this challenge.

What can tolling bring to the table? In short, a proven and increasingly popular method for funding major surface transportation infrastructure. Consider: Most of the more than 60 U.S. toll agency members of IBTTA receive no federal or state funds to support their day-to-day operations – yet, in one year, they generate $10 billion in tolls. That is equal to one-third of the federal gas tax revenues generated annually. If the tide is receding on the fuel tax – and, indeed, it is or we wouldn't be here today, then that statistic is reason enough to consider tolling and pricing as alternative funding solutions.

Today's toll agencies are extremely productive, self-sufficient and efficient in terms of their ability to generate revenues to support their operations and investment needs, while also creating value for customers through high service levels, reliability and mobility options.

Tolling is not the only solution to funding transportation, but it is a very important solution.

The IBTTA has tried to be very clear that we are not suggesting tolls and pricing are appropriate for all transportation projects. Certainly, there are systems and roadways with too little traffic or demand to support a pricing mechanism that could effectively recover the cost of operation.

Tolling is central to transportation infrastructure because it establishes a direct connection between the use of the road and payment for that use. For too long, motorists have falsely believed our roads are free. Our highways are not free nor have they ever been. However, it's easy to see why that misperception persists. There is no direct link between paying the fuel tax and using the roads it funds. Tolling re-establishes that connection.

We should never forget that tolled turnpikes, such as those in Pennsylvania and other states, were America's first "superhighways" built without federal support long before the interstate era. The pages of modern U.S. toll history are full of major capital projects whose capital outlays and risks stretched beyond states' means. Pennsylvania, New Jersey, New York, and Maine all developed major cross-state roadways, bridges and tunnels in the first half of the 20th century.

They built these facilities by creating quasi-governmental authorities, which could issue bonds and finance the projects outside of the normal legislative and budgetary cycles. These entities acted less like governments and more like businesses, dispersing among bondholders the risk of any given project. Until recently, the interstate highway system and the evolution of significant federal funding for highways eliminated much of the impetus for toll road development. Now, tolling is enjoying a tremendous comeback.

In the past decade, we have seen a resurgence in toll financing to support new construction projects sponsored by state, county and local governments – including the formation of 19 new toll agencies nationwide. The vast majority of those projects are outside of the federal-aid system, due largely to restrictions under current law, as well as a traditional bias against tolling existing interstate highways. Because of the erosion in proceeds from the fuel tax and reductions in federal and state funding for transportation, city, county, state, and regional governments are stepping up to fill the void, by once again, going to investor-based financing models to pay for the projects their constituents need now and in the future.

Advances in toll technology are driving adoption and acceptance

All over the world – even in the United States – tolling is becoming much more popular. Why? Technological advances are making it infinitely more convenient. With open road tolling, motorists pay their tolls at highway speeds unhindered by toll plaza congestion. In addition, toll agencies can regulate congestion with variable pricing. As rush-hour traffic increases, tolls increase to manage volume and ensure smooth, reliable trip times. As rush-hour traffic tapers off, tolls decrease to encourage use of the facility.

In California, customers traveling on the S.R. 91 Express Lanes enjoy a free-flowing alternative to the adjacent, congested general-purpose lanes. An analysis of the S.R. 91 project shows the variably priced express lanes have reduced congestion, and, over time, an increasing number of drivers – from all income levels – use the lanes. Although roughly one-quarter of the motorists in the toll lanes at any given time are in the top income bracket, data show the majority are low and middle-income motorists. [1]

Advances in tolling technology allow us to manage our highway systems more efficiently by squeezing more capacity from our existing assets and raising large amounts of new money.

Not just a hammer, but a toolbox

Just as you can't build a house using only a hammer, you can't build and maintain a transportation system using only a fuel tax. One of my rally cries as IBTTA president has been *e pluribus unum*: Out of many, one. I believe it is appropriate for today's testimony, as well. Out of many solutions, we can preserve and build upon the world's greatest transportation system.

Ladies and gentlemen, you will hear many solutions for improving and reforming our transportation system today. I hope it makes your job a little easier to know that you don't have to pick just one. Funding today's transportation system requires many solutions. The more, the better. Transportation authorities need a toolbox of funding options, and the flexibility to craft those options to address local needs – and out of many solutions will come one efficient transportation system. I am here on behalf of IBTTA to urge this Committee and Congress to adopt the following five solutions for reforming and improving U.S. surface transportation:

1. Remove barriers to tolling and pricing.

Last December, the IBTTA endorsed a joint statement of the members of the National Surface Transportation Infrastructure Financing Commission and the National Transportation Policy Project of the Bipartisan Policy Center. The critical role of direct user fees is a central tenet of the joint statement.

Granting states the ability to consider tolling is even more critical now when federal and state revenues are so constrained and nationally significant highway, bridge and tunnel infrastructure is in need of repair. However, current federal policies seriously restrict the ability of tolling agencies to participate in the federal-aid program. A handful of modifications, implemented over time, allow a limited number of existing interstate bridges or tunnels to be tolled facilities. Limited demonstration programs have allowed conversion of a handful of existing interstate highways or construction of missing interstate links to be tolled facilities. And, "pricing" programs allow the application of high-occupancy toll (HOT) concepts as a congestion management tool. But, despite these pilot programs, there still remain far too many obstacles to tolling.

The original interstate mileage incorporated several thousands of miles of tolled highways. In addition, tolling seriously was considered as the primary financing mechanism before the determination was made to rely on the fuel tax. I suggest it is time to revisit what is still an "innovative" though not "new" financing method.

The IBTTA strongly supports the provision that "Congress should remove barriers to tolling and pricing," as advocated by the members of the National Surface Transportation Infrastructure Financing Commission and the Bipartisan Policy Center. In addition, the IBTTA believes relaxing federal-aid constraints should be a priority in any further program extensions or authorizations. Removing the barriers to tolling would encourage states to begin the massive effort to reinvest in failing highways and build new ones. That investment, in turn, will create jobs and help turn around the economy.

As former Pennsylvania Gov. Ed Rendell said at a recent IBTTA conference, "Infrastructure is one of the sexiest words around. When you invest in infrastructure, you grow the economy and create jobs. It's as simple as that."

2. Significantly expand TIFIA resources.

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a federal credit program for eligible transportation projects of national or regional significance under which the U.S. Department of Transportation may provide three forms of credit assistance: secured (direct) loans, loan guarantees and standby lines of credit. The program's fundamental goal is to leverage federal funds by attracting substantial private and other non-federal, coinvestment in critical improvements to the nation's surface transportation system.

Let me give you just one example of how effective – and pivotal – the TIFIA financing mechanism can be. Two years ago, the North Carolina Turnpike Authority closed on a $1.01 billion financing package for the new 18.8-mile Triangle Expressway that included $270 million in toll revenue bonds, $353 million in state appropriation bonds and a $387 million federal TIFIA loan.

Out of many sources will come one great piece of transportation infrastructure. The Triangle Expressway will be North Carolina's first toll road and is expected to save the average commuter about 80 hours of travel time per year.

Here's the kicker: The project had been on the state's long-range transportation plan for years, and it looked as if it were going to remain there, as the North Carolina Department of Transportation would not have the necessary funding for another 20 years. By tolling the Expressway, the state will deliver the billion-dollar project decades sooner than otherwise possible. [2]

TIFIA can be an enormously helpful tool in advancing new projects, such as the Triangle Expressway. Many projects have been submitted for consideration, including ones that rely on both toll revenues and federal credit assistance to bring projects to life. TIFIA helps states get that last bit of funding to achieve a project they could not otherwise achieve. However, the program has been tremendously oversubscribed. The demand is evident. The need, great. For those reasons, the IBTTA encourages the Committee to continue the TIFIA program and expand TIFIA credit assistance to between $5 billion and $10 billion.

IBTTA supports and endorses Geoffrey S. Yarema's testimony before the Committee on Transportation and Infrastructure at the Central Florida Field Hearing on March 14, 2011, specifically related to the funding and financing of highways.

3. Leave decisions about tolling "interoperability" in the hands of the toll industry.
"Interoperability" allows a driver to use an electronic tolling account and transponder issued in one locality or region on toll facilities in other localities or regions – just as you would buy your cell phone in one city but use it almost anywhere in the United States. The concept of interoperability involves technology, as well as business rules and agreements between the respective toll agencies across the nation.

Although we appreciate the interest of the Committee in this issue, the IBTTA and its members are concerned that specific guidelines or other prescriptive federal efforts actually may impede the industry's movement to broad-scale interoperability. The toll industry has been a leader in moving interoperability forward. It has been achieved, through agency cooperation, where it has been economically feasible and provided true value to customers.

Virtually every toll agency in the country has established electronic toll collection (ETC) to expedite traffic on their facilities. Most toll agencies serve a largely local population on a daily basis and have to weigh the costs associated with becoming interoperable against the value accruing to a relatively small, infrequent and transient population.

These toll agencies first generate buy in of ETC among their core users. By allowing a voluntary customer-driven demand for ETC, the market itself has created the need for interoperability with neighboring toll agencies. This has been the case with E-ZPass in the Northeast and with similar regions of interoperability in Florida, Texas and California.

The technology to accommodate multiple protocols of electronic tolling in roadside equipment and in-vehicle devices is just becoming commercially available. Toll operators and other transportation interest groups are looking hard at how to build the business rules and agreements required to harness these advances toward broader interoperable tolling.

IBTTA is integrating activities of its operating and service provider members in a specially focused interoperability agenda. We are also working cooperatively with other industry interests (e.g. the Alliance for Toll Interoperability, the I-95 Corridor Coalition, the E-ZPass Group, Florida's SunPass agencies, among others) to forge a common interoperability agenda.

IBTTA intends to work cooperatively with both Congress and the U.S. Department of Transportation to guide the advancement of interoperability. We also believe toll agencies are best suited to implement interoperability because they have the closest and clearest knowledge of the business rules and technical know-how to achieve it. We encourage you to leave the legwork of interoperability to us.

4. Give states, localities and agencies maximum flexibility to choose the financing tools that best align with local needs.

As noted earlier, we have seen a resurgence of interest in toll financing to support new construction projects, sponsored by state, county and local governments. We also have observed a new crop of investors, who see transportation facilities as an investment opportunity that will produce long-term, reliable returns.

With current federal and state budget constraints, it is clear we will be unable to address our infrastructure funding needs with government resources alone. Public-private partnerships are a proven, "we-know-this-works" method for delivering and operating successful projects in transportation and many other sectors of the economy. Also, concession projects – in which a private party obtains the right to operate an infrastructure project or facility on behalf of a government entity for a specific time – also are a practical way to provide mobility.

We encourage you to make these flexible, innovative financing tools available as part of the overall financing toolbox of state, county and local governments.

5. Begin the transition to mileage-based user fees.

While the fuel tax is the major source of funding for highways today, it clearly is not a sustainable source of funding for the future. The federal fuel tax, as we know, has lost more than one-third of its purchasing power since 1993, reinforcing the argument for a mileage-based user fee system. Indeed, a recent Transportation Research Board study titled, "The Fuel Tax and Alternatives for Transportation Funding," urges the federal government to embrace tolling and move toward a vehicle miles traveled (VMT) charge to pay for highways.

IBTTA applauds the joint statement of the members of the National Surface Transportation Infrastructure Financing Commission and the National Transportation Policy Project of the Bipartisan Policy Center that "reliance on user funding should be restored and strengthened" and "we must begin to transition to a more direct user fee based on vehicle miles traveled (VMT)."

As we rely more and more on renewable energy and less and less on petroleum-based fuels, we must develop a transportation funding mechanism that matches our usage patterns. Tolling is the original VMT fee in America. Now, with nearly universal acceptance of electronic tolling and the rapid conversion of toll roads to all-electronic toll collection (AET), the toll industry is blazing a path toward the adoption of a VMT fee to pay for highway transportation.

A new $14-million, five-year study for the federal government by the University of Iowa shows a VMT fee likely would be accepted by motorists. The study, to be released soon, provided 2,500 motorists in 12 areas of the United States with a system that used GPS, a small data recorder and a cellular data link to track and transmit their mileage to the research team. The motorists were sent monthly statements indicating what their tax bills would have been.

Initially, only about 20 percent of study participants were in favor of a VMT fee, with 80 percent opposed. By the end of the study, 70 percent were okay with a VMT fee, and only 9 percent were strongly opposed. [3]

Planting the seeds of change
Just as you would prepare soil before planting new seeds, we must prepare the public for the seeds of significant change that are inevitable in surface transportation funding. True with other forms of innovative pricing, such as the S.R. 91 Express Lanes I referenced earlier, the Iowa University study shows public acceptance levels rise with education.

The changes discussed here today will require engaging and winning broad public support for the effort. We need to do a much better job of educating the public about the costs and dangers we face if changes aren't made. Americans need to understand our roads aren't "free" and never have been. And, those who do understand still are surprised to learn how little in federal fuel taxes they do pay – $160 per person per year. That is a message we must communicate better than we are now – and one we must connect to a result. We need to trumpet our successes, providing clear evidence that change brings improvements in faster travel times, money saved, a stronger economy and a better quality of life.

Call on us
The IBTTA is keenly aware of the struggles at the federal, state and local levels to manage new traffic demands while continuing to maintain and rehabilitate existing infrastructure. The expiration and repeated extensions of the current federal surface transportation program, SAFETEA-LU, exacerbates these problems by creating uncertainty among transportation providers and policymakers. It also inspires urgency.

The IBTTA stands ready to help. Our members in the United States and abroad are rich in knowledge and expertise and eager to help create a new vision for our surface transportation system – a vision that provides a funding mechanism to fix our deteriorating infrastructure, reduces growing congestion and greenhouse emissions, and provides a sustainable national transportation system.

Chairman Duncan and members of the subcommittee, let the IBTTA help you shoulder the burden of reforming and improving transportation policy. Tolling is a viable, proven solution, and it needs to be given its rightful place in funding and financing America's surface transportation infrastructure. Give us the tools we need to expand the use of tolling in the United States and preserve one of our most precious assets, our mobility.

Thank you for the opportunity to present the views of IBTTA members and the tolling community.

1. FHWA, A Guide to HOT Lane Development, March 2003
2. HNTB *Designer* magazine, No. 92, 2010
3. Posted March 17, 2011, 11:33 a.m. by Dave DeWitte/SourceMedia Group News

Funding Transportation with User Fees

Dr. Adrian Moore, Vice President, Reason Foundation, National Surface Transportation Infrastructure Finance Commission

Prepared for presentation to:
Subcommittee on Highways and Transit
U.S. House Transportation and Infrastructure Committee
2167 Rayburn House Office Building
Washington, D.C.

I will not belabor you with the umpteenth detailed analysis of the increasing frailty of fuel taxes as the primary user fees for funding transportation programs. Suffice it to say that national energy and environmental policies, the market for gasoline and diesel, and technological advancements in automaking are leading to more people purchasing more fuel-efficient vehicles. Since more fuel-efficient vehicles use the same amount of infrastructure but pay less in user fees through fuel taxes, the system is increasingly unsustainable. One consequence already witnessed is the transfer of roughly $30 billion in general funds to backfill transportation spending not covered by highway trust fund revenues.

I do not join the great majority of those you will hear from at this hearing who argue that the federal government needs to spend more on transportation. User fee levels of recent years are adequate to fund a federal transportation program focused on the system directly serving the genuine national interest of promoting interstate commerce. It is not sufficient, however, to fund the state and local transportation programs that have increasingly come to rely upon it. It is long past time we recognize that most of the current need to invest more in transportation systems is at the state and local level, and those levels of government should solve those problems themselves with user fees, and not look to the federal government to bail them out yet again. Instead, Congress should strive to remove any barriers that exist to state and local governments pursuing known solutions, and in some areas partnering with them to discover and develop new ones.

User fees are a financially and economically superior means of paying for services compared to taxes and indirect charges. Our transportation system has traditionally been funded overwhelmingly by user fees, and this has served us well. As fuel taxes become a less effective form of user fee, we should be seeking a replacement that is even better.

I was honored to serve on the National Surface Transportation Infrastructure Finance Commission created by Congress in the last transportation authorization. We invested the majority of our time as a commission to considering all possible mechanisms for funding the federal transportation program. No surprise, we confirmed that there are no silver bullets—they all have advantages and disadvantages. Our report provides a detailed analysis of our comparison of mechanisms. But we unanimously concluded that one mechanism, according to all of our criteria, clearly had the most promise for the future. That mechanism is mileage-based user fees. They can be more effective, economically sustainable and flexible than the current system, and at least as equitable.

But mileage-based user fees need some time to develop as a viable way to pay for transportation. And right now Congress is focused on prioritizing transportation spending to fit within anticipated revenues as part of dealing with the deficit, not with reworking the federal transportation user fee system. But a number of states are interested in working on mileage-based user fees as potential future funding mechanisms for their states. And the Mileage-Based User Fee Alliance was created advance the state of the practice of mileage-based user fees consisting of a number of state agencies and other transportation groups and companies, including Reason. In this reauthorization Congress can, and should, make a modest investment in helping develop the next generation of user fees for funding transportation.

Specific Recommendations

In this authorization, Congress should partner with state and local governments to both conduct large scale trials of mileage-based user fees and evaluate those trials, as well as direct research to be conducted to advance our understanding of the technical, administrative and financial feasibility of mileage-based user fees.

a. Mileage-Based User Fee Trials

Arguably the most important next step to understanding if mileage-based user fees will work is to conduct large scale trials. The federal government should work with state and local governments, universities and private firms to conduct a few such trials. Ideally, teams led by state or local governments would compete for federal grants to conduct these trials. The Department of Transportation should ensure the trials are of high quality, that everyone benefits from what is learned from them, and that key national interests such as interoperability, protection of privacy and protection of interstate commerce are preserved.

Authored by a team from RAND, NCHRP Web Only Document 161: *System Trials to Demonstrate Mileage-Based Road Use Charges National Cooperative Highway Research Program* provides the best current assessment of how to conduct such trials and should be a resource for setting them up.

The trials should focus on answering identified questions about mileage-based user fees and exploring options for their use rather than focusing on narrow mechanisms or specific technologies. They should test different technologies and administrative structures, and include a variety of geographic and demographic participants.

The point of the trials is to answer the many questions about mileage-based user fees. The biggest concern people have is the protection of privacy and security of information. It is crucial that the trials put emphasis on these issues. The selection process for choosing which trials to fund should emphasize effective trials that answer as many questions as possible, including:

- Protecting privacy
- The costs of collection
- How to reduce the costs of collection
- Interoperability
- Structures to avoid double payments of mileage fees and fuel taxes
- Voluntary systems and incentives for adoption
- Equity
- Attitudes of participants before, during and after trials

Evaluation of all that is learned from the trials must be thorough and objective and widely disseminated.

b. Research and Development

Some of the questions and concerns about mileage-based user fees can be best addressed by research and development rather than trials. Research should complement the trials. Some key research and development topics include:

- Cost of implementation at large scale
- Technologies or security systems that can provide users with control over their personal travel information
- Administrative systems for collecting revenue and apportioning according to jurisdiction, where appropriate
- Methods for rebating or deducting fuel taxes
- Emerging metering technologies
- Preventing evasion

Conclusion

This authorization period is a chance for Congress to preserve the user fee principle of funding transportation, empower state and local governments to take the lead in developing the means of making these user fees work, and take significant steps toward making the next generation of user fees viable in time to replace fuel taxes before the current system becomes untenable.

Testimony of

John R. Njord, P.E.

Executive Director
Utah Department of Transportation

Regarding

Improving and Reforming the Nation's Surface Transportation Programs

Before the

Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
United States House of Representatives

March 30, 2011

Chairman Duncan and Members of the Committee, thank you for the opportunity to testify in regard to improving and reforming the nation's surface transportation program. My name is John Njord, I am the Executive Director of the Utah Department of Transportation and am a registered professional engineer.

I. Need for a Long-Term Authorization Bill

The Utah Department of Transportation (DOT) strongly supports a six-year authorization of the federal transportation program. A multi-year authorization of the federal transportation program will enable Utah to pursue long-term planning and programming strategies that best meet Utah's needs. Next month, the Utah DOT and the Utah Transportation Commission will hold a day-long session to develop a draft of the annual Statewide Transportation Improvement Program (STIP). Having a six-year federal authorizing program in place will help us make better long-term planning and programming decisions.

II. Program Consolidation

Discussion has occurred for many years about the need to consolidate numerous federal funding silos. Working with the Utah Transportation Commission, the Utah DOT identifies project needs based on extensive data collection and analysis, and on-going discussions with local government representatives and various transportation stakeholders. Projects are ranked and prioritized based on statewide strategic goals, asset management principles, engineering analysis, and extensive traffic and safety data. However, we can't always fund our highest ranked needs due to the complexities and restrictions associated with the various federal funding categories and numerous set-asides. With funds divided into so many separate silos, each with their own eligibility criteria, the highest ranked needs can't always be funded since projects must match available funding sources.

Consolidation of funding silos – such as a single program for Interstate Maintenance, the National Highway System and Bridges – around broad categories and elimination of set-asides within program categories would significantly help Utah apply our limited federal dollars to the highest transportation need. This factor would be of critical importance if expenditures from the Highway Trust Fund are aligned with revenues. In such circumstances, it will be especially important for states to have the flexibility to apply limited federal dollars to the greatest need.

Ideally, Utah would like to see a pilot program allowing states to demonstrate how a performance-based block grant program might work. Like many other states, the Utah DOT develops an annual statewide strategic plan that identifies goals, driving our transportation investment decisions and we strive to balance the need for preservation of the existing system with safety priorities and capacity improvements needed to address growing congestion. A performance-based block grant, perhaps tested on a smaller scale, could demonstrate how federal funds may be used to promote programmatic goals using performance measures.

III. Consideration of Cost

Allow consideration of cost when retaining consultants. Under the Brooks Act and the Federal Acquisition Regulations, consideration of cost, such as overhead rates, can't be factored when retaining consultants on federal-aid projects. While the Utah DOT agrees with the concept that qualified engineering firms should be the driver when selecting consultants as opposed to low bid, the process should allow for some consideration of cost when comparing qualified, eligible consultants. As it is now, consulting firms have little motivation to hold down overhead costs since those costs are just passed onto the public entity.

Allow consideration of cost along with engineering judgment when determining deviations from a national standard or adoption of an optional standard within a state. While we agree that national traffic control standards are an important safety factor, regulations further erode the value of limited transportation dollars by imposing unnecessary standards when a less costly solution can work. For example, several states, including Utah, have successfully used one type of "optional exit sign" on the interstate for many, many years without any adverse safety impact. Under the new 2009 Manual on Uniform Traffic Control Devices states must instead use a new, more costly standard for optional exit signing. The FHWA has denied Utah's request to adopt an optional standard for these types of signs, which would have allowed us to continue using existing less-costly signing standards where warranted. We estimate this new signing standard will cost Utah more than $78 million to implement with negligible safety improvements.

It's possible to secure deviations from federal standards after conducting a separate engineering study and (hopefully) securing approval from the FHWA on a case-by-case basis. Each engineering study is costly and it's unknown whether the FHWA will approve the deviation. In an engineering study only engineering reasons may be factored, with no consideration for cost. To help stretch limited highway dollars, it would be helpful to allow consideration of cost along with engineering judgment when determining deviations from a national standard or adoption of an optional standard within the state. Cost certainly shouldn't be a driving factor, but if a traffic control device is safe, meets needs and is less costly, that consideration should be factored into a decision.

IV. Streamline Project Delivery

For many years, the Utah DOT has made a concerted effort to streamline project delivery to save money and to reduce construction impacts to the public and business. Utah has successfully used many innovative contracting techniques such as design-build, construction manager-general contractor, accelerated bridge construction, price plus time bidding, lane rentals, and contractor completion incentives/disincentives. In addition, Utah is one of three states with full delegation authority to approve Categorical Exclusion projects. While we will continue to seek ways to deliver projects faster, saving time and money, there are additional steps Congress can take to help streamline the process by eliminating duplicative reviews and approvals by the Federal Highway Administration (FHWA). States, including Utah, are capably performing studies, reviews and approvals that then require duplicative reviews and approvals by the FHWA. Project delivery can be further streamlined by eliminating duplicative federal reviews, emphasizing programmatic reviews at the federal level, rather than project-level reviews. The following are examples of reviews that can be streamlined.

Air-quality conformity determination. Allow USDOT to delegate to states authority to approve project-level air quality conformity determinations. These types of determinations are relatively simple and straight forward, but the federal review adds at minimum another 30 days to the process.

Eliminate Section 4(f) and Section 106 duplications. Allow a Section 106 approval to meet 4(f) historical requirements. Section 4(f) applies to historical and archeological resources that are already protected by Section 106 of the National Historic Preservation Act. As such, a single resource is covered by two different laws which are sometimes in conflict with one another. Currently, a transportation project sponsor secures Section 106 clearances for historic properties through negotiations with the State Historic Preservation Office (SHPO) and the Advisory Council on Historic Preservation (ACHP). Then, a separate 4(f) approval is needed for the same historic property from the Department of Interior. Since SHPO and ACHP are the experts on historical properties, it's redundant and time consuming to seek a second approval from another agency less versed in historical properties. It would streamline the process if a Section 106 approval for historic properties is sufficient to meet 4(f) requirements.

Delegation of interchange justification reports. Allow and encourage the United States Department of Transportation to delegate approval of interchange justification reports (sometimes called access justification reports) for the access to the interstate. If delegation of interchange approvals can't be secured for the main interstate system, perhaps delegation could at least be considered for beltway routes since those routes generally serve a different purpose (community access) compared to the main interstate system (interstate travel), particularly for beltways contained within a single state, as compared to beltways that cross state boundaries.

Quicker approval of experimental contracting techniques. Innovative contracting techniques are currently approved through the SEP-14 process. Two modifications may speed use and implementation of successful innovative contracting. First, allowing approval of an innovative contracting technique in one state to be the basis for another state to use the same technique without securing duplicative approval from that state's local FHWA administrator. Since SEP-14 agreements are already approved by FHWA's headquarters, it seems appropriate that approval for one state should apply to any state that may want to experiment with the same technique.

Secondly, speeding final regulatory approval of successful innovative contracting techniques. Currently, it takes many years to finalize approval of a successful innovative contracting technique as an operational (non-experimental) technique. Annual reporting and analysis of the experimental technique by the state DOT to the FHWA is time consuming and costly. For example, Utah has used Construction Management/General Contractor (CMGC) for many years and is very comfortable with this process. But, it's still considered an experimental process and requires annual reporting. It would be helpful to have some kind of statement from Congress encouraging the FHWA to finalize successful innovative contracting techniques, paving the way for wider acceptance of newer techniques.

Allow self-certification of legal sufficiency. Allow states to self-certify legal sufficiency on environmental documents (EIS, 4(f), etc.). Generally, the federal review adds another 30-60 days to the process and provides little benefit since states have already completed a legal sufficiency review before sending documents to the FHWA for approval. A legal sufficiency review is a relatively straight forward process and can easily be conducted and self-certified by the states.

Value engineering thresholds. Current federal regulations require states to perform a value engineering analysis on every federal aid project above a certain dollar level ($25 million highways, $20 million bridges). Some of the large maintenance and rehabilitation projects exceed that dollar value. These are very simple, straight forward projects that do not benefit from a VE study, it's simply another federal requirement that must be checked. The process can be streamlined without compromising the concept of value engineering by either waiving VE analysis for certain types of projects (such as maintenance or pavement rehabilitation projects) or allowing similar types of analyses already completed by the states to be considered as meeting the VE requirement.

V. Lift the Longer Combination Vehicle Freeze

Lift the freeze on longer combination vehicles in the western states, giving states the flexibility to conduct pilot programs to test LCV routes, configurations and operating conditions that increase vehicle efficiency and freight movement.

LCVs have been permitted by the Utah DOT since 1973 without compromising safety. LCVs exceeding 81 feet to a maximum of 95 feet of cargo carrying length are allowed on approved interstate travel routes and secondary access routes of limited length. LCV combinations most commonly used in Utah are Rocky Mountain Doubles (a tractor and two trailers consisting of a long and short trailer), Turnpike Doubles (a tractor and two trailers of the same approximate length), and Triple Trailer combinations (a tractor and three trailers of the same approximate length).

The motor carrier industry is highly motivated to maintain safe LCV operations due to the special privilege of operating these types of vehicles. Carriers understand that oversize vehicle operations constitute a privilege and work extremely hard to safe guard this privilege. For example, we have voluntary participation in the "Winter Weather Command" set up through the Utah Trucking Association, Utah Highway Patrol and the Motor Carrier Division of the Utah DOT to assist LCV operators decide when and where LCVs can safely operate in adverse weather conditions.

LCVs have successfully operated in Utah for many years. By lifting the LCV freeze, states could work together to identify and test specific routes and operating conditions for LCVs, increasing efficient movement of freight through key corridors.

VI **Summary**

Thank you for the opportunity to testify. The Utah Department of Transportation will continue to look for better and innovative ways to administer, operate and deliver an effective transportation program. However, as part of a multi-year authorization bill, we need assistance from Congress to help us streamline project delivery, consolidate programs to allow for greater flexibility to align limited transportation dollars with our most pressing transportation needs, and ensure proper consideration of costs when developing and delivering projects and programs.

Utah Department of Transportation
Response to Questions for the Record
March 30, 2001 Hearing before the Subcommittee on Highways and Transit

Question 1
Recognizing that we have limited dollars to meet transportation needs, in 2004 the Utah Department of Transportation first adopted our current four-part Strategic Direction that drives funding decisions and activities. The first priority under our Strategic Direction is to "Take Care of What We Have", protecting the investment made in Utah's highway system. The state's comprehensive asset management program is the most effective way to extend the life of the transportation system. As such, Utah's federal highway dollars are focused on pavement and bridge preservation and rehabilitation projects. However, even at current levels of funding, resources aren't sufficient to meet system preservation needs statewide. Consequently, in 2009 the Utah DOT adopted a strategy to focus limited dollars on roads with higher volume traffic and key freight routes. Those roads will continue to receive pro-active pavement and bridge treatments to keep the system in a good condition. Other roads within the system will only receive reactive treatments. While this certainly isn't an ideal long-term strategy for the system as a whole, the strategy ensures we focus limited dollars on the highest and best use.

A reduction in federal highway dollars will further stretch the ability of the Utah DOT to implement an effective asset management strategy for our high volume roads and key freight routes. With the conclusion of project earmarks previously contained within the 6-year SAFETEA-LU program, more of the state's apportionment is now available to the Utah DOT to program toward system preservation needs, which helps mitigate the loss of overall federal apportionments. However, even with more of the state's apportionment now available to the state to program toward key system preservation needs, a significant reduction in the federal program will significantly challenge our ability to pro-actively keep the highway system in good condition.

Question 2
The Utah DOT supports the ability of states to use tolling to help finance highway needs and to help manage congestion. High Occupancy Toll lanes have operated on Interstate 15 in Utah since 2006. It has never been the intent of the Utah DOT to use HOT lanes as a revenue generator. Instead, with more than 50 miles of HOT lanes in the greater Salt Lake City area, the Utah DOT uses HOT lanes to help manage congestion and provide reliable trip service for travelers.

In 2005, the Utah Legislature adopted a comprehensive bill allowing the Utah DOT to enter into public-private partnerships (PPP). Further, the Utah Transportation Commission has adopted a policy requiring the consideration of tolling for all new highway capacity. While certain routes in the greater Salt Lake City urbanized area have been explored for potential tolling, no other facilities currently utilize tolling other than the I-15 HOT lanes. While tolling may be a component to help fund future highway capacity on specific corridors, the Utah DOT does not anticipate that tolling will provide revenue to help meet overall state highway needs.

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NATIONAL CONSTRUCTION ALLIANCE II

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Testimony of
Raymond J. Poupore
Executive Vice President
National Construction Alliance II

Transportation and Infrastructure Committee
Subcommittee on Highways and Transit
United States House of Representatives
March 30, 2011

Thank you, Chairman Duncan, Ranking Member DeFazio, and distinguished members of the Transportation and Infrastructure Committee.

On behalf of the National Construction Alliance II (NCA II), a partnership between two of the nation's leading construction unions, the International Union of Operating Engineers and the United Brotherhood of Carpenters and Joiners, I want to express our appreciation for the opportunity to join the subcommittee today at the "Improving and Reforming our Nation's Surface Transportation Programs" hearing. The two unions of the Alliance represent nearly one-million workers – many of whom build the nation's transportation infrastructure.

Let me get right to the point, Chairman Duncan. The Carpenters and Operating Engineers believe that the primary obstacle to improving the nation's surface transportation programs relates to Highway Trust Fund solvency. While other issues, particularly environmental streamlining to more quickly deliver projects, should be addressed by Congress, as committee members well know, the needs of the highway and transit program have simply outstripped the revenue dedicated to the Highway Trust Fund.

In order to improve the health of the national economy, which is precisely what is at stake with your committee's work on the reauthorization of the nation's surface transportation programs, Congress should focus on shoring up the Trust Fund to meet the nation's surface transportation deficiencies and revive the ailing construction economy.

The National Construction Alliance II commends the Administration for acknowledging the dramatic needs in the transportation sector and proposing a spending level for reauthorization of $556-billion that recognizes America's substantial transportation deficiencies. For Congress to enact a reauthorization that falls short of our demonstrated transportation needs would, in our judgment, result in:

- Weaker economic recovery
- Persistent high unemployment in the construction sector
- Unstable Highway Trust Fund
- More dangerous bridges and highways, and;
- American economic vulnerability in the face of unrelenting global competition.

Yet, as you well know, the revenue question remains. That is the most politically challenging issue facing reauthorization – on both sides of the aisle and with the Administration. While the Carpenters and Operating Engineers support a variety of innovative financing mechanisms for an appropriate range of projects, there exists a fundamental need for real revenue in the Highway Trust Fund.

Let me be perfectly clear, Chairman Duncan, the NCA II supports a gas tax increase. For over fifty years, the gas tax has proven to be an equitable, efficient funding mechanism, but it is one that has failed to keep pace with inflation and the level of need. We reached the same conclusion as the two commissions that were created in SAFETEA-LU to examine the future of the transportation program – an increase in the gas tax is necessary in the short term. This is no time for Congress to backpedal on the surface transportation investment levels that the country so badly needs. China and our other global competitors are not waiting. In short, we need this committee's leadership to help solve the revenue question and dedicate it to the Highway Trust Fund.

Tens of thousands of members of the Carpenters and Operating Engineers are out of work – some have been unemployed more than 99 weeks and lost their extended unemployment insurance benefits. This situation has left many of these skilled construction workers in difficult economic straits – losing family medical coverage or facing foreclosure on their homes. They are desperately seeking jobs – where simply no work exists.

The current national unemployment rate in construction is 21.8% – far and away the highest unemployment in any industry sector and more than double the unemployment rate in the national economy. The employment picture in the highway, street, and bridge subsector – that subsector most closely associated with transportation investments – is even worse. Employment in that subsector dropped 31,900 jobs in the month of January – the last month for which data is available from the Bureau of Labor Statistics.

The nation simply cannot afford to keep losing construction jobs. Without a significant investment into the nation's Highway Trust Fund, the construction industry will continue to decline. McGraw-Hill Construction, perhaps the industry's leading source of private research, forecasts a fairly steep, seven-percent drop in highway and bridge construction in 2011. Resolving the solvency of the Highway Trust Fund will enable the passage of a robust, multi-year transportation bill will change that industry forecast and revitalize the economy. Your leadership in getting a robust transportation authorization enacted into law can help get the broader economy back on its feet.

An important analysis by the Federal Highway Administration of employment impacts related to highway investments says that over two-thirds of the direct jobs created by a transportation investment are in construction. The same Federal Highway Administration study estimates that around 10,000 *direct* construction jobs are created with every $1-billion invested in transportation. A robust highway and transit bill will go right at the heart of the economy's weakest industry sector.

The positive effect on the broader economy, however, will not be achieved without solving the revenue questions and restoring the solvency of the Highway Trust Fund in the reauthorization. Current Highway Trust Fund revenues are simply inadequate to meet the country's needs.

Please allow me to summarize, Chairman Duncan. Congress should make a robust commitment to the nation's economic recovery through investing in transportation. The unemployment rate in construction peaked at over 27% last year, and forecasts for 2011 are not getting any better. A robust transportation investment, where two-thirds of the jobs are in construction, could change that. That's why the Carpenters and Operating Engineers believe that now is the time to focus on the solvency of the Highway Trust Fund, dedicating the necessary revenue to the program to meet the country's overwhelming transportation deficiencies.

We are eager to continue to work with you in this 112th Congress to advance the cause of America's transportation infrastructure, while at the same time putting the construction industry back to work. Thank you very much.

NCA II

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May 2, 2011

Representative John J. Duncan
Chairman
Committee on Transportation and Infrastructure/Subcommittee on Highways and Transit
B-376 Rayburn HOB
Washington, DC 20515

Representative Peter DeFazio
Ranking Member
Committee on Transportation and Infrastructure/Subcommittee on Highways and Transit
B-376 Rayburn HOB
Washington, DC 20515

Dear Chairman Duncan and Ranking Member DeFazio:

In response to your April 19, 2011 letter, I am providing the following information:

1. *Mr. Poupore, the Committee has heard testimony that the Davis-Bacon Act places onerous administrative requirements on construction contractors and awarding agencies. The witnesses testified that contractors frequently pay workers higher than required by the Davis-Bacon Act. However, they claim that the Davis-Bacon imposes unnecessary administrative burdens on them. Can you tell this Committee about the requirements and administrative costs for complying with the Davis-Bacon Act?*

According to the best information available to us, the administrative requirements are reasonable and necessary to effectuate in a practical manner the policy objectives underlying the Davis-Bacon Act.

The submission of payroll data by federal contractors and subcontractors to government agencies that fund public works projects is a necessary administrative safeguard to prevent the perpetration of fraud against the government. This safeguard has been in place for more than 70 years. Furthermore, in response to allegations that compliance with this anti-fraud measure is burdensome, computerized submission of payroll data to the government has streamlined the process and compliance now requires less time than ever before.

NCA II's response to your inquiry is divided into three parts. The first part describes the legislative goal in enacting the administrative safeguard for fraud prevention. The second part addresses the myth that the weekly submission of payroll data that employers retain to comply with IRS requirements and other federal law is onerous. The third section addresses the rampant misclassification of construction workers as independent contractors by contractors seeking to evade obligations to pay FICA, worker's compensation, and other amounts mandated by state and federal law, and thereby, cheating federal and state governments out of revenue and undercutting law-abiding contractors in bidding for both public and private construction work.

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Prevention of Fraud

Recent GAO reports demonstrate that monitoring of **all** federal contractors regardless of the nature of the services or work performed is needed to ensure that federal dollars are not expended on contractors that defraud the federal government. A 2009 GAO Report on the "Excluded Party List System" found that businesses debarred or suspended for "egregious offenses" – including tax fraud and bribery and kickbacks related to federal contracts – continue to "improperly receive federal contracts."[1]

The Copeland "Anti Kickback" Act, 40 U.S.C. 3145, which was enacted in 1935, prohibits federal contractors or subcontractors engaged in federal construction or repair from inducing an employee to give up any part of the compensation to which he or she is entitled under federal law and requires such contractors and subcontractors to submit weekly statements of compliance. With the exception of a three-year hiatus from 1948 to 1951, the DOL regulations have continuously required the submission of weekly payroll records since 1935.

Weekly submission of a signed statement of the amounts paid to each of workers engaged in Davis- Bacon covered work is intended to aid in uncovering, not merely punishing, violations. *Building & Const. Trades' Dept., AFL-CIO v. Donovan*, 712 F.2d 611 (D.C. Cir. 1983), *cert. denied* 464 U.S. 1069 (1984). Weekly payroll records expose contractors who underpay workers and simplify the task of investigators in spot-checking for violations or turning up unusual patterns.

The Copeland Act regulations, 29 C.F.R. 3.3(b) and 3.4, require that contractors must simply verify that the data is correct and complete, that the amounts paid are the prevailing rates, that the classifications for each laborer or mechanic conform to the work done, and that no kickbacks have been deducted from amounts owed to covered workers. Certified payroll records are a key source of proof that contractors are misclassifying workers and committing other prevailing wage violations. The most common violation of prevailing wage law is misclassification of workers in a classification that is paid at a lower rate than the work that the workers actually perform.

The weekly certified payroll report provides a central tool which allows the federal government to ensure compliance with the Davis-Bacon wage determinations. Armed with the certified weekly report, federal agencies can protect the labor standards of workers on federal construction contracts by preventing underpayment of wages and fringe benefits, misclassification of workers (particularly female and minority workers), fringe benefit abuses and illegal kickbacks on federal construction projects.

During a 2008 rulemaking[2] in which the Wage and Hour Division adopted revisions that eliminated the requirement that entire social security numbers and addresses be submitted on a

[1]GAO Report. *Excluded Parties List System – Suspended and Debarred Businesses and Individuals Improperly Receive Federal Funds*, GAO-09-173 (February 2009)

[2]*Protecting the Privacy of Workers: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction*, 73 *Fed.Reg.* 62229 (Oct. 20, 2008)(proposed rule) and 73 *Fed.Reg.* 77504 (Dec. 19, 2008)(final rule).

weekly basis, the West Virginia Division of Labor stated that "recordkeeping requirements ensure that there is a meaningful and accessible tool in the hands of government investigators to enforce the Davis-Bacon Act, some sixty other 'related' Act and the Copeland Anti-Kickback Act." Likewise, the Illinois Department of Labor commented that the "recordkeeping requirements enable federal agencies to effectively enforce the Davis-Bacon Act and the Copeland Anti-Kickback Act. Eliminating these records will only hinder DOL's efforts to timely and accurately enforce their laws."[3]

Computerized Submission of Data

Compliance with weekly reporting obligations involves minimal amounts of clerical time. Indeed, the required payroll information is the same information that must be maintained by all employers to comply with obligations under overtime laws and/or IRS requirements,[4] including hours worked, rates of pay, amounts and dates of all wage, annuity, and pension payments.

For example, the Fair Labor Standards Act's record keeping obligations for covered employers include 1) time and day of week when employee's workweek begins, 2) hours worked each day, 3) total hours worked each workweek, 4) basis on which employee's wages are paid (e.g., "$9 per hour", "$440 a week", "piecework"), 5) regular hourly pay rate, 6) total daily or weekly straight-time earnings, 7) total overtime earnings for the workweek, 8) all additions to or deductions from the employee's wages, 8) total wages paid each pay period, and 9) date of payment and the pay period covered by the payment.

Contractors are not even required to submit the payroll information on government forms. Contractors have the option of submitting required payroll data in any format. Use of the Wage and Hour Division's ("WHD") Form WH-347 is optional.

Computerized submission of payroll data substantially decreases the time required to submit data that is retained by the employer as part of its obligation under other federal law, such as "FICA," "no. of withholding exemptions," and "withholding tax." In many cases, an employer can simply change the date and re-submit the data from the prior week.

The fact that "on-line" submission simplifies the compliance process is corroborated by an April 13, 2011 letter (enclosed) from the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA) to the Committee on Education and Workforce. SMACNA asserts in that letter that as a result of "on-line compliance reforms made over the last decade, compliance is fair and simple" and that compliance "takes just a minimum of administrative personnel for reporting and on-line instruction is available for those needing assistance."

The WHD estimates on its website and on the Form 347 that it will take an average of 55 minutes for a first time filer to complete collection of the required information, including time

[3] The full text of the comments filed by the West Virginia Division of Labor, the Illinois Department of Labor, the Navy, and the Associated General Contractors is available on regulations.gov under RIN 1215-AB67.

[4] The Contract Work Hours and Safety Standards Act governs overtime requirements of any contract that may require or involve the employment of laborers or mechanics on a public work of the Federal Government.

for reviewing the WHD's instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This estimate includes tasks that a payroll clerk would be required to perform with obligations under other federal law.

During the rulemaking referenced above, the DOL sought comments on whether "permitting electronic submissions of responses" would "minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology." 73 *Fed.Reg.* at 62233. The Department of Navy commented that "electronic submittal would greatly increase efficiencies in receiving, reviewing and sharing" information. The Associated General Contractors also expressed support for electronic submittal initiatives to "the extent that they ease the administrative and storage burdens on government contractors, enhance the privacy and security of sensitive information, are non-mandatory, and help contractors to identify errors before submission to the government." In the preamble to the final rule, the WHD states that "Several commenters suggested that government agencies and stakeholders should consider increasing electronic submission of certified payroll records to improve efficiency, but did not believe that the current process was a public burden or endangered worker privacy." 73 *Fed.Reg.* at 77505.

Misclassification of Construction Workers

A 2009 GAO Report on "Employee Misclassification" cited studies conducted by states, universities, and research institutes finding that misclassification is especially prevalent in the construction industry.[5] The extremely high costs of worker's compensation insurance in the construction industry relative to other industries provides a strong incentive for contractors to misclassify workers to gain a competitive advantage over other contractors in the bidding process. An academic study reported that in Illinois, for example, the statewide rate for worker's compensation premiums for all industries is less than \$3.00 per \$100 of payroll. In the construction industry, rates range from \$8.01 for electrical wiring to \$27.94 for concrete construction.[6]

The 2009 GAO report cited a study conducted by Harvard University, which estimated that in the construction industry in Maine, approximately 14 percent of construction firms misclassified at least some of their employees each year from 1999 to 2002.[7] Maine state officials told the GAO that following the study, they began targeting construction firms for their unemployment insurance audits and found higher levels of misclassification—up to 45 percent of the firms audited misclassified at least some of their employees.

[5] GAO Report, *Employee Misclassification – Improved Coordination, Outreach, and Targeting Could Better Ensure Detection and Prevention, GAO-09-717* (August 2009)

[6] *The Economic Costs of Employee Misclassification in the State of Illinois*, Michael P. Kelsay, Ph.D., James I. Sturgeon, Ph.D., Kelly D. Pinkham, M.S. (December 6, 2006)

[7] *The Social and Economic Costs of Employee Misclassification in Construction*, Construction Policy Research Center, Labor and Worklife Program, Harvard Law School and Harvard School of Public Health (December 17, 2004)

The GAO cited a study commissioned by DOL in 2000, which found that from 10 percent to 30 percent of firms audited in nine selected states had misclassified employees as independent contractors. The GAO report states that in its last comprehensive estimate of misclassification, for tax year 1984, IRS estimated that nationally about 15 percent of employers misclassified a total of 3.4 million employees as independent contractors, resulting in an estimated revenue loss of $1.6 billion (in 1984 dollars). Nearly 60 percent of the revenue loss was attributable to the misclassified individuals failing to report and pay income taxes on compensation they received as misclassified independent contractors. The remaining revenue loss stemmed from the failure of (1) employers and misclassified independent contractors to pay taxes for Social Security and Medicare and (2) employers to pay federal unemployment taxes. For 84 percent of the workers misclassified as independent contractors in tax year 1984, employers reported the workers' compensation to IRS and the workers, as required, on the IRS Form 1099-MISC information return. These workers subsequently reported most of their compensation (77 percent) on their tax returns. In contrast, workers misclassified as independent contractors for whom employers did not report compensation on Form 1099-MISC reported only 29 percent of their compensation on their tax returns.

In addition to cheating federal and state governments, construction contractors who misclassify workers unfairly gain an advantage in bidding for public and private projects, because such employers may save as much as 30 percent of their payroll costs, including employer-side FICA and FUTA tax obligations, state taxes, and worker's compensation premiums.

2. *Mr. Poupore, in the context of debate over the FY 2012 budget, some have challenged transportation projects as engines of economic growth and job creation, claiming that their impact has been "oversold". Do you agree with this assessment?*

No, the National Construction Alliance II does not agree with the assessment that the investments in transportation projects were "oversold." Indeed, transportation investments were the single most significant job-creating investments that Congress and the President made in the American Recovery and Reinvestment Act in 2009. To revive the ailing economy, both in the short- and long-term, further investment is essential. NCA II would have preferred a larger investment in the nation's transportation infrastructure in the Recovery Act, but its benefits for the country were plain to see from even a cursory review of the data. The benefits of the Recovery Act were also plain to see in the faces of thousands of Carpenters and Operating Engineers who went to work on those stimulus projects.

Just in the first year of the Recovery Act, the stimulus created or sustained over 350,000 direct, project jobs from highway, bridge, and water formula investments. Over 1.2-million indirect and induced jobs were created during that time in those same areas of infrastructure investment. These employment figures do not consider jobs created from other sources of transportation funding, such as transit, TIGER grants, aviation, rail, etc.

In 2007, during the Bush Administration, the Department of Transportation updated the jobs study that the Federal Highway Administration (FHWA) has conducted for many years, "The Employment Impacts of Highway Infrastructure Investments". While FHWA reduced its estimate of the number of jobs created for every $1-billion invested in highways, largely because of the increased cost of other inputs, such as asphalt and diesel, the agency still forecasted that 30,000 jobs are created for every billion dollars invested, assuming that an agency does not have to acquire right-of-way.

It should be clear that billions of dollars from the highway formula funds alone in the Recovery Act went directly into the pockets of workers around America, many of whom were Carpenters and Operating Engineers. One of those workers is Florentino Esparza Luna. Florentino, a member of Carpenters Local 1145 here in the Mid-Atlantic, had been unemployed for four months before going to work on the Fairfax County Parkway project in nearby Virginia in December 2009. Because of the Recovery Act, Mr. Esparza Luna has been able to pay for his mortgage and his family's medical care. The Congressional Research Service estimates that $585-million in unemployment checks were avoided with the investment in highway formula funds. I can tell you that Florentino Esparza Luna does not believe that job-creation benefits of transportation investments have been "oversold." Those investments, literally, kept food on his family's table.

Sincerely,

Raymond J. Poupore
Executive Vice President

Testimony of the Transportation for America Coalition
John Robert Smith, Co-Chair, Transportation for America and
President & CEO, Reconnecting America
U.S. House of Representatives Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit
March 30, 2011

Chairman Duncan, Ranking Member DeFazio, and members of the subcommittee, thank you for the opportunity to testify today. I am John Robert Smith, President and CEO of Reconnecting America, a national nonprofit that is helping to transform promising ideas into thriving communities – where transportation choices make it easy to get from place to place, where businesses flourish, and where people from all walks of life can afford to live, work and visit. Reconnecting America is the managing partner of the Center for Transit-Oriented Development, a national nonprofit which promotes best practices in transit-oriented development.

Reconnecting America is also a founding partner and co-chair of the Transportation for America Coalition, the country's broadest and most diverse transportation coalition. Our members hail from the fields of transportation, housing, environment, public health, real estate, safety, and social equity, representing more than 500 different organizations.

On behalf of Transportation for America, I would like to thank the Subcommittee for holding this hearing on improving and reforming the nation's surface transportation programs. Functional, safe, and efficient transportation systems are one of the cornerstones upon which this country was built. Now, the future of America's economic growth, energy security, and the health of our citizens depend on our ability to affordably connect people with jobs, education, healthcare, and opportunity.

With the current extension of SAFETEA-LU set to expire on September 30, 2011, now is the time for the members of this Subcommittee to work with your colleagues throughout the Congress and in the Administration to set policies in place to deliver a 21st century transportation system that is smarter, safer, and cleaner – and provides real choices for all Americans. The upcoming reauthorization of the surface transportation programs presents an opportunity to develop a new vision for our national transportation system and leave behind a lasting legacy for our children and grandchildren.

To achieve these lofty goals, the next surface transportation bill must adhere to certain core principles, namely: 1) increasing efficiency and accountability to get a better bang for our buck; 2) providing transportation options for all Americans; and 3) addressing the needs of all communities, including small towns and rural America.

I. Increase efficiency and accountability to get a better bang for our buck

Our federal transportation program is at a crossroads today. We lack the funds needed to improve our transportation system. The National Surface Transportation Policy and Revenue Commission estimated that as a nation we need to invest $225 billion annually to repair and upgrade our transportation system. Yet today the federal gas tax fails to provide enough revenues to support $50 billion in annual expenditures.

Further there is widespread recognition that current federal policy is not providing taxpayers with the accountability and results that they deserve. We believe that regardless of the size of the next transportation authorization bill it is critical that we put in place the policies to spend our dollars more wisely.

The transportation planning process – which lays the foundation for the investment of billions of dollars – must be improved. As any successful business owners who create jobs can tell you, success starts with a good plan. Poor planning means wasted money and resources, and lost time and opportunity. In the transportation world, poor planning leads to major consequences – millions in taxpayer dollars lost and increasing traffic congestion as far as the eye can see.

Today, states and regions develop 20-year long range transportation plans to guide transportation investments and meet future development needs. Point-in-time predictions are made about how and where development will occur. However, the location and type of development change over time due to market demands, while transportation plans remain largely unchanged.

Current practice leads to the selection and construction of projects that do not provide states and regions with the "biggest bang for their buck" and results in plans that are not fiscally sound or tied to achievable goals - costing taxpayers millions. By developing transportation plans with demand predictions that often become outdated, elected officials and the public are constantly forced into a reactive decision-making mode – basing their decisions on information that does not adequately evaluate the benefits and consequences of different investment decisions – instead of proactively moving forward toward a shared regional vision.

Some communities across the country have found innovative ways to address this problem through strategic planning. For instance, Delaware Valley Regional Planning Commission in the Philadelphia region started planning in 2007 to accommodate 6.15 million more people and 3.15 million more jobs by 2035. The diverse region includes a core city, developed communities, growing suburbs, and rural areas and demonstrates every type of transportation need. The region was facing a significant problem – rapid growth, significant transportation needs and limited revenues.

To meet this challenge, make the best use of limited funds and identify tradeoffs among competing goals, the region began a strategic planning process. The region compared three different scenarios – a "Trend" business-as-usual scenario, and two other divergent scenarios – "Recentralization" and "Sprawl."

By comparing three scenarios, the region was able to provide several options to the communities affected by the plan and show how each would impact taxes, infrastructure investments, congestion and household costs. These scenarios helped decision-makers and the public understand how future policies and decisions could reduce direct household transportation costs by $1,290 while also reducing driver delays by 28% and saving regional businesses and families $1.4 billion annually.

The regional long-range plan, *Connections*, incorporates many aspects of the "Recentralization" scenario, offering a superior quality of life compared to other scenarios by increasing mobility choices, preserving more open space, lowering business and household expenditures and helping the region remain economically competitive.

We believe this type of planning can help accelerate project delivery by building consensus for a suite of projects up front, allowing transportation officials to move forward with public support. In addition, projects that are part of a program that shows progress towards regional goals could be given expedited review – a 'green light' of sorts - to help advance projects that show performance.

With the potential for significant benefits, strategic planning should not be done only on an ad hoc basis. The private sector in the greater Nashville region in middle Tennessee partnered with the public sector to do this type of planning when reports in the early 2000s said the region was on a course to become the 'next Atlanta' – a future they did not want. In a fiscally constrained world we should not wait until a region is on a road to a future they do not want to find ways to do more with less.

Many of the problems faced by these regions are similar to the ones we face as a nation – limited resources, rapid growth and staggering transportation needs. In this environment we must ask our transportation agencies to undertake the same due diligence as the private sector before they invest our tax dollars. We recommend that Congress look at the example these regions have set as a guide for reform of the transportation planning process.

Our transportation program is not just building new roads and transit systems – it is also repairing and rehabilitating our existing infrastructure. Over 50 years ago this nation undertook the largest public works initiative in history with the construction of the Interstate highway system.

This system has served as the backbone of our economic growth and competitiveness, helping to improve quality of life and prosperity. However, our nation's highway system is in need of significant repair. This need is recognized by our state departments of transportation; the American Association of State Highway and Transportation Officials (AASHTO), in their *Rough Roads Ahead* report, noted "years of wear and tear, unrelenting traffic, an explosion of heavy trucks, deferred maintenance, harsh weather conditions, and soaring construction costs have taken their toll on America's roads."

Despite billions of dollars in annual federal, state and local funds directed toward the maintenance of existing bridges, 69,223 bridges – representing more than 11 percent of total highway bridges in the U.S. – are classified as "structurally deficient," according to the Federal Highway Administration (FHWA) – requiring significant maintenance, rehabilitation or replacement.[1] A number of bridges also exceed their expected lifespan of 50 years. The average age of an American bridge is 42 years.

[1] The Fix We're In For: The State of our Nation's Bridges, Transportation for America, 2011.

Only half of our major highways are in good condition. The problem is worse in urban areas where one in four roads is in poor condition. The poor condition of our nation's highway network costs drivers on average $335 a year – or more than $2,000 over the span of a typical federal transportation authorization.[2]

The maintenance backlog will only worsen as highways and bridges age and costs rise. According to FHWA's 2009 statistics, $70.9 billion is needed to address the current backlog of deficient bridges.[3] This figure will likely increase as many of our most heavily traveled bridges – including those built more than 40 years ago as part of the Interstate System – near the end of their expected lifespan.

The good news is that some states have worked hard to address the problem and have shrunk the backlog of deficient bridges. The bad news is that, critical as these efforts are, they are not nearly enough. Two key problems persist: First, while Congress has repeatedly declared bridge safety a national priority, existing federal programs offer no real incentives or assurances that aging bridges will actually get fixed. Second, the current level of investment is nowhere near what is needed to keep up with our rapidly growing backlog of aging bridges.

Again, there have been states that have found ways to address this problem. By prioritizing repair and maintenance of their existing structures and setting repair performance standards, Florida's Department of Transportation (FDOT) is providing some of the safest and highest-rated highways and bridges in the country. Florida has the second lowest percentage of poorly rated bridges of any state in the U.S: only 290 out of 11,899 total bridges, or 2.4 percent, are classified as structurally deficient.[4]

How has Florida managed this? Preserving existing infrastructure is one of three core principles of the FDOT. The agency defines "preservation" as ensuring that 80 percent of the pavement on the State Highway System meets department standards and that 90 percent of department-maintained bridges meet department standards.

In order to meet these targets, maintenance, repair and replacement projects receive funds before all other projects. The state uses data and analytical tools to determine the amount of funding needed to meet the department repair standards.

Florida's practices of prioritizing repair and maintenance, tracking repair needs, and setting measurable goals provide a template for success.

Taking care of our existing infrastructure is not only prudent but also saves money. In generic terms, if we assume that maintaining a road in good condition will cost approximately $6 over a sixteen-year period, letting it fall into poor condition and then repairing it will cost $16. For a department of transportation with a budget of $30 over this same time period, this is the difference between having $24 to expand the network and $14.

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[2] Rough Roads Ahead, American Association of State Highway and Transportation Officials, 2009.
[3] SAFETEA-LU Funding Tables, FY2009, Table 3, Part 1, "Weighted Needs", p.27, http://www.fhwa.dot.gov/safetealu/fy09comptables.pdf
[4] The Fix We're In For: The State of our Nation's Bridges, Transportation for America, 2011.

Congress should ensure that funds in repair programs are used for repair unless a state's bridges and highways are in a state of good repair. Current law allows states to take funds budgeted for roof repair and use them to add an addition to their houses – we cannot afford to continue this practice.

II. Provide Transportation Options for All Americans

In addition to repairing our nation's infrastructure, we need to focus the federal program on transportation options that provide choices for people in this era of rising gas prices. When people have transportation choices, whether they are in a big city, booming suburb or small town, they are empowered to make decisions without being hindered by distance and gas prices. Many aging baby boomers and veterans depend on public transit to see the doctor or go to the grocery store. Working parents need to get to their jobs, get their children from daycare and complete their errands in a timely manner. And college students need access to local higher education institutions and their part-time jobs as well. However, about half of all families in America do not have access to public transportation, leaving them with no option but to drive to their daily destinations, rely on increasingly stretched family members or friends, or not to leave home at all.

Safe, reliable, public transportation is an integral part of the nation's surface transportation network. According to the Texas Transportation Institute's 2010 Urban Mobility Report, without public transportation service, the nation's drivers would have suffered an additional 785 million hours of delay and consumed an additional 640 million gallons of fuel. Absent public transportation in the 439 areas studied, congestion costs for 2009 would have increased by nearly $19 billion.

Public transportation is also an essential ingredient for continued economic growth. The American Public Transportation Association estimates that 36,000 jobs are created or supported for every $1 billion in public transportation investment, and every $1 invested in public transportation generates almost $4 in economic benefits. Reconnecting America's work on transit-oriented development (TOD) has shown that TOD can leverage federal transit dollars into significant private-sector investment near transit, creating lasting value for communities, including improved housing affordability and choice, revitalized downtowns and neighborhood centers, and increased access to economic and social opportunity.

These benefits can have a transformational effect in communities. I saw this firsthand in Meridian, MS. A public-private investment turned our historic train station into the South's first multimodal transportation center and proved to be a catalyst for transforming our main street, increasing public transportation ridership, and helping to generate millions of dollars in private economic development in the surrounding neighborhoods. Historic buildings were renovated, people came back downtown to both live and work, and also for entertainment. Our city center was revived, not only for residents but for those that lived in the surrounding 11-county region. The city's investment of $1 million leveraged an additional $5 million in state and federal funding, which resulted in $135 million in economic development.

Demand for transit is up and likely to continue rising, particularly if gas prices go higher. According to a recent study by the American Public Transportation Association, during the 2007 and 2008 gas price spike, 85 percent of transit agencies reported experiencing capacity constraints on parts of their systems. Over one-half of systems operated service crowded beyond their local service standards. Thirty-nine percent reported that overcrowded conditions were such that they were turning away passengers.[5] The report predicts that gas prices of $4 or higher will lead to similar conditions in the future.

At the same time, transit vehicles, tracks, and facilities are aging. Transit infrastructure received a near-failing grade of D in the ASCE 2009 Infrastructure Report Card. Capital investment in transit is well short of the $60 billion in annual capital investment needs identified in the American Association of State Highway and Transportation Officials' Bottom Line Report. Aging transit infrastructure leads to service and safety issues, which high ridership demand exacerbates.

As if skyrocketing demand and aging systems were not enough, local resources to run transit service are also dwindling. Since the beginning of 2009, approximately 85% of public transit systems have raised fares or cut service. Fifty-six percent of transit systems have cut rush hour service, and 62% have cut non-rush service. Forty percent of transit systems are now serving a smaller geographic area, leaving many people without a way to get to work, school, or the doctor.[6]

And finally we must not forget that investments in walking and bicycling infrastructure are some of the most cost-effective transportation investments we can make. Americans are increasingly searching for personal solutions to tight family budgets, rising health costs and time wasted in traffic. As a society, we are facing monumental challenges relating to pollution and oil dependence. Despite a small current investment of resources, bicycling and walking already account for 10 percent of all trips made by Americans, and the potential clearly exists to double that share. Forty percent of all trips in the United States are just two miles or less. These are by far the easiest to shift to bicycling and walking.

A modest investment in the next transportation bill in bicycling and walking will enable our nation to move decisively towards a goal of increasing the share of trips taken by these modes from 10 percent to 20 percent. Such a shift to bicycling and walking will provide tens of billions of dollars per year in economic, health, tourism, energy, environmental, safety, and congestion-relief benefits.

Transportation for America offers several key recommendations to ensure that the federal program supports the provision of transportation options. First, we strongly urge the Subcommittee to ensure that the next surface transportation authorization provides annual

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[5] Potential Impact of Gasoline Price Increases on U.S. Public Transportation Ridership, 2011 -2012, American Public Transportation Association, March 2011.

[6] Stranded Voices, Amalgamated Transit Union, March 2011.

dedicated funding for transit to significantly address the needs described above. Second, the restriction on many transit agencies' ability to use federal funds to support operations should be removed; the federal program should not continue this limitation on transit agencies' choices about how to invest in their systems.

Third, we encourage the Subcommittee to use this opportunity to level the playing field between new transit and highway projects in terms of timeline, process, and federal match. Currently, it takes an average of 13 years for a new transit project to move through the federal New Starts process (which provides, on average, 50% of the cost of such projects), and only 10 years for a major new highway (which, in general, receives 80% of its cost from the federal program).

Fourth, transit projects must be able to fairly participate in any new or expanded financing programs that the Subcommittee includes in the next bill. This will be particularly important as Congress looks for ways to leverage non-federal investment in the transportation system. In addition, Congress should support communities' efforts to use transit assets as economic development drivers by providing targeted assistance and financing support for equitable TOD.

Fifth, we recommend that all federally-funded road projects provide safe accommodations for all users of the facility, whether driving, walking, taking public transportation or in a wheelchair or stroller. And sixth, we strongly recommend that existing federal funding for ensuring the development of safe walking and bicycling facilities be continued in the next authorization. These programs are a small fraction of overall spending in the authorization bill, yet allow for local development of low-cost travel options.

To conclude, let me reiterate that investment in a wide range of transportation options is important for small towns and rural areas, suburban communities, and big cities. People have the same transportation needs no matter where they live, and should be afforded the same transportation options. Investing in transportation options will lead to a better quality of life for all Americans and increased economic development to benefit all our citizens.

III. Address the needs of all communities, including small towns and rural areas

Before I came to Washington almost two years ago, I was a 16-year Republican mayor in my hometown of Meridian, Mississippi. Meridian is a small city of 40,000 that serves as a regional draw for 11 counties. As Mayor, I witnessed firsthand the transportation challenges facing those who live in small towns and rural areas. The unique transportation needs of these areas are clear: longer distances between job opportunities, volatile energy prices, and shifting demographics are all impacting their continued prosperity. Regional, intermodal transportation connections are critical. While there are similar challenges facing metropolitan areas, many small towns and rural areas lack the financial resources, planning capacity, or the authority to implement local priorities that may not always align with those at the state level. A bold new policy is needed at the federal level with significant input from the state and local levels to reform investments in the transportation system. This should be done in a way that will benefit the residents of rural and small town areas by ensuring adequate investment to maintain existing infrastructure, facilitate economic growth, and provide affordable mobility options.

Recognizing the need for discussion and consensus around these issues, Transportation for America brought together during 2009, transportation practitioners, nonprofit advocates, service providers, and elected officials to identify barriers to accessibility in non-metropolitan areas and develop solutions for these challenges. Those discussions led to the following key principles for improving transportation options in rural and small town communities.

1. *Improve the role of rural communities in the transportation planning process.* Many rural communities today feel that they have little voice in the statewide transportation planning process that drives the expenditure of federal transportation funds. In addition, in instances where they do have "a seat at the table" they often lack the technical expertise or staff to help advocate for the needs of their communities.

   We recommend that regional transportation organizations be established in federal law to help provide rural communities with an informed voice and "a seat at the table" in the statewide transportation planning process. These organizations can also work to help ensure better coordination between transportation, economic development and housing plans to better leverage public and private sector investments.

2. *Promote and revitalize rural town centers.* Many rural communities are experiencing declining economic conditions and loss of jobs and population. Restoring transportation infrastructure can help leverage private sector investment and economic development in existing communities. We recommend creating a competitive grant to help restore transportation infrastructure in rural town centers. This program would be administered by states and could be funded through additional revenues or from a set-aside of existing programs.

3. *Improve the efficiency and coordination of rural transit service.* Transit service a key lifeline to many rural residents – providing access to health care, jobs, and education. In rural areas there are often many public and private transit operators providing service; however this service is often uncoordinated, making it difficult to efficiently meet travel needs. In other instances service is duplicative and inefficient due to federal rules.

   We recommend that the coordinated human services plan from SAFETEA-LU be strengthened and enhanced to result in meaningful coordination of transit service in rural and small urban areas. To reduce duplicative and inefficient transit service, specialized transit operators (sections 5310, 5316 and 5317 of Title 49, United States Code) would be given flexibility to serve elderly individuals, persons with disabilities, and low-income individuals at their discretion. In addition, funding would be provided at the state level for innovative improvements to further enhance coordination.

4. *Reduce transportation costs and provide rural residents with travel options.* Rural communities have unique transportation needs. Too often Washington 'pre-determines' the best solution for rural communities through restrictive federal rules. Limiting travel options for rural communities not only impacts economic competitiveness and quality of life, it also increases transportation costs for residents.

We recommend that rural areas be provided with increased flexibility to invest in additional transportation improvements – rail, local street networks, intercity bus, access management – to meet the unique needs of rural communities. These changes will allow for outcome-based investment decisions and help make sure we get the 'best the bang for our buck.' In addition, in rural areas we should actively work to leverage private investment in travel options and allow private funds to serve as the local match for federal transit assistance.

5. *Improve safety in rural areas.* Rural roads have higher crash rates and fatalities than urban areas. Approximately 60% of all crashes and fatalities happen on rural roads while only 40% of travel occurs in rural areas and 20% of Americans live in rural areas. Despite these disproportionate impacts states have only obligated 44% of their high risk rural road funding.[7]

   We recommend that the highway safety improvement program be revised to strike an appropriate balance between urban and rural needs– focusing not just on crash frequency but also on crash rates. The program should focus on low-cost improvements within the right-of-way, where possible, to stretch dollars.

Conclusion

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

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

[7] Implementing the High Risk Rural Roads Program, Federal Highway Administration, March 2010.

Reconnecting America
People · Places · Possibility

May 6, 2011

The Honorable John J. Duncan, Jr.
Chairman
Subcommittee on Highways and Transit
U.S. House Committee on Transportation and Infrastructure
Washington, DC 20515

Dear Chairman Duncan:

Thank you for the opportunity to testify before the Subcommittee on Highways and Transit on March 30, 2011, and for the follow-up question from Ranking Member DeFazio. My response to Mr. DeFazio's question is enclosed.

Should you have any further questions or require additional information, please do not hesitate to contact me, or you may have your staff contact Sarah Kline, Policy Director, at (202) 429-6990 x202 or skline@reconnectingamerica.org.

Sincerely,

John Robert Smith
President and CEO

Enclosure

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Question from Rep. Peter DeFazio to Mayor John Robert Smith, CEO of Reconnecting America & Co-Chair of Transportation For America:

1. Mayor Smith, what recommendations can you provide to address long-term maintenance and to preserve the assets of our transportation system in the next surface transportation authorization proposal.

America's transportation infrastructure is vitally important to our nation's economic growth and competitiveness. Our extensive network of roads and highways, bridges, rail, and public transit is the circulatory system that moves people and goods around the country. The condition of this circulatory system has a direct impact on our nation's productivity. Degraded and failing infrastructure causes delays and safety problems that take a significant toll on our nation's well-being.

The American Society of Civil Engineers has given the nation's overall infrastructure a grade of "D". More specifically, our roads are rated a "D-", bridges a "C" and transit a "D". The estimated cost of deferred maintenance is around $2.2 trillion. U.S. motorists spend an extra $67 billion a year in repairs and operating costs, an average of $335 per motorist. This situation is unacceptable.

For highways and bridges, Congress currently provides funding to address long-term maintenance programs through the Interstate Maintenance fund and the Highway bridge program. In 2009, Congress funded the Interstate Maintenance program at $5.2 billion, and the Highway Bridge Program at $4.46 billion. This level of funding is inadequate to address our nation's repair needs.

While there is no denying that states and localities need more money to address decaying infrastructure, there are policies that could be instituted to get better results with the levels of funding we currently have. Currently the U.S. Department of Transportation sends funding to states for highway and bridge repair, but states are allowed to flex these funds to other purposes, regardless of the condition of their existing highways and bridges. States can shift up to fifty percent of these funds away from repair without seeking permission or providing explanation. To flex above the fifty percent threshold, states must provide only a cursory explanation. One step toward improving our nation's infrastructure would be to require states to use the funds set aside for the purpose of repair, for that intended purpose. According to the American Association of State Highway and Transportation Officials, $1 spent on repair can save up to $14 in future repair costs. Requiring repair dollars to be spent for repair first is a common-sense policy that will help reduce long-term costs for taxpayers.

Interstate Maintenance and the Highway Bridge Replacement and Rehabilitation programs should be consolidated into a single repair program, allowing states to flex their money between their most pressing repair needs. In addition, states should be provided with increased flexibility to address highways and bridges before they fall into disrepair. In exchange states should be asked to develop an asset management methodology – a strategic process for the management of transportation infrastructure that takes into consideration economic and engineering factors to make cost-effective investment decisions to improve the overall state of good repair of facilities.

It should be recognized that some state Departments of Transportation do practice asset management and accordingly their roads and bridges are in a state of good repair. FHWA in consultation with states should establish an overall state of good repair standard. If a state meets this standard, then they should be able to use their repair funds for other purposes; if they do not then they should use all of their repair funds for repair. This standard should not demand perfection but must make sure that the condition of our roads and bridges improves.

In addition, the next surface transportation bill must include significant resources to address the maintenance needs of our nation's transit systems. In July 2010, the Federal Transit Administration released an analysis of maintenance needs at rail and bus systems across the country, which found that nearly $78 billion is needed to bring these systems into a state of good repair. In addition, a yearly average of more than $14 billion would be needed to adequately maintain these systems. Increased investment in our transit infrastructure is essential to prevent service and safety issues that can adversely affect the millions of Americans who ride public transportation each day.

Finally, the next surface transportation bill must fund capital investments to replace obsolete infrastructure, facilities, and equipment and eliminate the backlog of needed repairs and upgrades on rail lines used by high-speed or intercity passenger service. These investments will help bring our existing passenger rail system to a state of good repair. With rising gas prices American families need alternatives, and a functional intercity rail system that is in good repair will help meet that need.

I must reiterate that our nation's repair and maintenance needs are great. Focusing more dollars on repair of our transportation infrastructure is imperative, but Congress must also hold states accountable for the repair dollars that are sent their way. Should you have more questions about a specific policy regarding state of good repair, I urge you to contact my staff, Nick Donohue at

ACEC
AMERICAN COUNCIL OF ENGINEERING COMPANIES
100 Years of Excellence

Testimony of Jerry Stump
Executive Vice President and Chief Operating Officer
Wilbur Smith Associates
On Behalf of the American Council of Engineering Companies

Before the House Transportation & Infrastructure Committee
Subcommittee on Highways and Transit
March 30, 2011

Chairman Duncan, Ranking Member DeFazio, and Members of the Subcommittee –

Thank you for the opportunity to testify today. My name is Jerry Stump. I am the Chief Operating Officer for Wilbur Smith Associates, a full-service transportation and infrastructure consulting firm headquartered in Columbia, South Carolina that provides planning, design, toll, economic and construction-related services to clients around the world. Completely employee owned, Wilbur Smith Associates has more than 1,000 employees in 56 offices in 8 countries. Since its founding in 1952, the firm has completed projects in all 50 states and 117 countries.

Mr. Chairman, as you know, I am personally based in our firm's office in Franklin in your home state of Tennessee. Chairman Mica, you will be interested to know that we have six offices in Florida; and Mr. Rahall, we have an office in Charleston, West Virginia.

I am testifying today on behalf of the American Council of Engineering Companies (ACEC), where I have had the privilege of serving as National Chairman. As we speak, hundreds of senior executives of ACEC member firms are here on Capitol Hill to underscore to you and your colleagues that infrastructure investment is essential to economic recovery and national competitiveness.

This morning I am going to present the views of the engineering industry on how federal surface transportation programs should be modified in order to deliver projects to the public more efficiently. Many of these concepts and recommendations were highlighted in testimony presented by ACEC members during the series of field hearings and listening sessions the Committee has already held over the past few weeks.

Utilizing the Private Sector

First and foremost, we encourage you to protect and strengthen the public procurement of engineering services from the private sector and oppose government in-sourcing efforts. America's engineering firms bring the innovation and expertise needed to help departments of transportation (DOTs) deliver projects to the public faster, better and with savings to the taxpayer. Agencies that effectively harness the private sector are able to manage a wider array of projects at one time and adapt quickly to changing economic conditions and fluctuating workloads, ramping up their programs when funds are available and ramping down when funding cycles are constrained. This provides maximum efficiency and savings for the taxpayer. In contrast, policies that mandate the use of government in-house engineering workforces stifle innovation and competition, limit access to experienced service providers, and dampen economic growth.

In a January 2008 report, the Government Accountability Office (GAO) reported from a 50-state survey that DOTs view contracting out as a "valuable strategy for managing short-term workload fluctuations."[1] A separate February 2008 assessment of 10 states with growing capital programs also concluded that contracting out allows state officials to respond quickly to spikes in funding and avoid laying off in-house employees when the workload diminishes.[2] It's a pretty straightforward premise: if a project is contracted to the private sector, the engineering firm is paid for that contract and the cost is contained, rather than hiring additional permanent agency employees who need to be compensated even during lean times with a smaller workload.

Surveys of state DOTs show that staffing resource constraints and the need for specialized skills or resources are the top reasons for turning to the private sector.[3] Contracting out provides expediency and efficiency when in-house employees are not available or able to take on a project. Contracting out also helps departments meet strict deadlines, accommodate specific technical expertise requirements, and spur innovative solutions, all of which lower the total project life-cycle costs.[4]

We have seen the realities of these benefits in specific projects:

- On the SmartFIX 40 Interstate improvements in downtown Knoxville, Tennessee – the biggest project ever undertaken in the state – Wilbur Smith Associates provided comprehensive planning and design services that reduced an approximately 4-year construction schedule down to 14 months, saving more than $20 million in costs. By engaging a private firm, the Tennessee DOT also avoided hiring additional staff necessary for the extensive design work and gained access to innovative, context-sensitive solutions that converted the project from vehement community opposition to broad public support.
- The design and construction of a replacement bridge over the St. Johns River and Lake Jesup in an environmentally sensitive area in Volusia County, Florida, involved several engineering firms, including Wilbur Smith, that delivered the project $13 million below the original FDOT budget and 364 days ahead of schedule.
- For a road re-alignment and bridge construction project in Asheville, North Carolina near the historic Biltmore Property, our firm's innovative designs saved the project $3 million from the engineer's construction cost estimate and finished 7 months ahead of schedule.
- A light-rail transit extension project between West Valley City and downtown Salt Lake City, Utah required significant environmental and engineering specialties for which the

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[1] Government Accountability Office, Increased Reliance on Contractors Can Pose Oversight Challenges for Federal and State Officials, GAO-08-198, January 2008; p. 25.
[2] Tom Warne and Associates, A National Assessment of Transportation Strategies and Practices: Lessons for California, February 12, 2008; pp. 12-13.
[3] Thomas R. Warne, NCHRP Synthesis of Highway Practice 313: State DOT Outsourcing and Private-Sector Utilization, Transportation Research Board, National Research Council, 2003; pp. 14-15.
[4] F. H. Griffis, NYSDOT Engineering Design Costs: In-House Versus Outsourced Design, October 30, 2008: pp. 6-10.

> Utah Transit Authority was un-equipped. Only by engaging a private firm and its subcontractors could the transit authority manage the complexity and scope of this and four other light-rail projects concurrently.

These are just a small sample of our projects. Thousands of engineering firms are providing benefits like these to their public agency clients every day.

As a result, at a minimum, the Committee should reject any call for limitations on the ability of agencies to utilize the experience and expertise of these engineers to deliver quality services and products in a timely and cost-effective manner. This includes proposals such as H.R. 328, which mandates that public employees perform any bridge inspections that utilize federal funds. This legislation would interfere with the ability of state officials to deliver successful transportation programs by restricting access to specialized skills and technical resources, unnecessarily diverting limited resources to additional staff, and ultimately delaying projects.

We are also concerned with reports that some state departments of transportation are actively marketing their services to local governments in direct competition with the private sector. It is not uncommon in these instances for DOT representatives to contact county and city officials and thereby undermine private sector firms who are offering to provide engineering services for local projects.

Beyond the core principle that government should not actively compete with its own citizens, we are concerned that this practice may also present a fundamental conflict of interest. On the one hand, the DOT has the power to approve, disapprove, speed up or delay plans submitted by local agencies for local transportation projects. On the other hand, that same DOT is urging that same local agency to pay the DOT to provide design services.

In such situations, there is enormous potential for abuse. In fact, there are instances of DOT officials offering "funding options," if local agencies agree to use the DOT's engineering and design staff. In other situations, local officials are promised easier project approvals if the local agency "hires" the DOT to design the project.

No system of procurement would tolerate, nor should it tolerate, private firms having conflicts of interest such as these. Public agencies, such as state DOTs, should be held to that same high ethical standard. Procurement of design services for public projects should be accomplished pursuant to a fair, open and competitive process. An organization with a fundamental conflict of interest, such as a state DOT with plan approval power, should not be allowed to participate.

At the same time, I want to highlight and emphasize the fact that there are numerous examples of state DOTs that do a very good job of partnering with and harnessing the private sector to more efficiently and effectively deliver projects to the public. In fact, Chairman Mica's home state of Florida represents one of those good examples, as well as the DOT in our home state of Tennessee. In addition, the current head of the Federal Highway Administration, Victor Mendez, fostered this sense of partnership between the agency and engineering firms in Arizona during his tenure as DOT Administrator. The common theme in all of these states, and the many others that put engineering firms to work, is their effectiveness in moving projects from concept to completion.

I would ask that the Committee look at how state DOTs effectively manage and utilize the project delivery capabilities that are unique to America's engineering firms, and to include language in the new program that encourages all state DOTs to maximize the use of these capabilities. In other words, task and challenge America's engineering industry to do what we do best, which is to design innovative solutions that help our DOT clients to deliver needed transportation improvements faster and more efficiently, providing greater long-term value to the taxpayer.

Facilitating Project Planning and Review

While effectively engaging private engineering firms to speed project delivery will help, numerous regulatory reforms are also needed to enhance the project planning and review process – reforms that many others in the stakeholder community have also identified. A great deal of time savings results when planning and environmental reviews are done concurrently rather than sequentially. ACEC recommends revising those planning and environmental process requirements of SAFETEA-LU (such as in Section 6002) and other surface transportation legislation which are redundant or add no substantive value. ACEC encourages logical and prudent project development processes that are concurrent or overlap in their time frames as opposed to linear and sequential processes that needlessly waste time and increase costs. The next authorization bill should eliminate, wherever possible, duplicative processes required by separate levels of government (such as federal and state) and by separate project development phases (such as planning and NEPA).

Specifically, when transportation and planning agencies determine that the planning process will address issues required under NEPA, and where NEPA requirements can be met in the planning process, environmental resource agencies should be required to participate. Environmental decisions properly made in the planning process (such as defining purpose and need and screening alternatives) should apply to and have standing with environmental resource agencies in the NEPA process. Environmental decisions properly made in the NEPA process should not be duplicated or revisited during the subsequent permitting process. Finally, where a full EIS is required, and a preferred alternative is identified in the draft, the preparation of separate draft and final EIS documents can be combined into a single effort.

To further integrate planning and environmental reviews and to improve the efficiency and timeliness of project delivery, we have also identified the following recommended changes:

- Where multi-modal projects fall under the jurisdiction of more than one entity of the U.S. DOT, require the designation of a single DOT lead agency based upon the characteristics of the project and the issues to be addressed and resolved.
- Facilitate the delegation of U.S. DOT authority to qualifying states for NEPA processes by addressing and removing obstacles, such as the need to waive sovereign immunity and the ability of states to acquire and protect rights-of-way.

- Permit state and local governments to utilize corridor preservation when completed through a transparent and publicly inclusive land use and transportation planning process without having to revisit corridor decisions in the NEPA and permitting phases.
- Permit the use of federal funds for advanced acquisition of rights-of-way for transportation improvements that are included in adopted long range transportation plans and which have been coordinated with land use and environmental resource planning.
- Under certain circumstances, where there is general consensus about a preferred alternative, permit the use of federal funds on final design in advance of completing NEPA requirements.
- Adjust the requirements for fiscally constrained plans to facilitate corridor planning and NEPA studies where right-of-way preservation is the immediate objective, as well as where transportation proposals may exceed projected available resources but would be financially feasible under reasonable and potentially innovative funding scenarios.

Thank you for your attention and consideration. We look forward to working with you to get a long-term transportation bill signed into law this year.

NATIONAL STONE, SAND & GRAVEL ASSOCIATION

Natural building blocks for quality of life

STATEMENT OF
DAVID R. THOMEY
EXECUTIVE VICE PRESIDENT
MARYLAND MATERIALS, INC.

ON BEHALF OF
THE NATIONAL STONE, SAND, & GRAVEL ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

HEARING TO
FOCUS ON SURFACE TRANSPORTATION BILL AND STREAMLINING PROGAMS, CUTTING RED TAPE & CREATING JOBS
WASHINGTON, D.C.

MARCH 30, 2011

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify today and for holding these hearings to hear more about ways of improving and focusing the surface transportation law.

My name is David Thomey. I am Executive Vice President of Maryland Materials Inc. I started my career at Maryland Materials Inc. serving in different positions and departments. I resigned in 2000 to become Vice President of Operations for the National Stone Association, the predecessor organization to National Stone, Sand & Gravel Association (NSSGA). I returned to Maryland in 2002 to serve as President of the Maryland Aggregates Association, before rejoining NSSGA as Executive Vice President. In September 2009 I was asked to return to Maryland Materials Inc. as its Executive Vice President. Coming full circle, last week I was elected the volunteer Chairman of the Board of the National Stone, Sand and Gravel Association at the association's annual convention held in conjunction with CONEXPO-CON/AGG, the largest construction trade show in North America. I appear before you today on behalf of NSSGA and its members representing the aggregates industry.

NSSGA is the world's largest mining association by product volume. NSSGA member companies represent more than 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the U.S. and employ 111,400 working men and women.

Maryland Materials, Inc. was founded by two families in 1960 to supply aggregates for their construction and concrete businesses. Although the family construction business and concrete plants are no longer part of the business, Maryland Materials, Inc. is still owned by the same two families. From its inception, Maryland Materials, Inc. experienced solid growth until the downturn in 2009.

Aggregates are used in nearly all residential, commercial, and industrial building construction and in most public works projects, including roads, highways, bridges, dams, airports, water and sewage treatment plants, and tunnels. While Americans take for granted this essential natural material, they are imperative for the built environment. Aggregates make up 94 percent of asphalt and 80 percent of concrete. About 400 tons are used in an average home (not counting the required subdivision work) and 38,000 tons are used to construct one mile of highway. Without aggregates, we would be sitting and driving on dirt.

Aggregates are a high volume, low cost product. Due to high product transportation costs, proximity to market is critical; thus, 70 percent of our nation's counties are home to an aggregates operation. Sales of natural aggregates generate nearly $40 billion annually for the U.S. economy. When combined with related industries, such as cement, concrete and construction equipment and supplies, the transportation construction industry generates more than $200 billion in economic activity every year.

Through its economic, social and environmental contributions, aggregates production helps create sustainable communities and is essential to the quality of life American's enjoy. Yet despite the large amounts of aggregates used in all kinds of construction, as you have heard from several of our members in listening sessions across the country, the aggregates industry has experienced the most severe recession in its history. Production of aggregates in the U.S. has gone from over 3 billion metric tons in 2006 valued at $21 billion to 1.9 billion metric tons in

2009 at a value of approximately $17.2 billion, a nearly $4 billion decrease. This production decrease is on top of decreases in 2007 and 2008. Many aggregate companies have had to lay off employees for the first time in their history.

Maryland Materials Inc., the company for which I work, is now in its third year of diminished sales. Located adjacent to I-95 in Cecil County, Maryland, our traditional market area has been the State of Delaware and Maryland's Upper Eastern Shore. Recently, the company purchased land and built a rail siding on CSX in order to expand its market. Sales reached their high-water mark in 2006, but have diminished by just over 50 percent during the past three years.

On average, roads and bridges constitute 40 percent of the industry's market. The remaining 60 percent is equally divided among residential housing, industry buildings and public works. Due to the continued weakness in the residential and industrial markets, the transportation market has increased in importance to the aggregates industry. The economic stimulus kept the industry from falling any deeper into recession, but that money is gone and our industry faces another year of economic uncertainty.

Nevertheless, NSSGA members remain optimistic. To a one, they believe that the best thing that Congress can do to create new well-paying American jobs, thus invigorating the economy, bolstering our manufacturing base and enhancing our global competitiveness is to pass a robust, multi-year surface transportation reauthorization. Passage of a reauthorization bill will help to alleviate the over 20 percent unemployment in the construction industry sector and, according to the *2010 Texas Transportation Mobility Report,* the $115 billion congestion is costing annually, the 3.9 billion gallons of wasted fuel, and the 4.8 billion hours of extra time spent idling in traffic, which robs Americans of time with family and friends.

I would be remiss if I did not say that NSSGA members support increased funding in our nation's transportation infrastructure. We recognize, however, that the program has lost focus. We support the Committee in its determination to eliminate diversions of highway user fees to projects that are not related to surface transportation infrastructure. Funding should be directed to core highway programs. But, Congress must recognize that investment in surface transportation infrastructure is different than other government spending. Investment in surface transportation projects is an investment in long-term national assets and these investments create well-paying American jobs.

Also, we recognize no one funding solution is a panacea. Although NSSGA supports an increase in the user fee as the most efficient method of filling the funding gap, we recognize the political realities that exist. We also support increased use of public private partnerships where they make sense, increased tolling, and increased use of innovative financing mechanisms. Like the two national commissions that thoroughly examined the surface transportation system, we support transitioning to a vehicle miles traveled (VMT) user fee. A Congressional Budget Office report issued last week, *Alternative Approaches to Funding Highways,* concluded that a VMT is a possible option for raising new revenues. It seems that the country that has sent men to the moon and has developed the most sophisticated internet communications system on earth can solve the concerns surrounding a VMT.

Lack of sufficient funding, however, is not the only road block the aggregates industry confronts in developing the construction aggregates essential to road and highway construction. Project development delays contribute to the increasing costs of projects. We support efforts to streamline the permitting process. Streamlining advances were made under SAFETEA-LU, but implementation has been inconsistent. DOT and the FHWA should clearly be given the primary responsibility of overseeing and ensuring highway projects are completed expeditiously. The dual responsibility that now exists means FHWA spends precious time ensuring that projects are in compliance with Federal environmental regulations. Federal law requires states to assess cumulative and indirect impacts of transportation projects. Clarity needs to be brought to the process for assessing indirect and cumulative impact analysis and mitigation. What is most needed, perhaps, is applying more common sense to the environmental review process and requiring greater collaboration between the transportation departments and the resource agencies which will speed the review process while providing needed environmental protections.

A key concern of the aggregate industry, and one often overlooked, is ensuring that the aggregate needs of the community are not "sterilized." Surface transportation infrastructure is vital to the growth of a populated area. Development and maintenance of the infrastructure requires large amounts of aggregates. Considered in their entirety, aggregates reserves exist in abundance and should be sufficient to meet future needs. At the local level, however, aggregates shortages can present a problem. These shortages can result from the geology of an area. More often they result due to environmental regulation and land development which prevent access to the natural aggregate deposits resulting in "resource sterilization." Successful integration of natural resource information into land-use decisions is increasingly difficult as the competing needs for lands and resources grow and become more complex.

Governments have been struggling with competing land-use interests for a long time. Unfortunately, aggregate resource identification and protection often come in last in the list of competing options. We believe that identification and protection of the natural resources necessary for transportation infrastructure development must be given higher priority in land-use planning.

Aggregates are low-cost, high volume material. Generally, once you transport aggregates outside a 25-mile limit the cost of the materials doubles in addition to creating environmental and transportation concerns. This problem is most acute in California where although the state has abundant aggregate resources much of the natural aggregate resources have been put off limits to development. As a result, some NSSGA member companies are importing aggregates from Canada at double and triple the costs due to an inadequate and diminishing supply of permitted aggregates in the San Francisco Bay area. When you consider that most of these aggregates are being used in government-funded projects, the tax implications are significant.

It isn't just California. In Arizona, regulatory reform legislation is being advanced that would require that identified sources of aggregates be considered during the general planning process. The bill calls for "common sense" general planning by including currently identified local aggregate deposits and adopting policies to avoid incompatible land uses as part of the planning process.

Because aggregate producers extract a natural resource from the earth, we are miners. Not unlike other industry sectors, but perhaps even more so, NSSGA members are struggling under the "avalanche" of Federal regulations which serve to further slow the permitting process and often result in time consuming litigation. Chief among these are EPA regulations. We are particularly concerned about the potential reduction of PM 10, or dust that is flown into the air by aggregate production, road construction, or agricultural planting, by half. EPA Administrator Jackson has assured Congress the agency has no plans to lower the current standard in conjunction with the five-year National Ambient Air Quality Standard review. NSSGA, however, commissioned a study that finds if the agency were to lower the PM10 as suggested, most of the West would be thrown out of compliance with the Clean Air Act. In fact, the background level of dust in many states exceeds what EPA proposes. Such an action would jeopardize highway funding to the states thrown out-of-compliance.

Equally of concern to NSSGA are efforts by EPA and other Federal regulatory agencies to use "guidances" in lieu of formal rulemaking – treating "guidances" as rules and implementing them without formal notice and opportunity for the regulated community to comment. Pending at the Office of Regulatory and Information Affairs of OMB is a "guidance" that would give the Federal government increased jurisdiction over waters of the U.S. which flies in the face of two Supreme Court decisions and is an attempt to implement administratively legislation that was rejected by 111th Congress. This guidance, if issued, would hinder development of necessary aggregate resources by classifying numerous isolated waterways as wetlands – increasing the permitting requirements if not preventing development of the resources altogether.

Mr. Chairman, thank you for the opportunity to testify today. Let me reiterate the importance to the aggregates industry of Congressional action on a multi-year surface transportation reauthorization. Our industry, like most businesses, requires certainty to make sound capital investment decisions. We appreciate that this Committee led the way in passage of an extension of SAFETEA-LU to the end of the fiscal year at level funding allowing the spring construction season to proceed without interruption. As you understand, we cannot revert to short-term extensions which create havoc in resource development decisions and construction projects.

The aggregates industry looks forward to working with you in doing what is right for America. Yes, we all must tighten our belts, but we ignore the maintenance and improvement of our nation's road and highway network – the circulatory system of America – at our own peril and risk the loss of economic growth, improved safety and cleaner air, and jeopardize the freedom of mobility that we all take for granted.

That concludes my statement. I am happy to respond to any questions.

NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

WRITTEN STATEMENT FOR THE RECORD

TIMOTHY WARE, EXECUTIVE DIRECTOR
MID-EAST COMMISSION

AND

PRESIDENT OF THE
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
(NADO)

BEFORE THE
HOUSE TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

WASHINGTON, DC
MARCH 30, 2011

ADVOCACY, EDUCATION, NETWORKING AND RESEARCH FOR THE NATION'S REGIONAL DEVELOPMENT ORGANIZATIONS
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Thank you, Chairman Duncan, Ranking Member DeFazio and members of the subcommittee, for the opportunity to testify today on our ideas for improving and reforming the nation's surface transportation programs, especially for our nation's small metropolitan and rural regions.

My name is Timothy Ware. I am the Executive Director of the Mid-East Commission, headquartered in Washington, North Carolina. I also currently serve as the President of the National Association of Development Organizations (NADO).

NADO provides advocacy, education, networking and research services for the nation's 520 public-based regional development organizations. As part of the nation's intergovernmental system, the association and its members promote regional strategies, partnerships and solutions to strengthen the economic competitiveness and quality of life across America's local communities. Each regional development organization is typically governed by a policy board of local government officials, along with representatives from the business and community sectors.

The Mid-East Commission is part of the statewide network of 17 regional development organizations / regional councils of governments in North Carolina. Our organization is a voluntary association of municipal and county governments that are located in five eastern counties of the state. Our organization serves as a forum for local governments to solve common problems associated with community and economic development, services for the elderly, transportation and workforce development. This includes coordinating the activities and programs of our region's rural transportation planning organization (RPO). Our RPO provides a venue for local official consultation with the North Carolina Department of Transportation and ensures that rural local officials and other stakeholders are part of the state's transportation planning process.

The members of NADO, Mr. Chairman, believe that the rewrite of the SAFETEA-LU federal surface transportation law (P.L. 109-59) is occurring at a highly pivotal time for the United States. While we understand the pressing need to tackle our short-term and long-range fiscal challenges at the federal level, we also believe that the United States must sustain and modernize our nation's transportation infrastructure if we want to remain at the forefront of the global economy.

This is especially true for small metropolitan and rural regions focused and dependent on export agriculture, advanced manufacturing, value-added production and distribution of natural resources, alternative and renewable energy, and tourism. It is also a pressing need for regions suffering from aging or inadequate infrastructure, as well as those experiencing or preparing for dramatic shifts in their population demographics, such as community growth, aging populations or increased commuting distances and times for residents and workers.

As the committee crafts a rewrite of the SAFETEA-LU surface transportation legislation, we respectfully submit three main recommendations.

First, Mr. Chairman, federal transportation plans and programs should be linked and coordinated more closely with the regional community and economic development strategies and priorities developed by local officials, especially in small metropolitan and rural regions. This includes the U.S. Economic Development Administration's Comprehensive Economic Development Strategy (CEDS) process managed by the national network of 382 Economic Development Districts.

With fewer public resources available for the development, maintenance and/or expansion of transportation infrastructure, it is essential that we target and leverage federal resources for projects and programs that are coordinated and prioritized on a sub-state regional level. We can no longer afford to invest federal transportation resources into projects that are not linked or coordinated with regional and local community and economic development strategies. This includes aviation, highways and bridges, transit systems, and multi-modal and intermodal passenger and freight facilities.

In Pennsylvania, several state and regional agencies, including the state's Department of Transportation (PennDOT) and the network of seven Local Development Districts, have been aggressively testing new models for better coordination and integration of land use and transportation goals with regional and local economic development strategies.

These efforts are being driven by the goal of conserving and targeting public resources for transportation infrastructure improvements that are prioritized on a sub-state regional basis and are linked to regional economic development opportunities and needs. The initiative is also aimed at streamlining and coordinating the state's various regional and local planning processes, speeding the planning and implementation of projects, and helping determine the most effective methods of distributing funding.

While the Pennsylvania model varies from region to region and continues to evolve, there are several key lessons for federal policymakers to consider. The most important is that federal transportation planning and investment decisions should be more closely tied to, and informed by, the goals and priorities of regional community and economic development strategies. In addition, the Pennsylvania approach reinforces the benefits of engaging local government officials, along with state and local environmental, natural resource and community development agencies and stakeholders, throughout the process. This starts with the long-range plan and visioning process and continued through the development of the short-term investment program to the implementation of specific projects and initiatives.

In my home region, transportation is an essential part of our region's economic development future. Even though we are only 100 miles from the Research Triangle area, we still do not have an Interstate highway in our multi-county region. This presents us with significant challenges. For example, one of our region's major employers is a phosphate mine, which is sending hazardous material up a two-lane highway with numerous at-grade intersections and even several dangerous wildlife crossings. We also have several boat manufacturers who must transport wide beam boats on narrow roads.

Now, we have a new industry being developed that will produce wood pellets for fuel, with most of the product being shipped from Norfolk, Virginia to Europe. While we are excited to have this new industry and associated jobs, our towns are concerned with added safety and maintenance issues since several tractor tailors will leave the plant each hour and travel through the middle of town.

Second, Mr. Chairman, state transportation officials should work regionally with local elected and appointed officials as part of the statewide transportation planning process. This would help strengthen local support, accountability and transparency related to the investments of federal surface transportation resources. This was a major goal of the regional transportation planning legislation (H.R. 2782) that you, along with Congressman Tim Walz of Minnesota and 25 other co-sponsors, championed last Congress. Last week, we were pleased that Senators Amy Klobuchar (D-MN) and Lamar Alexander (R-TN) re-introduced companion legislation (S. 625) in the U.S. Senate. The members of NADO strongly support this important legislation.

While often viewed as only roads and bridges, the rural transportation system actually consists of a complex and growing network of local transit services, intermodal freight connectors, regional airports, short-line railroads and port terminals. Often times, local governments are the owners, operators or partners of these transportation assets and facilities. Therefore, there is an immediate and logical need for a higher level of cooperation between state and local officials to ensure that the nation's multimodal transportation system is integrated and connected in a seamless and efficient manner.

To achieve this goal, a growing number of state DOTs are tapping into the planning expertise and local official networks of regional development organizations to help form and staff locally-driven consultation models, often referred to as Regional/Rural Transportation Planning Organizations (RPOs). Since the passage of Transportation Equity Act for the 21st Century (TEA-21) in 1998, the number of states with formal agreements or legislation either creating RPOs or utilizing existing regional development organizations to deliver rural transportation consultation and planning services has risen to more than 25 states.

However, our research shows that nearly half of all states still lack a formal, well documented and transparent process for soliciting and considering the needs and priorities of rural local government officials in a process that is "separate and discrete" from the public involvement process, as required under current Federal Highway Administration and Federal Transit Administration statewide planning rules.

The benefits of involving local stakeholders in the rural transportation planning process through either the creation of RPOs or utilizing regional development organizations, according to the National Academy of Public Administration, include:

- Improved performance of transportation systems and better outcomes for end-users
- Stronger local community support for implementing transportation plans and programs
- Ability to craft better plans and programs that more accurately reflect local needs
- I~~ncreased~~ trust in government that comes from an open and transparent consultation process

While RPO models in each of the more than 25 states are different and are at varying stages of maturity, they share many of same principles. These include identifying and ranking project priorities on a regional basis for consideration by the state, coordinating the input and participation of local government officials, conducting special studies and need assessments, and providing technical assistance to local officials. Increasingly, RPOs are also assisting state DOTs and local governments with asset management systems and data-driven performance measurements. Each RPO is typically governed by a policy committee of state and local officials, along with a technical advisory committee of local public works staff, transit providers, modal representatives and citizen representatives.

The formal involvement of rural local officials in the transportation process also provides a vital link to local economic development and land use activities. This underlying principle recognizes that state transportation policies and plans have an enormous impact on rural communities, especially as they relate to local economic development, land use management and workforce development efforts.

It is no longer sufficient for transportation planning to be focused on 'project lists' and technical needs developed in a vacuum, without regard to the local and regional challenges that arise from their development. Issues such as multimodal planning and public transportation, land use and development, freight transportation needs, and economic development are local and regional priorities that should occupy a key concern in the statewide transportation planning process. Rural local officials must play an active role in this process if we are to make effective use of our limited federal transportation resources.

In 2005, the Tennessee Department of Transportation, in partnership with the state's nine regional development organizations, formed 12 new RPOs to complement the 11 existing Metropolitan

Planning Organizations (MPOs). The RPOs are tasked with facilitating the input and involvement of local elected and appointed officials in the state's planning and decision-making processes, as well as making recommendations to the state department of transportation on multi-modal transportation needs and short-term funding priorities. While the Tennessee DOT is still ultimately responsible for statewide transportation planning, the RPO process is intended to serve as the primary tool to increase local input and to pursue a more comprehensive approach to multi-modal planning in the state.

Since 2002, the North Carolina Department of Transportation has implemented a similar re-engineering of its consultation process with rural local officials. The change was mandated under a state law inspired by the 1998 TEA-21 law and passed in July 2000. The state law required the establishment of rural planning organizations (RPOs) to work cooperatively with the state to plan rural transportation systems and to advise the department on rural transportation policy (Senate Bill 1195. Covered under Article 17 General Statue 136-210 through 213.)

In North Carolina, our state officials worked with our local officials and our network of regional development organizations (known locally as regional councils of government) to create 20 RPOs that serve all counties outside of the existing 17 MPOs. Under the state law, RPOs are required to serve contiguous areas of 3–15 counties and must have a combined minimum population of 50,000. In forming the RPOs, not all of the municipalities in the region were required to join, but each county must be a member.

Funded by the state at $80,000 to $100,000 each year and with a 20 percent local match, each RPO in North Carolina has five core functions:

- Coordinate and develop local and regional plans
- Provide a forum for public participation in the transportation planning and implementation process
- Prioritize projects for consideration in the state transportation improvement program
- Provide transportation-related information to local governments
- Coordinate regional issues between contiguous MPOs, RPOs and other regional organizations

As outlined in the North Carolina and Tennessee examples, the members of NADO support giving state DOTs the flexibility to design and implement RPO models that fit their individual state's governing structure, political system and even geographic landscape. However, we believe state DOTs should engage rural local officials in a formal, well-documented and transparent planning process that is informed and complemented by local government priorities and strategies for community and economic development.

Third, Mr. Chairman, federal and state transportation policies should take into consideration the unique conditions and challenges of our nation's regions and communities, especially those outside of the major metropolitan areas. This includes a range of important policy issues, such as ensuring private sector firms and citizens in small town and rural America are connected to global, national and regional hubs; reducing rural road fatalities and injuries; and meeting the needs for alternative transportation services for both private sector businesses and rural citizens.

As just one example, the export agricultural sector remains one of the United State's most competitive sectors with a value of more than $115 billion in 2009, according to USDA's Economic Research Service. To remain at the forefront globally, it is essential that we maintain and expand our capacity to aggregate, process and distribute our goods, commodities and services in a timely and seamless fashion. This isn't just domestically, but increasingly, globally.

Earlier in March, the NADO Research Foundation sponsored a peer exchange to explore the Rural-Urban Connections Strategy (RUCS) initiative of the Sacramento Area Council of Governments in California. One of the common themes heard from farmers and agricultural companies was the extreme challenges and costs of moving their products from their fields and regional distribution hubs to the ocean ports and intermodal transfer facilities in the major metropolitan areas. In today's global marketplace, their primary concerns were with the transportation aspects of just-in-time delivery and inventory management, along with the more traditional issues of multi-modal options and access to quality infrastructure.

As the nation pursues new approaches to value-added agriculture, energy production and distribution, advanced manufacturing and even tourism, it is critical that we retain highly efficient and cost-effective transportation connections to small town and rural America.

In closing, Mr. Chairman, we support efforts to strengthen the coordination of federal surface transportation investments and plans more closely with regional and local community and economic development strategies, including those supported with federal money. We believe federal transportation investments would be targeted, leveraged and coordinated better if state transportation officials worked regionally and in a more cooperative manner with local elected and appointed officials as part of the statewide transportation planning process. This has been proven in states such as Arizona, Kentucky, Missouri, Pennsylvania, South Carolina and Tennessee. We also want to ensure our federal transportation policy takes into consideration the vital community and economic development contributions of rural-based industries and sectors to our nation's economic, energy and national security.

Thank you again, Mr. Chairman and members of the subcommittee, for the opportunity to appear before you today. I would be pleased to answer any questions.

NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
HEARING ON: IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS
QUESTIONS FOR THE RECORD
TIMOTHY WARE
MARCH 30, 2011

Mr. Ware, your written testimony mentions several ways to improve coordination – not just consultation – and involving rural areas more in planning processes.

What are your specific recommendations for amending SAFETEA_LU to accomplish these goals?

Our specific recommendations to accomplish the goals outlined in my testimony are:

1. Strengthen the current requirement for state DOTs to partner with rural local elected and appointed government officials from "consultation" to "cooperation" as defined under federal law and rules.

2. Provide federal recognition and definition for *Regional Transportation Planning Organizations*.

3. Allow the U.S. Department of Transportation to review, comment and approve the non-metropolitan official consultation models being used by state DOTs.

4. Target federal highway, transit and safety planning resources to enable RTPOs and rural local officials to work regionally to build the planning, project development and institutional capacity needed to maintain and sustain a multi-modal, seamless transportation network. The NADO proposal generally amounts to only $1 million – $3 million for each state from existing SPR and other state and local sources.

5. Give each RTPO a formal structure and the responsibility for working with their state DOT to enhance the planning, implementation and results of statewide transportation plans and programs in non-metropolitan areas of the state on a regional basis. RTPOs would be governed by a policy committee of local elected officials, along with representatives of state agencies, general public, and administrators and operators of various transportation modes and interests present in the region. In addition, each RTPO would form a technical committee to assist with specific tasks and programs, as well as select a fiscal and administrative agent, such as a regional planning and development organization, to provide professional management support and ensure public transparency and accountability.

6. Establish an RTPO work plan to assist state and local officials with:

- Ensuring local elected and appointed officials are given a meaningful opportunity to provide input in the statewide planning process
- Developing statewide and regional long-range, multi-modal transportation plans that are performance driven, locally accountable and publicly transparent
- Identifying and recommending regional and local policy, plan and project priorities for consideration by the state
- Improving the integration and sharing of local planning, land use and economic development plans with state transportation plans and investment programs
- Providing technical assistance to local officials and other transportation stakeholders
- Participating in national, multi-state and state policy and planning development processes to ensure regional and local input of non-metropolitan areas

What impact has the TEA-21 provision prohibiting the U.S. DOT from reviewing state consultation plans had on ensuring rural communities have a seat at the table for transportation decisions effecting their communities.

The TEA-21 provision prohibiting U.S. DOT from reviewing and approving state processes for rural consultation has resulted in disconnect between State DOT's and rural local elected and appointed government officials in many states. Most local governments have responsibility and ownership of various transportation assets which connect with state-owned transportation infrastructure. Coordination between the two would be a natural course of action in ensuring better conditions and higher safety ratings of our nation's roadways, bridges, ports, airports, transit systems and intermodal facilities.

Review and approval of the process will ensure a more sincere and effective level of collaboration between state and local officials. It would also allow the U.S. DOT to properly implement the original rules issued in 2003 as a result of a compromise negotiated among the American Association of State Highway and Transportation Officials (AASHTO), National Association of Counties (NACo) and NADO.

Testimony for the Record

Submitted to:

House Committee on Transportation & Infrastructure
Subcommittee on Highways and Transit
March 29th, 2011 Hearing
"Improving and Reforming our Nation's Surface Transportation Programs"

Submitted by:

Alliance for Biking and Walking, Alternatives for Community & Environment, Amalgamated Transit Union, America Bikes, Apollo Alliance, Association of Programs for Rural Independent Living, Campaign for Community Change, Change to Win, CLASP, Kirwan Institute for the Study of Race and Ethnicity, Local Initiatives Support Corporation, NAACP, NAACP Legal Defense and Educational Fund, Inc., National Coalition for Asian Pacific American Community Development, National Complete Streets Coalition, National Council of La Raza, National Housing Conference, National Housing Trust, National Low Income Housing Coalition, Partnership for Working Families, PolicyLink, Poverty & Race Research Action Council, Public Advocates, Reconnecting America, Safe Routes to School National Partnership, The Leadership Conference on Civil and Human Rights, The National Alliance of Community Economic Development Associations, Transit Riders for Public Transportation, Transport Workers Union of America, AFL-CIO, Trust for America's Health, and the William C. Velasquez Institute.

We appreciate the opportunity to submit this statement for the record to express our priorities for the surface transportation reauthorization.

Transportation is a critical link to opportunity—connecting us to jobs, schools, housing, health care, and grocery stores. However, our inadequate, outdated, and underfunded transportation systems are keeping too many Americans from fully connecting and contributing to the national economy.

Transportation Inequity in America

1) ***In America, millions of Americans live in communities where quality transportation options are unreliable or nonexistent.***

   - Nearly two-thirds of all residents in small towns and rural communities have few if any transportation options: 41 percent have no access to transit; and another 25 percent live in areas with below-average transit services.[1]

[1] American Public Transportation Association.

- Fifty percent of older people who do not drive in the United States stay home on a given day because they lack transportation options.[2]

- Nearly one in five Americans faces a physical challenge that impacts their ability to travel for their daily needs (i.e. use of wheelchair or diminished vision, hearing, or physical movement).[3]

- Nearly 20 percent of African American households, 14 percent of Latino households, and 13 percent of Asian households live without a car.[4]

- Nearly 19 million working age adults, 9.4 percent of those ages 16-64, have limited proficiency in English, which leaves them unable to communicate effectively with transit operators or read information about public transportation routes.[5]

- In the last year, more than 80 percent of the nation's transit systems are proposing to or already have eliminated transit routes, cut service hours, increased fares, or a combination of all of these.[6]

2) ***In the midst of these challenging economic times, the transportation options for many Americans are becoming less and less affordable.***

   - Transportation is the second largest expense, after housing, for households in the United States, surpassing food, clothing, and healthcare costs.[7]

   - Low- and moderate-income households spend 42 percent of their total annual income on transportation, including those who live in rural areas, as compared to middle-income households, who spend less than 22 percent of their annual income on transportation.[8]

3) ***All Americans are not sharing the economic benefits of our transportation investments.***

   - While transportation represents a significant sector of our workforce—one in 10 civilian jobs is transportation-related—women, communities of color, and low-income people are not significant beneficiaries of the jobs and contracting opportunities in the industry.

   - Of the roughly eight million people employed in the construction of roads, bridges, and transit facilities in 2008, only six percent were African American and 2.5 percent were women, a much smaller proportion than their representation in the overall economy.[9]

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[2] Surface Transportation Policy Project.
[3] US Census Bureau, 2005.
[4] Brookings Institution and UC-Berkeley, Socioeconomic Differences in Household Automobile Ownership Rates.
[5] U.S. Census Bureau, *American Community Survey*, Public Use Microdata Sample, 3-Year Estimates 2007-2009.
[6] American Public Transportation Association.
[7] National Complete Streets Coalition.
[8] Bureau of Transportation Statistics, Consumer Expenditure Survey 2000.
[9] Bureau of Labor Statistics 2008.

- Latinos often occupy the lowest-wage jobs in the transportation and construction sectors, such as laborers, where 43.1 percent of workers are Latino.[10]

4) ***The safety of our roads, bridges, sidewalks, and transit is a significant concern.***

- In many neighborhoods, disconnected roadway networks, poorly designed and deteriorated streets, inadequate lighting, limited sidewalks, and minimal traffic enforcement place residents at higher risk of injury. These risks are particularly acute for communities of color—Hispanics suffer a pedestrian death rate that is 62 percent higher than non-Hispanic whites, and African Americans suffer a pedestrian death rate that is almost 70 percent than non-Hispanic whites.[11]

It does not have to be this way. The next surface transportation authorization is our chance to reform transportation policy to lay a strong foundation for future economic growth and expand opportunity for millions of people.

Recommendations for the Transportation Authorization

1) ***Preserve and expand existing programs that fund essential transportation options—bicycling, walking, and public transportation, and provide flexibility to use federal funds for transit operating assistance.*** Funding for biking, walking, and public transportation infrastructure puts people to work; provides safe, low-cost transportation choices; reduces dependency on oil; and leverages private investment. For every $1 invested in public transportation, $4 in economic returns is generated.[12] Transit operating assistance, which will allow transit operators to maintain service in these fiscally tough times, is vital to ensuring that Americans can benefit from the mobility and choice provided by safe, accessible, affordable transit and also that businesses can reap the economic rewards associated with bicycling, walking, and transit investments. These investments are a lifeline for people who depend on these transportation options, including people with disabilities, older adults, people in rural areas, and low-income households.

2) ***Reform the transportation planning process to be outcome-oriented, with equity-focused performance objectives.*** States and regions should develop strategic, performance-driven plans that expand opportunity and benefit economically-distressed populations. Performance-based objectives should include: improved access to jobs for low-income individuals; reduced per capita transportation user costs for low-income individuals; and safer environments for bicycling and walking. Such plans, when created through a robust public engagement process, would foster greater accountability and transparency. In addition, technical assistance and demonstration grants, administered by the Secretary of Transportation,

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[10] U.S. Bureau of Labor Statistics, *Current Population Survey*, 2010 Annual Averages, ftp://ftp.bls.gov/pub/special.requests/lf/aat18.txt (accessed March 30, 2011).
[11] Federal Highways Administration's Pedestrian and Bicyclists Safety Research program, 2004.
[12] American Public Transportation Association.

would help to build capacity for states and regions to engage in the reformed transportation planning process. In particular, economically-distressed communities that typically lack the benefits of the transportation system could leverage these resources to plan for enhancements of the transportation system to ensure that projects that are critical to the mobility of vulnerable residents are prioritized during the transportation planning process.

3) ***Expand access to transportation jobs for the chronically unemployed, lower-income people, women, and communities of color.*** This can be accomplished through smart, strategic investments in our workforce. Establishing a construction careers workforce development program[13] would help the chronically unemployed, low-income, and other disadvantaged workers have better access to construction employment in the transportation sector. Additionally, expanding the existing On the Job Training Program[14] to transit, railways, and all other surface transportation modes at the United States Department of Transportation (USDOT) would provide resources for apprenticeship and training programs targeted to move women, people of color, and other disadvantaged individuals into transportation jobs and increase the workforce available to efficiently complete transportation projects. The next surface transportation bill should also include a Transportation Job Corps, which would create a career-ladder grant program within the Federal Transit Administration at the USDOT to help existing workers retain jobs in the public transportation industry, while also recruiting and preparing young adults from low-income communities and communities of color, who are underrepresented in jobs in the transit sector.

4) ***Reform transportation funding mechanisms to reward projects that lower the housing and transportation costs of American families.*** Encouraging development around transit stations has the potential to significantly reduce the out of pocket transportation expenses for rural, suburban, and urban households. To this end, it is necessary to: preserve the New Starts and Small Starts programs and enhance them to prioritize preservation and creation of affordable housing proximate to regional employment centers; provide credit assistance to communities to accelerate construction of locally-funded transportation projects and local infrastructure that supports affordable housing; and offer Station Area Planning Grants to states, regions, and local communities that seek to revitalize economically-distressed areas and expand and/or preserve affordable housing near public transportation, quality schools, and job centers.

5) ***Strengthen enforcement of existing civil rights provisions.*** Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin, is an important tool for increasing fairness and accountability in the transportation system. Recipients and sub-recipients of federal transportation funds must comply with Title VI. However, recent investigations[15] at the USDOT have documented the broad failure of many

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[13] A similar proposal was included in HR 2454: American Clean Energy and Security Act and HR 4929: Enhancing Opportunities for Main Street Act of 2010.

[14] This program currently exists at the USDOT, but it is limited to projects funded by federal highway dollars.

[15] Results of a 2010 Office of the Inspector General report on the U.S. DOT's Federal Highway Administration: OSC File #10-44-DI-09-0965, available at http://www.osc.gov/FYpercent202010percent20A.html.

state highway departments to implement basic anti-discrimination provisions. These findings illustrate the need for: dedicated resources to ensure that recipients of federal funds meet non-discrimination requirements, including addressing complaints related to discriminatory language barriers in transportation[16]; maintaining the Transportation Equity Research Program, which provides valuable research for State Departments of Transportation and other transportation agencies for assessing the impact of their proposals on low-income households, communities of color, and transit-dependent populations[17]; and implementation of an Equal Opportunity Assessment to collect and evaluate key information every four years, to aid USDOT, federal, local, and state transportation officials in upholding civil rights safeguards and promoting more equitable transportation investment.

Americans Believe that Investment in Transportation is a National Priority

A 2011 poll[18] commissioned by the Rockefeller Foundation includes several key findings that demonstrate Americans' support for reform of and investment in our nation's transportation system:

- ***Two out of three voters say that improving the country's transportation infrastructure is highly important.*** Nearly half of all voters said that roads are often or totally inadequate and that only some public transportation options exist.

- ***Eighty percent of voters agree that federal funding to improve and modernize transportation will boost local economies and create millions of jobs, and view it as critical to keeping the United States as the world's top economic superpower.***

- ***A vast majority, 80 percent of Americans, believe the country would benefit from an expanded and improved public transportation system*** and 57 percent believe that "safer streets for our communities and children" should be one of the top two priorities, if more money is to be invested in infrastructure.

- ***Americans want changes in the way the federal government invests in infrastructure and makes policy.*** Ninety percent support more accountability and certification that projects are delivered on time and fit into a national plan. Ninety percent also support allowing local regions greater say in how transportation dollars are used in their area.

- ***71 percent of voters think leaders in Washington should seek common ground on legislation related to roads, bridges, and transit systems, including 66 percent of Tea Party supporters***

[16] Executive Order 13166 requires each Federal agency to examine the services it provides and develop and implement a system by which Limited English Proficiency persons can meaningfully access those services.
[17] The Transportation Equity Research Program has funded six projects addressing research needs in a range of communities, *e.g.*, research on the impact of transportation investments and land-use policies on the ability of inner-city Detroit residents to access jobs and essential non-work activities.
[18] Survey Methodology: From January 29 to February 6, 2011, Hart Research (D) and Public Opinion Strategies (R) conducted a national survey of voters on behalf of the Rockefeller Foundation. The firms interviewed 1,001 registered voters, including 200 voters who have only a cell phone. The data's margin of error is +/-3.1 percentage points for the full sample, and higher for subgroups of the sample.

and 71 percent of Republicans. More than any other issue tested, American voters would like to see compromise on legislation related to transportation and infrastructure.

Americans are ready to get back to work building our nation's future. Americans are also ready for a reformed transportation investment that is accountable, just, fair, and equitable—a system that connects them to opportunities to participate and prosper in our nation's economy.

We urge the House Transportation and Infrastructure Committee to advance a robust transportation bill that helps to move us toward that vision, and to this end, we stand ready to work with you.

For More Information

Anita Hairston
Senior Associate, PolicyLink

Tyme It
On Time...Everytime

5/4/2011

House Transportation & Infrastructure Committee
2163 Rayburn House Office Building
Washington, D.C. 20515

Re: Statement for Inclusion in the Record

Dear Sir/Madam:

On behalf of the Alliance for Safe, Efficient and Competitive Truck Transportation (ASECTT), I am enclosing its Statement for the Record regarding the 2011 Transportation Reauthorization Bill.

ASECTT members are seriously concerned that implementation of the CSA 2010/SMS methodology as proposed by the FMCSA will have a serious adverse effect upon competition and efficiency in the transportation industry, will prejudice small business enterprises and will result in loss of productivity and jobs.

Yours truly,

Stephen B. Sample, Chairman
Alliance for Safe, Efficient and
Competitive Truck Transportation

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Statement for the Record
To House Transportation and Infrastructure Committee
Regarding 2011 Transportation Reauthorization Bill

The Alliance for Safe, Efficient and Competitive Truck Transportation (ASECTT) is an ad hoc coalition composed of motor carriers and brokers subject to regulation by the Federal Motor Carrier Safety Administration, shippers who are their customers, and allied industries which finance their operation. ASECTT is pleased to submit the following comments for the committee record. ASECTT urges the House Transportation and Infrastructure Committee to take these views into account as legislation is crafted to reauthorize federal transportation programs.

The coalition has been formulated out of concern that pending regulations by the FMCSA will have a material adverse effect in the marketplace, stifling competition and efficiency in the pursuit of increased highway safety through implementation of costly and unproductive new regulations.

By the FMCSA's own estimates, 98% of the for-hire motor carriers it regulates are small businesses as defined by the Small Business Administration. The 482,000 are comprised primarily of privately owned small town entrepreneurs. The trucking industry is a blue collar success story. With freedom of entry and the elimination of state regulations with respect to routes, rates and services, the number of carriers under deregulation has grown and prospered, with the FMCSA retaining the sole duty to certify carriers as safe for use. The Agency's new CSA 2010 initiative threatens this competitive balance. Although highway deaths involving trucks have continued to decline under the existing compliance review system, the Agency at Congress' urging commenced the CSA 2010 program five years ago with the aim of ultimately rating all 751,000 active operators of commercial motor vehicles in its database.

Along the way, the Agency lost its mission when the roadside data accumulated by its state partners proved inadequate to statistically measure the compliance performance of all but less than 100,000 of the carriers it regulates. (By far, the majority of regulated carriers are too small or too infrequently cross scales to be statistically measurable.)

The name of the program, Comprehensive Safety Analysis, was quietly changed to Compliance Safety Accountability and, over the objections of some ASECTT members, was released to the public in December with the overt suggestion of the Agency that unvetted monitoring methodology be used by the shipping and brokering public to second-guess the Agency's ultimate fitness determination.

When released, the FMCSA published data which branded 57% of the carriers it measured as under "Alert," which had an immediate chilling effect on competition. Morgan Stanley quickly noted that 55% of shippers believed the release of this data precluded use of the carriers which exceeded the artificial unscrubbed and unsupported monitoring thresholds.

Only a court suit before the Court of Appeals and a settlement which affirmed the Agency's duty under current statutes to certify highway safety derailed the industry's misconception that the effective majority of for-hire carriers operating over 10 trucks were not fit for use under peril of increased exposure to state law vicarious liability lawsuits for selecting carriers deemed unsatisfactory by the Agency.

ASECTT believes that CSA 2010/SMS monitoring and methodology is fatally flawed. The Agency's continuing proposal to use statistical peer grouping, artificial percentile ranking and the manipulation of state-provided data which has enforcement variations, due process concerns, and unexamined statistical presumptions requires close Congressional monitoring.

Any system intended as "comprehensive" which, because of a poverty of roadside data, only measures 15% of the private and for-hire companies the Agency regulates does not meet the goal of assigned safety ratings to all operators of commercial motor vehicles.

Rather than buy into an unproven and flawed statistical paradigm which threatens over half of the carriers the program measures, ASECTT submits the Agency should build on its success with conducting compliance reviews, fulfilling its duty to certify carriers as safe -- importantly without subjecting the shipping public to vicarious liability under state lawsuits.

If necessary, the Agency can fund annual audits of all carriers through use of qualified outside contractors by a nominal annual registration fee of no more than \$300 to \$500 per carrier. This would afford the Agency a comprehensive safety profile annually of every operator it regulates under a system which would ensure education and compliance. (Note: The Agency already has in place a "New Entrant" audit program which could be annualized and expanded.)

Most troubling to ASECTT members is the concept that somehow the Agency is abrogating its ultimate duty to determine safety by transferring to the shipping public an obligation to exercise additional "due diligence" to use SMS data beyond the Agency's ultimate fitness determination.

Whether a consumer uses a moving company, a passenger buys a bus or plane ticket or a business ships boxed products by the skid or in truckload quantity, as members of the public and as consumers, each should be protected by federal regulation against unsafe operators by the Agency's ultimate safety fitness determination of the appropriate regulated party. If the Agencies and the court do not make clear that the ultimately federal decision preempts state law and trumps vicarious liability claims from migrating up the supply chain, Congress should address the issue.

Moreover, continued Congressional oversight is needed to ensure that, in the name of "safety, transparency and accountability," oppressive and unvetted statistical peer group rankings of carriers do not become an expedient way to brand carriers as "bad actors" without due process or any proven correlation to safety performance and crash predictability.

AMERICA BIKES TESTIMONY
to the SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
on
"IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS"
March 30, 2011

Thank you for the opportunity to submit testimony to the record in regards to the Sub Committee on Highways and Transit hearing on March 30, 2011. America Bikes is a coalition of eight national bicycling and walking organizations including: Adventure Cycling Association, Alliance for Biking and Walking, Association of Pedestrian and Bicycling Professionals, Bikes Belong, International Mountain Bicycling Association, League of American Bicyclists, National Center for Bicycling and Walking, and Rails-to-Trails Conservancy.

As the 112th Congress prepares to write new transportation legislation, Americans are increasingly searching for personal solutions to tight family budgets, rising health costs and time wasted in traffic. As a society, we are facing monumental challenges relating to the struggling economy, mobility and oil dependence. In this era of fiscal constraint we can only afford to invest in solutions that address multiple concerns. Investments in bicycling and walking do this.

Investments in bicycling and walking are cost effective. Twelve percent of all transportation trips are made by foot or by bike, and yet less than one and a half percent of transportation dollars go to biking and walking investment.[1] In Minneapolis a federal investment of 7.5 million dollars helped build the Midtown Greenway, which is used by 3,500 people a day and carries more traffic than 77% of all city roads.[2]

Investments in bicycling and walking reduce congestion and wear and tear on roads and bridges. In the 1990s, Portland, Oregon added bicycle facilities to four of its main commuter bridges. Those bridges have seen a 12 percent increase in vehicles since then. Because almost all of that increase was through bicycling, the city avoided having to add vehicle capacity to the bridges or expanding the intersections at either side of the bridge.[3]

Investments in biking and walking build the economy. In San Francisco, CA, two-thirds of merchants along Valencia Street said new bicycle lanes had a positive overall impact on their business; two-thirds also supported building more traffic calming measures on the street.[4] On North Carolina's Outer Banks, bicycle tourism generates $60 million annually in economic activity, an annual return nine times the cost of the region's $6.7 million investment in bicycle infrastructure.[5]

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[1] National Household Travel Survey 2009, FHWA Office of Policy
[2] Midtown Greenway Coalition, www.midtowngreenway.org.
[3] Roger Geller, *Bicycle Transportation Talking Points: Economics and Mobility*, City of Portland Bureau of Transportation
[4] Emily Drennen, "Economic Effects of Traffic Calming on Urban Small Businesses," Department of Public Administration, SF State University, Dec 2003.
[5] Lawrie, et al., "Pathways to Prosperity: The Economic Impact of Investing in Bicycling Facilities," N.C. Department of Transportation Division of Bicycle and Pedestrian Transportation, Technical Report, July 2004.

Investments in bicycling and walking save lives. Fourteen percent of roadway fatalities are bicyclists and pedestrians[6]; and one third of child deaths occur when a child is hit by a car while walking or and biking. [7] The Safe Routes to School program specifically focuses on improving the safety of children on their way to school. Sidewalks and bikeways not only help reduce injuries and fatalities among pedestrians and bicyclists, but have also shown to reduce speed and reduce crashes and injuries among motorists.

Investments in biking and walking give American families affordable transportation options. As gas prices rise, increasing numbers of Americans turn to biking for transportation. One in ten Americans say that they would like to bike more than they do now; but less than half of those surveyed were satisfied by how their communities were designed for bicycling.[8] The Transportation Enhancements (TE) program, which funds the majority of bicycle and pedestrian projects, is oversubscribed in a majority of states. The most recent call for TE proposals in Oklahoma yielded requests for roughly 3 times the available funds.[9]

America Bikes asks Congress to enact a federal transportation law that meets these challenges and measures progress in terms of cost effectiveness, energy independence and job creation as well as safe, healthy, and effective transportation choices.

On behalf of America Bikes, we urge this committee to maintain continuing dedicated funding out of the highway trust fund, for vital bicycling and walking programs such as the Transportation Enhancements set aside and the Safe Routes to School program.

Thank you for the opportunity to submit testimony.

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[6] Fatality Analysis Reporting System Encyclopedia (FARS), National Highway Traffic Safety Administration. 2009. http://www-fars.nhtsa.dot.gov/Main/index.aspx

[7] N. Borse et al., *CDC Childhood Injury Report. Patterns of Unintentional Injuries among 0-19 Year Olds in the United States, 2000-2006*, December 2008. Available at http://www.cdc.gov/SafeChild/images/CDC-ChildhoodInjury.pdf

[8] D. Royal and D. Miller-Steiger, National Survey of Bicyclist and Pedestrian Attitudes and Behavior, NHTSA, 2008.

[9] National Transportation Enhancement Clearinghouse, www.enhancements.org.

Safety, Comfort and Convenience – Future of Interstate Rest Areas

There is a national funding crisis in our Nation that is making it extremely difficult for state transportation professionals to meet the maintenance and safety needs of Rest Area Users travelling on the Federal Interstate System. Many of the Department's of Transportation have already responded by closing several rest areas and more are in the process of planning to make additional service cuts in the near future. These types of actions will impact motorist safety and will further exacerbate the ever-increasing problem of inadequate truck parking.

The origin of providing specific areas for motorists to find comfort and relax along major highways in the United States dates back to a provision in the Federal-Aid Highway Act of 1938 that stated "the States with the aid of Federal Funds may include . . . such sanitary and other facilities as may be deemed necessary to provide for the suitable accommodation of the public . . . "The intent of the Act was to increase motorist safety and comfort by providing facilities for stopping and resting." Subsequent legislation enacted throughout the years placed prohibitions on commercializing rest areas with the exception of toll roads that receive no federal aid but carry the interstate emblem and a few rare cases in which the private rest area was developed as part of a tollroad, but the tolls were later removed (e.g., along I-95 in Connecticut).

The United States Congress should accept the recommendations of highway experts (such as FHWA and AASHTO) to permit the states to study the impacts of commercializing rest areas or identifying other revenue-producing or service enhancements on the National Interstate System. In 2003, President George W. Bush's federal highway funding reauthorization bill contained a clause allowing states to start experimenting with privatized rest areas on Interstate highways. The clause was fiercely resisted by the National Association of Truck Stop Operators (NATSO) and others, who argued that allowing such rest areas would shift revenue to state governments (in the form of lease payments) that would have gone to local governments (in the form of property and sales taxes).

Commercialization could also offer a platform for new technologies such as truck idling and the implementation of alternative fuel options which would promote interstate travel with "green" vehicles, as well as contribute to the national initiative to reduce dependence on foreign energy sources. The current level of service being provided by off-highway food and fuel operators, in many cases, does not compare with the enhanced design characteristics of the rest areas within the right-of-way of the Federal Highway System (including ADA facilities)! This is especially evident in the area which causes the majority of people to stop at a rest area: to use the restroom. The individual states offer rest area facilities on a 24/7 basis and these facilities are used by millions of visitors with no offset for the high cost of operating and maintaining these services. This action could result in the establishment of rent-based public-private partnerships that would provide a revenue stream to the DOT's that could be used to fund needed infrastructure improvements as well as an opportunity for the private sector to expand their market share, provide local jobs (especially for rural areas) and contribute to local tax bases.

Support for Commercialization - Motorists expect modern, clean, and safe stopping places that are open 24 hours per day, seven days per week and situated at regular intervals along the Interstate Highway System. Many off-road facilities do not provide a 24/7 operation. Conventional Rest Areas provided by the states' Departments of Transportation and found within the Federal right-of-way accommodate these motorist expectations. They offer a quick route for motorists to find restrooms, refuge/safety and limited snack and beverage services at any time of the day or day of the week. Commercial Travel Stops provided by the private sector and found outside of the Federal right-of-way at interchange/exit points of the Interstate Highway System also accommodate these motorist expectations. While these commercialized facilities offer motorists a choice in finding restrooms, safety, fuel and an expanded array of food and beverage choices at varying times of the day, the motorist is required to exit the Interstate System in order to utilize these services. There is no DOT oversight regarding service offerings, quality or pricing.

The case can be made that, in many instances, the off-highway commercial facilities provided by the private sector do not replicate all of the design, safety and maintenance amenities that the traveling public has come to expect and that the DOT's are duty-bound to sustain as part of their rest area operations, e.g., expanded restroom facilities, clean sanitary facilities, ease of ingress/egress, expanded parking, and tourist information.

This statement can be supported by the fact that nationally millions of motorists stop at these non-commercial rest areas even though these facilities do not offer fuel and the expanded array of food and beverage choices. The high usage of these rest areas requires the individual state DOT's to expend millions of dollars annually for operations and maintenance costs. The DOT's do not have a means to be reimbursed for their costs of continuing their rest area operations. As the cost of building, operating and maintaining rest areas continues to escalate, the resources available to the State Department's of Transportation have declined in the face of competing priorities.

The consensus amongst many of the states' Departments of Transportation including the Federal Highway Administration and The American Association of State Highway and Transportation Officials (AASHTO) is that rest areas should be commercialized. The support to commercialize rest areas has also been documented in motorist surveys when motorists were asked if they would utilize these facilities. Rest areas provide a safe refuge whenever weather, visibility or roadway conditions make driving conditions hazardous.

<u>Opposition to Commercialization</u> – The major point of contention expressed relative to commercializing rest areas within the right-of-way of the Interstate Highway is that these types of facilities will siphon sales from commercial travel stops that are located at or near the exits located off of the right-of-way of the Interstate Highway. The argument is that no new sales will be made at the new commercialized facilities but that overall sales will just be re-distributed along the Interstate route. An industry advocacy group has stated that a Study conducted by the University of Maryland in 2003 indicated that as many as half of the nearby interchange-based businesses would close as a result of commercialization. This group further suggests that interchange-based businesses cannot compete with commercialized rest areas that would be located within the right-of-way.

Future Outlook

There have been significant cultural, demographic and operational changes that have occurred since the time when the majority of the original rest areas were built and laws were written. As the motorist service's industry continues to mature and respond to meet the dynamics of a changing user profile, transportation agencies and off-road service providers are faced with many challenges. It is generally felt that there are there are too many rest area locations given the performance of present-day vehicles, the needs of the traveling public and the costs of operating these facilities. In addition, it is felt that there are too many single-sided-single-access locations and consideration should be given to replacing them with bi-directional or dual access designs.

The key to increasing the number of public/private partners and producing effective results is for each partner to understand and appreciate the nature and scope of the opposite party's potential risks and rewards, as well as its own, so that mutual success is achieved. There are components of rest areas operations that are specific to each individual and opportunities exist between the DOT Agencies and the private sector to work hand-in-hand to identify and develop the ideal solution for each party that will ultimately serve the needs and desires of the motoring public.

Several attempts over the past 20 years have been made by the state-level DOT's to have national legislation enacted that would permit them to study the impacts of commercializing rest areas but these efforts have been unsuccessful. Without the benefit of this enabling legislation, the individual states will be required to operate and maintain their system of rest areas with funds received from tax revenues. On the other hand, if this legislation is given a chance, opportunities to create public/private partnerships can be developed to build commercial rest areas, close unneeded and underused rest areas and develop the methods to insure that modern standards are employed to keep the facilities properly maintained. If the enabling legislation is not passed, many of the states will aggressively continue closing and/or mothballing their rest areas under the ever-increasing cost of operating these facilities.

Best regards,

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Statement of the Apollo Alliance

ON: "Improving and Reforming our Nation's Surface Transportation Programs"

TO: HOUSE COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE

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Testimony for the Record on
"Improving and Reforming our Nation's Surface Transportation Programs"
Submitted to
HOUSE COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
on behalf of the
APOLLO ALLIANCE
March 29th, 2011 Hearing

The Apollo Alliance is a coalition of labor, business, environmental, and community leaders working to catalyze a clean energy revolution that will put millions of Americans to work in a new generation of high-quality, green-collar jobs. Inspired by the Apollo space program, we promote investments in energy efficiency, clean power, mass transit, next-generation vehicles, and emerging technology, as well as in education and training. Working together, we will reduce carbon emissions and oil imports, spur domestic job growth, and position America to thrive in the 21st century economy.

Introduction

Ten years into the 21st century, our national transportation policy remains shaped by a law passed in 1956. Three years into a global economic recession, the U.S. economy continues to languish. With millions unemployed, it is time to put Americans back to work rebuilding our public transit systems, roads, and bridges; manufacturing advanced transportation vehicles; and laying the foundation for long-term economic recovery.

In March 2010, the Apollo Alliance convened a task force of leading manufacturers, labor unions, and policy experts in transportation, energy, and economic development—the Transportation Manufacturing Action Plan, or TMAP, task force— to examine options for expanding the domestic production of advanced transit systems, vehicles, clean trucks, and their component parts. Based on input from the task force, we call for a comprehensive strategy to boost domestic transit and freight manufacturing that starts with increasing current federal investment to $30 billion per year for public transit and $10 billion per year for intercity and high-speed rail.

Bringing transit and rail investments up to these levels will create 3.7 million direct and indirect jobs, double ridership over the next two decades, and build out a comprehensive intercity and high-speed rail system. In addition, these investments will generate $60 billion in net annual gross domestic product, nearly $45 billion in additional worker income, and $14 billion in annual tax revenue, spurring additional growth throughout the economy.

More than 600,000 jobs could be created in the manufacturing sector alone, many of which will be in the production of advanced buses, rail cars, cleaner freight movement technologies and component parts. Realizing this manufacturing job growth potential and restoring productive capacity is essential to broader U.S. economic recovery because manufacturing drives innovation and wealth creation across the entire economy. In fact, the manufacturing sector generates 70 percent of all private-sector research and development spending and 90 percent of all U.S.

patents. And one higher-tech manufacturing job, such as those available in advanced transportation equipment, will support up to 16 additional jobs in other sectors.

However, due to decades of underinvestment in public transit, the U.S. transit manufacturing industry is underdeveloped. Existing public transit bus, rail vehicle and clean truck supply chains support approximately 40,000 U.S. manufacturing jobs. While relatively small today, jobs in these supply chains are spread across all 50 states, among more than 320 existing companies that could scale up to meet expanded demand.

In order to fully reap manufacturing job-creation benefits, transit investments must be accompanied by measures that strengthen domestic production capacity. Since the passage of the last transportation reauthorization, over $10 billion has gone toward the purchase of public transit vehicles, track, and supporting equipment manufactured abroad. With an estimated 27,600 transit buses, 4,000 passenger rail cars and locomotives, and 220 light rail cars in need of replacement over the next six years, America simply cannot afford to continue purchasing this equipment overseas.

It is time to embrace a 21st century transportation plan: one that creates millions of American jobs; provides increased transportation options and alternatives to fossil fuels; and recognizes our potential to invent and manufacture cleaner vehicles and transit systems here at home, instead of sending our dollars overseas.

TMAP Policy Recommendations

Spur Demand for Transit Vehicles, Systems, Clean Trucks, and Their Component Parts
Creating new domestic manufacturing jobs in the clean transportation sector begins by ensuring strong and reliable domestic demand for rail, public transit and clean freight movement. To create new and expanded markets for domestic manufacturers of advanced transportation vehicles and components, we must:

Invest $30 billion in public transit and $10 billion in intercity rail annually to double public transit ridership and connect our nation's communities with modern and efficient rail service.

Investing $30 billion annually at the federal level into public transit infrastructure and rolling stock will bring our existing transit system to a state of good repair, double public transit ridership over the next two decades, support greater adoption of fuel-efficient and low-emissions technologies, and expand the market for domestic transit manufacturers. And to ensure these investments yield the greatest possible reductions in energy use and greenhouse gas emissions, this investment must be linked to meaningful fuel efficiency and low-emissions performance targets.

In addition, to continue the progress we have made through American Recovery and Reinvestment Act, or ARRA, investments, we must commit at least $10 billion per year to improve our intercity passenger rail network and build new high-speed rail corridors. In 2008, the National Surface Transportation Policy and Revenue Study Commission estimated that an annual investment of more than $8 billion was needed to support an improved national rail network through 2050, an estimate that included the development of just one high-speed rail line.

Since then, planning and development of several new rail corridors has begun under ARRA. To ensure that these projects are completed and we build out comprehensive intercity rail systems, the next transportation authorization should contain at least $10 billion per year for the country's passenger rail infrastructure.

Expand competitive, mode-neutral financing approaches to leverage greater state, local, and private transportation investment, reduce energy consumption, and support domestic manufacturing.

The next federal transportation bill will be a long-term investment of hundreds of billions of dollars in our nation's infrastructure and economy. At a time of historic unemployment across the economy and depression-level unemployment in blue-collar labor markets, we must ensure that these investments yield the greatest possible economic benefit.

For this reason, we must expand innovative infrastructure financing approaches that can leverage even greater state, local, and private transportation investment, including loan guarantees and other forms of credit enhancement that can be provided through an infrastructure bank. Combined with a reliable source of ongoing federal public transportation funding, an infrastructure bank can be particularly useful in securing the capital needed for large-scale transit projects and supporting new approaches to state and local infrastructure financing.

In addition, we must build upon successful programs developed through ARRA and lay the foundation for a performance-based transportation system by expanding competitive transportation infrastructure grants that are mode-neutral and target reductions in energy consumption and greenhouse gas emissions. New competitive infrastructure financing programs should also support domestic manufacturing to the highest degree possible, by giving preference to projects that use vehicles, infrastructure, and supporting equipment with higher-than-required domestic content.

Develop a national freight plan and upgrade our nation's freight vehicle fleet, and support local port clean-up plans to drive clean freight movement.

To make our freight infrastructure more sustainable, we must develop a national freight plan, which identifies corridors and hubs of national significance and prioritizes and funds infrastructure investments such as upgrades to freight rail track or installation of double-tracked rail line in congested corridors. Priority must be given to projects that improve freight transportation reliability and throughput, as well as reduce fuel consumption, greenhouse gas emissions, and localized air pollutants, such as toxic diesel particulate matter.

In addition, to ensure the trucks and rail cars running on this infrastructure are more efficient, we should also provide incentives for the purchase of diesel retrofit componenets, natural gas and other alternative-fuel trucks, as well as modern freight switcher locomotives and rail cars. Finally, we must amend the Federal Motor Carrier Act to specifically allow states, cities and port governing bodies to regulate the emissions of trucks coming in and out of port facilities, which will increase demand for clean trucks.

Support Domestic Manufacturers in Making the Vehicles, Systems, and Component Parts Demanded by Clean, Efficient Public Transit and Freight Movement Systems

We won't reap the full economic benefits of new transit and rail investments in cleaner transportation unless we bring high-value transit and rail manufacturing back to the United States and fill out the domestic supply chains for clean transportation system component parts. According to recent research by Northeastern University, improving our domestic supply chains for buses and rail cars could increase total job creation from the purchase of these vehicles by up to 30 percent. To capture these jobs, we must:

Support American manufacturers in retooling and making new investments in clean truck, transit vehicle, and component part manufacturing.

The United States is home to five public transit bus manufacturers, a dozen railcar builders, and a wide range of truck manufacturers. Yet there are still gaps in the supply chains for clean transit and freight vehicles. A recent analysis by Duke University found that supply bottlenecks exist for propulsion, electronics, air conditioning, and brake systems in the rail sector, and only a handful of suppliers exist for key components such as engines, transmissions, and axles in the bus industry. In spite of existing domestic content requirements, many higher-value-added manufacturing activities are still performed overseas.

To strengthen domestic supply chains, we must provide direct financial support to domestic manufacturers of clean transportation systems. Targeting this assistance towards both the transit and freight sectors will help rebuild our transit supply chains and enable manufacturers to retool to meet the growing demand for clean trucks, which will result from the first-ever fuel efficiency regulations in the truck and bus markets that the Obama administration announced this year. Federal assistance could take a number of different forms, including direct grants, loan guarantees, or low-interest loans.

Improve transparency and accountability of domestic content requirements and introduce incentives to increase domestic content.

Current law requires that all projects funded by the FTA must use 100 percent domestically-produced steel and all rolling stock must include a minimum of 60 percent domestic content and have final assembly occur in the United States. These measures provide critical support for companies – foreign- or domestically-owned – that manufacture buses, trains and their component parts domestically.

As transportation investments expand, accountability must improve to ensure that manufacturers meet current standards and incentives and supports should be provided that will increase domestic content in advanced public transit and freight systems.

To start, Buy America and Buy American standards for all federal transportation investments must be clarified, streamlined, and made more transparent by posting rules and guidance on a central website.

Second, the full effects of waivers granted should be compiled in regular federal reports that contain the number and value of domestic content waivers, the reasons that the waivers were issued, and estimates of total American jobs sent overseas as a result.

Finally, new competitively administered transportation investments should include preferences for projects that exceed domestic content requirements, encouraging transit agencies to purchase vehicles, systems, and supporting equipment with a greater share of domestic content. To assist agencies and manufacturers seeking to increase domestic content, the Department of Transportation should engage the Hollings Manufacturing Extension Partnership, or MEP, network to expand the number of domestic suppliers to the bus and rail industries.

Encourage product standardization and improve procurement practices.

Currently, transit agencies across the United States purchase vehicles and systems with unique specifications. Since each transit agency sets its own vehicle specifications, manufacturers must navigate complicated and widely-varied Requests For Proposals–raising procurement costs by 20 to 30 percent in the bus market alone. New standards being developed with participation from industry members will help to address these challenges, making it easier for U.S. suppliers to bring down costs and remain competitive.

Therefore, in addition to supporting continued development and updating of product standards for the bus and rail industries, we must promote the use of product standards by providing incentives for projects that purchase vehicles compliant with industry-recognized standards, where available.

To ensure that transit agency staff is knowledgeable about these standards, future transportation policies must also provide support for the development of a procurement training curriculum that incorporates these product standards with an understanding of how to coordinate pooled purchasing and detailed information that will help improve domestic content compliance.

Invest in research and development programs that create new technologies and support the commercialization of these products.

Investments in research and development are essential to ensure that the next generation of technological advances in people and freight transportation occur – and are commercialized – in the U.S. To help continue the development of new technologies across all forms of clean transportation, we must invest in a comprehensive domestic research, development and commercialization program for transit and clean freight vehicles.

New R&D investments should target current gaps in domestic supply chains and technologies with the potential to reduce fossil fuel use and greenhouse gas emissions. In addition, investments to develop new basic technologies should be paired with support for the development of domestically produced prototypes; demonstration projects; early-stage commercial manufacturing to scale production; and testing of new vehicles and component parts in truck and transit fleets. This can be accomplished through an interagency program of collaborative research, development, and commercialization that mobilizes the full range of government resources and takes advantage of existing innovation clusters of industry, research, and government investment to develop regional approaches to expanding the American advanced transportation manufacturing sector.

Conclusion

The languishing U.S. economic recovery and deepening climate and energy crisis demand that we seize the current opportunity to reduce transportation emissions and create millions of good American jobs. In 1956, President Dwight Eisenhower laid the foundation for decades of American prosperity through a national transportation policy suited to the automobile age. Today we are on the cusp of an emerging low-carbon economy, and we must again use forward-thinking transportation policy to drive national prosperity. The Transportation Manufacturing Action Plan is a national strategy to do just that.

Thank you for the opportunity to provide comments for the record.

For More Information Please Contact:
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Attachment: The Apollo Clean Transportation Manufacturing Action Plan (TMAP)

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Testimony
to the House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit
regarding "Improving and Reforming the Nation's Surface Transportation Programs"
Submitted for the record by James A. Cloar, Interim President
International Downtown Association
April 12, 2011

Chairman Mica, Ranking Member Rahall, Subcommittee Chairman Duncan, Ranking Member DeFazio and distinguished members of the Committee, the International Downtown Association thanks you for the opportunity to present testimony on behalf of the many member organizations that make up the IDA. We have been in existence for more than fifty years, representing business-led organizations with a shared mission to maintain and revitalize downtowns as vibrant engines for regional economies. Our central business districts are the headquarters to many of our nation's Fortune 500 companies, thousands of professional and financial services firms, technology companies and new start-up businesses. Our 50 largest cities hold 22.6 million private sector jobs and 25% (6 million private sector jobs) are densely concentrated in our downtowns, readily accessible to residents of much larger regions.

Our downtowns and town centers are also the cultural, historic and social centers of their regions. Premier museums, libraries, concert halls and sports venues produce significant opportunities and economic benefits for entire metropolitan regions. We are the home to major learning and health care institutions that educate and care for our nation's population and produce cutting edge research and innovation. We are also home to major convention centers and tourist attractions that drive one of the fastest growing sectors of national employment. The respected Urban Land Institute's recent *Emerging Trends in Real Estate* report points to the growing interest of businesses and entrepreneurs to locate downtown. The recent national census clearly shows that urban life-styles have great appeal to young professionals, empty nesters, new immigrants and a growing number of families with children. For decades, IDA's members and their business leaders have helped stimulate and guide this influx to improve downtowns, and we are very proud of the role we have played in growing local and regional economies.

We believe in traditional virtues of self-sufficiency. In hundreds of cities across the United States, more than 1000 Business Improvement Districts (BIDs) have formed wherein private property owners and business leaders have agreed to pay extra into organizations they control to improve the cleanliness, safety, attractiveness and competitiveness of our city and town centers. We are proud of the role we have played to restore hundreds of deteriorated commercial and retail centers.

We are not interested in federal hand-outs. First and foremost, we look to the national government to do no harm – not to build highways through dense communities, nor facilitate inefficient patterns of sprawl. We want the federal government to play its historic role in facilitating commerce and development. We want smart infrastructure investments that conserve energy by minimizing commuting times. We want efficient traffic control, robust transit systems, and pedestrian enhancements that link residents to places of work while reducing congestion. We believe that our transit-oriented downtowns present the most effective approach to reduce urban poverty by providing access to opportunity to residents without cars. We thank this Committee for its long-standing recognition that road and bridge investments must work in concert with all transportation modes to make investment and commerce successful.

As the reauthorization of SAFETEA-LU approaches, we recognize that the Committee faces a more daunting financial landscape than at any time since the highway trust fund's inception. As the fund has outspent revenues in recent years, any design for a future authorization must either exact unpopular cuts or propose unpopular revenue enhancement to meet projected needs. As the Committee identifies the structure of a new authorization, we urge that you give considered attention to our nation's energy-efficient urban centers that have rebounded in recent decades thanks in part to modest investments to improve streetscapes, transit and other resources that have served as building blocks for our nation's downtown economies.

For example, in Philadelphia, years of balanced investment in both highways and transit has enabled 310,000 individuals to commute downtown each day by transit to work and to school, from both the most affluent suburbs and the most distressed inner neighborhoods. Two-thirds of that city's 93,000 downtown residents commute to work without a car. And $100 million in federal investment in a new Bus Rapid Transit line connecting two large employment nodes in Cleveland – Downtown and University Circle – has already stimulated $4.9 billion in new private and institutional development.

To continue these achievements with constrained resources, we strongly support new and creative financing mechanisms and public private partnerships to help meet our nation's anticipated surface transportation needs. As you determine how to deliver limited, leveraged dollars most efficiently, we encourage that the Committee consider offering direct authority for local districts, including our 1,000 private-sector led and funded Business Improvement Districts. These BIDs reveal an existing and successful model for public/private local financing options in that several of our leading organizations - in New York, Philadelphia, New Orleans and Houston - have financed major capital improvements. However, we believe strongly that innovative financing alone cannot meet our nation's anticipated infrastructure needs, and that adequate federal funding is essential to enable our downtowns to continue to thrive, create jobs, and make our nation stronger. Conversely, a precipitous decline in programmatic funding for streetscape enhancements, transit, congestion mitigation, community preservation and other programs that benefit cities and downtowns will undermine decades of successful private sector investment. We urge you to continue investment that builds upon and most effectively leverages the inter-connectedness of all transportation modes, and to support coordinated investments in auto, transit and pedestrian enhancements so that federal investment works synergistically to yield the greatest return. Studies by the Furman Center for Real Estate and Urban Policy at New York University demonstrate that even modest investments in streetscape and public area improvements yield significant benefits in real estate values and economic activity.

We strongly believe that federal funding for infrastructure must continue the successful legacy of intermodalism and sustain balanced investments in auto, transit and pedestrian transportation systems. This is key to the continued success of downtowns and our regional economies. Thank you again for the opportunity to present testimony on behalf of the IDA.

n4a

Advocacy. Action. Answers on Aging.

Statement for the Record
By Sandy Markwood, n4a CEO

Hearing of the Transportation and Infrastructure Committee
Subcommittee on Highways and Transit
"Improving and Reforming the Nation's Surface Transportation Programs"

March 29, 2011

Thank you, Chairman Duncan, Ranking Member DeFazio and members of the Subcommittee for holding this important hearing. As Chief Executive Officer of the National Association of Area Agencies on Aging (n4a), I am pleased to share our thoughts on priorities for the next surface transportation authorization bill.

n4a represents 629 Area Agencies on Aging (AAAs) and 246 Title VI Native American aging programs in the U.S., which have been coordinating and providing critical home and community-based services to older adults and their caregivers for more than 35 years. The supports and services provided by the Aging Network reflect and address how people want to age—at home and in the community. These services help individuals avoid unnecessary and more expensive institutional care. Given that home and community-based services are estimated to cost, on average, one-third of the expense of institutional care, these services save money for individual and families but also for federal and state governments.

n4a co-administers the National Center on Senior Transportation (NCST) in partnership with Easter Seals. The NCST was created in the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" (SAFETEA-LU) to be a resource to increase mobility for older adults. The NCST is administered through a cooperative agreement with the Federal Transit Administration (FTA). The NCST works in collaboration with the FTA to provide technical assistance, education, and outreach to the aging and transit communities and is the preeminent resource in the country for helping increase the mobility of older adults. n4a also co-chairs the Senior Transportation Task Force, a national coalition of organizations working together to advocate for national public policy that increases the mobility of older adults and people with disabilities.

There is a tremendous need for transportation options for older adults and this need will grow rapidly over the next several years. While many older adults drive, the majoritywill lose the physical and/or financial means to do so as they age. Between 2010 and 2030, the number of older adults in the United States is expected to increase by more than 79 percent. Currently, there are approximately 40 million Americans age 65 and older. By 2020, that number is projected to grow to nearly 55 million adults age 65 and older, and by 2030, the 65+ population will be more than 70 million.[1] As the older adult population continues to grow, n4a believes it is critical that Congress place greater emphasis on critical community transportation programs that provide a vital link between the home and community for older adults and people with disabilities.

Even now, many older adults find it difficult to access essential transportation services in their communities. This is particularly true for older adults who live in suburban or rural communities where destinations are too far to walk, public transit is non-existent or poor, and private transportation is limited and prohibitively expensive. Older Americans represent the fastest growing demographic in our nation, and they have an increasing desire to participate in the workforce, to age in place, and to access social and health services. Their ability to achieve these goals largely depends on their access to transportation services.

Accessible and affordable transportation connects them to the places where they can fulfill their most basic needs – the grocery store for food, the worksite for employment, friends' homes and recreational sites for social interaction, and houses of worship for spiritual sustenance. However, as individuals age and lose the ability to drive, they can experience a drastic decline in their mobility. Many older adults find it difficult to access essential transportation services in their communities. Transportation limitations resulting in lost mobility increase older adults' risk of poor health, as their ability to obtain the goods and services necessary to good health and well-being is reduced. In addition, mobility barriers stifle independence and result in a loss of self-sufficiency that can fuel depression.

Without adequate transportation, this large group will either remain isolated in their homes or end up in institutions unnecessarily. While the SAFETEA-LU provided some increased funding for senior transportation, significant new funds are needed to address the unmet transportation needs that now exist for older adults—needs that will only increase over the next authorization. The next highway and transit authorization provides an excellent opportunity for Congress to improve the availability and accessibility of transportation services for older Americans. n4a supports the following steps to ensure that older adults have adequate mobility options.

- **Increase overall transit funding for programs that enhance and support mobility options for all.** n4a supports increased funding for transit programs in all areas of the country, including formula grants for urbanized and rural areas and grants that provide more targeted funding to vulnerable populations, such as older adults and people with disabilities. It is critical that the next authorization increases investment in transit to a level that will meet the growing demand for services and allow for affordable, efficient and reliable transportation options for all Americans.

- **Undertake any program consolidation efforts cautiously and be mindful of the impact program changes will have on the vulnerable populations now being served under current programs.** Efforts to streamline transportation programs to create efficiencies and minimize administrative burden are laudable and necessary in the current economic environment. However,

[1] U.S. Census Bureau, National Population Projections, 2008, www.census.gov/population/www/projections/files/nation/summary/np2008-t2.xls

we urge that consolidation efforts be undertaken very cautiously and that protections be put in place to ensure that needed services are not lost in the process.

The most prominent discussions around consolidation seem to focus on programs that serve unique needs of older adults, people with disabilities, and low-income individuals, particularly the Section 5310 Elderly and Disabled Formula Grant Program, New Freedom Program and the Job Access Reverse Commute (JARC) Program. While there are overlapping issues affecting all of these populations, there are also some distinct needs and competing interests that need to be taken into account in any consolidation discussion. It is critical that there be assurances that projects in consolidated programs continue to address the unique needs of these populations. Without some protections to assure that everyone's needs are represented fairly in the decision-making and priority setting process, one or more of these communities could literally be left behind.

We are concerned that a consolidation of these programs might give public transportation providers less incentive to partner with community-based service providers to implement transportation programs targeting older adults and people with disabilities as they have traditionally done under the Section 5310 program. Our worst fear is that in consolidation, the balance of power in decision-making would mean that transit agencies would be less likely to pass through 5310 funding to non-profit providers and instead create new programs of their own or support existing targeted programs, especially in these very tough fiscal times. The vital partnership between transit agencies and non-profit service providers that 5310 has created is successful and must be protected. In addition, the New Freedom program has been used to initiate cost-effective consumer responsive options such as dial-a-ride, taxi vouchers and volunteer driver programs, not just fixed route transit. Resources to expand mobility options beyond fixed-route transit must be continued as part of any consolidation proposal.

- **Significantly boost funding for the Federal Transit Administration's Section 5310 program and expand use of 5310 funds to operating assistance.** The Section 5310 program, the major transit program for seniors and people with disabilities, was authorized at $133.5 million in funding for FY 2009. This level of funding is nowhere near enough to ensure needed transportation for the millions of older adults age 60 and older and the tens of millions of people with disabilities currently living in the United States, let alone the influx of aging boomers. Communities are in desperate need of assistance to address the mobility needs of their rapidly growing older adult populations.

In addition, n4a proposes changing the permissible use of these funds to include assistance with operating costs. This change, which Congress initiated on a demonstration basis under SAFETEA-LU, would make the Section 5310 program consistent with other formula grant programs, and would allow non-profits to not only obtain new vans and buses, but to ensure that they are operational, with funding available to pay for preventive maintenance, insurance, fluctuating fuel costs and driver compensation.

- **Provide incentives and support for further coordination of transit and other human services programs by increasing the accountability and transparency of planning processes.** Both jurisdictional barriers and a lack of cooperation between transit and human services agencies hamper planning and coordination efforts. Transit planning must be more effectively coordinated with broader community and Aging Network area planning efforts. States and metropolitan planning organizations must also do a better job of reaching out to the aging and disability communities and actively and substantively involving them when making planning decisions that will affect older adults and people with disabilities. These stakeholders must also have ample opportunity to participate in the development of transportation improvement programs. Additionally, there is a need to ensure that Section 5310 program information is more transparent and program data is publicly available through an integrated national database.

- **Support transportation initiatives that lead to livable communities for all ages.** This includes planning grants that will assist communities to plan and invest in projects that are environmentally sustainable and promote livable communities for all ages, and adopt "Complete Streets" policies that direct transportation planners to consider the needs of all users when considering and making transportation investment decisions. A growing number of older Americans are looking for alternatives to driving because they have given up the keys, want to reduce their driving or want to be more physically active. Yet too often the streets in their communities are not designed to safely and conveniently accommodate pedestrians, bicyclists, people who use mobility devices and users of public transportation of all ages and abilities.

- **Enhance access to mobility management services to better help transit and human services systems meet the needs of older adults and people with disabilities** by establishing a dedicated funding source for these activities that supplement traditional senior transportation services provided by transit agencies, the Aging Network and other partners. Currently, only minimal technical assistance is available to help transportation programs develop mobility management strategies and adapt them to older adults' unique needs. There are few incentives for local providers to adopt these strategies. For mobility management to work in the human services transportation arena, there should be an enhanced federal share for any mobility management activities that create a financial partnership among transportation; aging programs and services; senior housing; and other federally sponsored programs for older adults.

- **Increase funding for the technical assistance and education efforts such as the National Center on Senior Transportation (NCST)** to allow further demonstration, outreach, and training and technical assistance activities to meet the growing needs of the aging and transit communities. The NCST, originally authorized under SAFETEA-LU, has proven to be a valuable resource. Since beginning operations in 2007, the NCST has provided needed technical assistance on best practices for non-governmental organizations and public agencies and brought together aging and transportation professionals in order to better serve the transportation needs of older adults. Increased funding for the program would help meet existing demand for technical assistance and education, as well as increase the NCST's ability to provide direct support to more communities in the form of seed grants. These communities are trying to meet existing demands and help promote cost-effective and coordinated mobility solutions to meet the growing demand for services.

Thank you for considering these ideas. We look forward to working with the Subcommittee on these issues as the reauthorization process moves forward and you develop proposals for the next surface transportation bill.

House Transportation and Infrastructure Committee

Improving and Reforming the Nation's Surface Transportation Programs

April 8, 2011

Statement for the Record by the

National Association of Home Builders

1201 15th Street NW

Washington, DC 20005

This written statement is respectfully submitted on behalf of the National Association of Home Builders (NAHB) in order to highlight existing research on development patterns and transportation. NAHB is a national federation representing more than 160,000 members involved in single family and multifamily home building, land use planners and developers. NAHB would like to take this opportunity to underline some new information and results that we believe should be considered as you work to reauthorize the federal transportation bill. We will specifically address the connections between land use patterns, transportation, and housing affordability based on extensive research NAHB has undertaken over the past four years.

Housing and Transportation Affordability Index:

As you may know, research and common anecdote suggest that the cost associated with a household's transportation can be a significant share of household expenses and shape overall housing affordability in complex ways. Numerous organizations have studied transportation costs, including the Center for Neighborhood Technology's "Housing + Transportation Affordability Index" ("Index"). Beginning with the first application of its methodology in 2005, the Index has transformed into a web-based, interactive map that provides estimates of transportation and housing costs for current residents down to the neighborhood level (www.htaindex.org). Partnerships with the Center for Transit Oriented Development, Center for Housing Policy, Urban Land Institute, Brookings Institution, and many local public and private entities have aided the development of this Index.

The Index has been increasingly discussed in policymaking circles as its capacity has grown. Because of its interest and advocacy in housing affordability, NAHB recently retained Abt Associates, a credentialed consultant, to explore the Index's methodological underpinnings, assumptions, and data sources, as well as the reliability of its application as a policy tool or a consumer information tool. After an extensive review of the Index and interviews with the development staff at the Center for Neighborhood Technology, Abt Associates concluded that, while the index represents an enormous effort to gather data at the neighborhood level and provides a unique spotlight on the impacts of transportation costs on affordability, there are important weaknesses in the Index's data, complexity, construction, transparency, lack of peer review, and execution that raise serious questions about whether it should be used as a policy metric. These limitations also make it unclear how useful it is as a consumer information tool. As a result, NAHB is concerned about current references to and reliance on the Index, such as in the Department of Housing and Urban Development's Sustainable Communities grant program criteria.

I have enclosed Abt Associates' report "A Methodological Review of the Center for Neighborhood Technology's Housing + Transportation Affordability Index" dated December 8, 2010 . The report also can be downloaded at: http://www.nahb.org/fileUpload_details.aspx?contentID=151635.

Climate Change, Density, and Development:

NAHB recently completed extensive research on climate change as it relates to the building industry. Again, with the help of credentialed consultants, NAHB examined the data and the literature on a wide range of issues, including home energy usage; differences in energy usage between building types; embodied energy in the materials in a home; and the relationship between density, development, and climate change.

NAHB's new publication "Climate Change, Density, and Development: Better Understanding the Effects of Our Choices," presents the key facts and identifies the uncertainties behind many of the policies being discussed and put in place today. This publication, and the series of detailed research reports it summarizes, can all be found at www.nahb.org/climatechange.

NAHB's goal in this effort was both to educate our industry, as well as bring sound science and data to discussions of complex policy issues. Overall, our research found a modest correlation between density and reduced vehicle miles traveled, and thus greenhouse gas emissions, but no evidence of a *causal* connection. Instead, the research showed that there are multiple interacting factors, including a host of powerful market, socioeconomic, and demographic forces, which influence consumer behavior and determine the overall impact of land use on climate change.

In fact, the literature shows that jobs have been moving away from nearly every central city since the 1950s, and only 20 percent of all vehicle miles traveled are work-related. NAHB believes these findings present particular challenges for decisions about where transit can and should be located, and provides added evidence that sustainable planning must acknowledge the need for a wide range of housing types in a variety of locations to suit the needs and income levels of communities' diverse populations.

Given this context, NAHB's members are expressing increasing concern over the direction and details of the Sustainable Communities Initiative as that program has begun to take more specific shape. HUD has long been a partner with NAHB in looking at regulatory barriers to housing affordability and has become a respected clearinghouse of information. We are concerned, however, that the HUD's current actions are not transparent, flexible, or science-driven—ideals that have become cornerstones for the Obama Administration.

Conclusion:

NAHB appreciates the opportunity to share our findings regarding land use patterns and housing affordability. Our organization is a strong proponent of Smarter Growth, comprehensive planning, green building, and sustainable communities, and we want to work with Congress and the administration on these shared goals—but in a way that also broadly achieves the nation's housing affordability needs and objectives. We look forward to working with the Transportation and Infrastructure Committee as you work towards fashioning a comprehensive federal transportation bill.

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STATEMENT OF THE

NATIONAL ASSOCIATION OF REALTORS®

SUBMITTED FOR THE RECORD TO THE

UNITED STATES HOUSE OF REPRESENTATIVES COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

HEARING REGARDING

IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

MARCH 30, 2011

The National Association of REALTORS® (NAR) would like to submit the following statement on behalf of its 1.1 million members as the House Transportation and Infrastructure Committee begins consideration of funding and implementation of the federal surface transportation program.

NAR is America's largest trade association, and it includes NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries, and they belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

REALTORS® believe that the timely provision of safe, convenient, and efficient transportation infrastructure enhances the quality of communities, supports property values, and mitigates the effects of traffic congestion that accompany growth. REALTORS® support improving mobility in communities so that all citizens have access to transportation means best suited to their needs.

In anticipation of Congressional action on surface transportation program reauthorization, NAR adopted in 2008 a set of policy principles on transportation. Now, almost three years later, REALTORS® continue to await a recommitment by Congress to a robust federal surface transportation program that will allow communities to plan for a future of sustainable growth and economic vibrancy.

NAR has grave concerns about the detrimental effects on America's communities of a federal surface transportation program that is not adequately funded or that limits the flexibility of state and local governments to invest in multi-modal transportation solutions. At a minimum, federal spending for transportation infrastructure should be sufficient to maintain the current physical condition and level of performance of highways and transit systems. And at a juncture when local economies – and the residential and commercial real estate markets that anchor those economies – are struggling to regain their vitality, it is of utmost importance that funding and financing are available for transportation investments that foster economic development and facilitate sustainable growth.

Rather than an opportunity to truncate the federal surface transportation program into purely a highway program, this time of fiscal constraints should be an opportunity to innovate in ways that provide an even playing field among transportation modes and projects, and facilitate creative options for project financing – including public-private partnerships.

Transportation needs are great, and REALTORS® across the country know that their communities stand ready with ideas to implement transportation projects that will ensure the economic vitality of those communities for years to come. A federal surface transportation program that is robust, predictable, and flexible is crucial to bringing those plans to fruition.

NATIONAL COMPLETE STREETS COALITION
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**National Complete Streets Coalition Testimony
To the Subcommittee on Highways and Transit
on
"Improving and Reforming the Nation's Surface Transportation Program"
March 30, 2011**

Thank you for the opportunity to submit testimony to the record in regards to the Subcommittee on Highways and Transit hearing on March 30, 2011. The National Complete Streets Coalition is a diverse coalition of street users of all ages and abilities that want streets that are designed and operated to enable safe access. Coalition members include AARP, America Bikes, American Society of Landscape Architects, American Public Transit Association, Paralyzed Veterans of America and National Association of REALTORS.

Pedestrians, bicyclists, motorists, freight vehicles, and transit riders must be able to safely move along and across a complete street. By adopting a Complete Streets policy, communities direct their transportation planners and engineers to routinely design and operate the entire right of way to enable safe access for all users, regardless of age, ability, or mode of transportation. This means that every transportation project will make the street network better and safer for drivers, transit users, pedestrians, and bicyclists.

Investing in Complete Streets improves safety. Streets without safe places to walk, cross, catch a bus, or bicycle put people at risk. Over 5,000 pedestrians and bicyclists died on U.S. roads in 2008, and more than 120,000 were injured.[i] Pedestrian crashes are more than twice as likely to occur in places without sidewalks; streets with sidewalks on both sides have the fewest crashes.[ii] Complete streets reduce crashes through comprehensive safety improvements and measures that design the street with pedestrians in mind including; sidewalks, raised medians, better bus stop placement, traffic-calming measures, and treatments for disabled travelers – all improve pedestrian safety.[iii]

Investing in Complete Streets is cost effective. Areas implementing a complete streets policy find that it adds little to no expense to their transportation budgets. Complete streets are more cost effective than the alternative – streets made only for cars – and in some cases, complete streets can help jurisdictions save money. Without a policy, bicycle, pedestrian, and public transportation accommodations are often debated too late in the design process, creating a disruption and adding to project expenses through expensive design revisions or time delays – each eroding public support. In addition, failure to accommodate these user groups can trigger expensive retrofit projects down the road. In all cases, complete streets are long-term investments in the overall health of communities who adopt policies.

Investing in Complete Streets spurs and supports economic development. In today's landscape, retail and commercial development is often accessible only by automobile along roads that have become jammed even on weekends. Potential shoppers are left with no choice but to fill up the tank and drive. For many, that can mean staying home. Incomplete streets hinder economic growth and can result in lost business, lower productivity, and higher employee turnover. A decade ago in West Palm Beach, streets in downtown were designed so drivers could quickly pass though without stopping. The properties downtown were 80% vacant, the city was $10 million in debt, and street crime was common. In revitalizing downtown, Mayor Nancy Graham looked first to transportation investments, such as pedestrian crossings, traffic calming measures, and streetscaping. Today, West Palm Beach boasts a booming, safe downtown with an 80 percent commercial occupancy rate. Commercial and residential property values along the improved corridors have soared.[iv]

Complete Streets can be designed for all roads. By planning, designing, and constructing Complete Streets, communities of all sizes; from rural hamlets to small towns and booming metropolises, are able to provide the quality access to jobs, health care, shops, and schools their residents deserve, while also achieving greater economic, environmental, and public health benefits. Rural communities and small towns tend to have higher concentrations of older adults and low-income citizens,[v] two populations that are less likely to own cars or drive. Without safer roads, those with limited transportation options have little choice: travel along high-speed roadways with few pedestrian accommodations or stay home. In limiting mobility to automobiles alone, these citizens risk isolation from community and the economy. Each Complete Street is designed in accordance to what makes sense for each individual community's needs.

Investing in Complete Streets help us reduce our dependency on foreign oil. Every day, billions of American dollars go overseas to pay for oil in unstable and unfriendly regions. Complete Streets are essential in order to make it possible for Americans to drive less and more easily access alternative transportation modes on foot, by bike, and with public transit. The potential to shift trips to less oil driven and lower-carbon modes is undeniable: The 2001 National Household Transportation Survey finds that 50% of all trips in metropolitan areas are three miles or less and 28% of all metropolitan trips are one mile or less – distances easily traversed by foot or bicycle. Yet 65 percent of trips under one mile are now made by automobile[vi], in part because of incomplete streets that make it dangerous or unpleasant to walk, bicycle, or take transit. Complete streets would help convert many of these short automobile trips to multi-modal travel, saving people money that would otherwise be spend on filling up the tank.

On behalf of the National Coalition for Complete Streets, we urge this committee to support national policy language for Complete Streets.

Thank you for the opportunity to submit testimony.

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[i] National Highway Traffic Safety Administration. (2009). Traffic Safety Facts: 2008 Data. Available at http://www-nrd.nhtsa.dot.gov/Cats/listpublications.aspx?Id=A&ShowBy=DocType
[ii] B.J. Campbell, et al. (2004). *A Review of Pedestrian Safety Research in the United States and Abroad*, Federal Highway Administration Publication # FHWA-RD-03-042.
[iii] B.J. Campbell, et al.

[iv] *Street Redesign for Revitalization, West Palm Beach, FL.* Case Study No. 16. http://www.walkinginfo.org/pedsafe/casestudy.cfm?CS_NUM=16.

[v] Department of Agriculture Economic Research Service, using data from the U.S. Census Bureau's 2010 Current Population Survey, March Supplement.
http://www.ers.usda.gov/Briefing/IncomePovertyWelfare/PovertyDemographics.htm

[vi] 2001 NHTS Poll.

NATIONAL CONGRESS OF AMERICAN INDIANS

Testimony of the National Congress of American Indians House Committee on Transportation & Infrastructure "Improving and Reforming our Nation's Surface Transportation Programs"

March 29, 2011 Hearing

On behalf of the National Congress of American Indians (NCAI), thank you for the opportunity to testify on transportation in Indian Country. NCAI is the oldest and largest national organization in the United States and is dedicated to protecting the rights of tribal governments to achieve self-determination and self-sufficiency. NCAI looks forward to working with members of this Committee to enhance transportation infrastructure for Indian Country.

Indian reservation roads comprise over 120,000 miles of public roads with multiple owners, including the Bureau of Indian Affairs, Indian tribes, states and counties. Indian reservation roads are the most underdeveloped road network in the nation —yet it is the primary transportation system for all residents of and visitors to American Indian and Alaska Native communities. Over eight billion vehicle miles are traveled on Indian Reservation Roads (IRR) Program system annually. Road conditions on Indian reservations are unsafe, inequitable and are a primary barrier to economic development and improvement of living conditions. For example, more than 60 percent of the system is unimproved earth and gravel, and approximately 24 percent of IRR bridges are classified as deficient. American Indians have the highest rates of pedestrian injury and vehicle deaths per capita of any racial or ethnic group in the United States. These conditions make it very difficult for residents of tribal communities to travel to hospitals, stores, schools, and employment centers.

Transportation infrastructure development is critical to economic development, job creation, and improvement of living conditions for individuals and families throughout Indian Country. Construction of transportation systems that allow for safe travel and promote economic expansion will help us strengthen our tribal communities while at the same time making valuable contributions to much of rural America.

In 2005, the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), Public Law 109-59, authorized the U.S. Department of Transportation (USDOT) to administer and distribute billions of dollars of highway, transit, and other transportation-related funding to federal, tribal, state and local transportation departments. Included in SAFETEA-LU were several significant tribal provisions: (1) providing an increase in funding for IRR; (2) creating a new specific funding set-aside to address the condition of bridges on tribal lands; (3) initiating a new tribally-specific transit program that would provide much needed funding for tribes; and (4) establishing within the office of the Transportation Secretary, a Deputy Assistant Secretary for Tribal Government Affairs to plan, coordinate, and implement the Department of Transportation policy and programs. In addition, SAFETEA-LU provided important changes in the IRR program. IRR funding can now be provided through a funding agreement in accordance with the Indian Self-Determination and

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Education Assistance Act as long as the requesting tribal government has satisfactorily demonstrated financial stability and financial management to the U.S. Secretary of Transportation.

FUNDING

In SAFETEA-LU, tribal transportation programs within the U.S. Department of Transportation have received the following funding levels:

- Funding for IRR was $300 million for fiscal year 2005 and steadily increased each fiscal year to $450 million for fiscal year 2009;
- Funding for the IRR Bridge Program stayed at $14 million for fiscal years 2005 through 2009; and
- Public Transportation on Indian Reservations Section 5311(c) was funded at $8 million for fiscal year 2006 and gradually increased each fiscal year to $15 million for fiscal year 2009.

These funding levels were maintained in FY 2010 for tribal transportation programs through the U.S. Department of Transportation.

Indian Reservation Roads Program:

Officials at the U.S. Departments of the Interior and Transportation have recognized that transportation systems within Indian Country are suffering from billions of dollars in construction backlog. An equaling distressing deferred maintenance backlog exists for tribal transportation facilities. Rising construction inflation rates continue to diminish the purchasing power of the limited federal funds currently provided to the IRR Program and other tribal transportation programs. Even maintained tribal roads and bridges fall into disrepair and require costly reconstruction years before the end of their design life due to a lack of more cost-effective maintenance funding. Under any assessment, tribal transportation programs remain severely underfunded, and the construction and growing maintenance funding backlog will only worsen without sizeable funding increases during the next highway reauthorization period.

With the mounting deficiencies and ongoing need to bring tribal transportation infrastructure to a safe and modernized system, we encourage this Committee to recommend to Congress an increase in the funding level for IRR Program to $800 million for fiscal year 2013; with increments of $50 million for each fiscal year through the next six cycles. For the IRR Bridge Program, NCAI recommends $75 million for fiscal year 2013; $87 million for fiscal year 2014; $100 million for fiscal year 2015; $100 million for fiscal year 2016; $100 million for fiscal year 2017; and $100 million for fiscal year 2018.

Public Transportation on Indian Reservations:

Since the enactment of SAFETEA-LU, the Transportation on Indian Reservations Section 5311(c), also known as the Tribal Transit Grant Program, has been very successful. In the first year of operation, 63 tribes were awarded transit funding. This program brings severely needed transit services to Indian Country so that tribes can provide much needed transportation access to employment, health services, education, and business opportunities for tribal members.

While tribal transit systems continue to develop and thrive, the funding authorized in SAFETEA-LU barely addresses the transit needs in Indian Country. Tribal governments need additional funding to adequately address the transit services in Indian Country. NCAI recommends funding for the Tribal Transit Grant Program to be increased to $35 million for fiscal year 2013 with continuing increases of $10 million for every year thereafter to $85 million. NCAI also recommends raising the cap for Transit Planning Grants to $50,000. Currently, tribes are capped at $25,000 to use for planning and design. This cap is a hindrance for tribes who do not possess the financial resources to initially establish a reliable transit system on their tribal land. SAFETEA-LU allowed Indian tribes to pursue improved public transportation for their tribal communities; however, there continues to be significant need in Indian Country.

Tribal Technical Assistance Program (TTAP):

The Tribal Technical Assistance Program (TTAP) is the only technical assistance program that provides much needed education, and training to tribal governments, particularly in the transportation planning needed to for any successful roads project. There are currently seven TTAP centers located around the country. TTAP is funded by both the U.S. Federal Highway Administration (FHWA) and U.S. Bureau of Indian Affairs (BIA). Currently, each TTAP receives $280,000 a year in total funding, which is comprised of $140,000 from the Local Technical Assistance Program and $140,000 from the IRR program. This totals about $1.9 million for the overall TTAP funding each fiscal year to serve all 565 federally recognized tribes.

To ensure that the TTAPs are able to meet the increased demand for their services and as additional tribes assume responsibility for administering their own transportation programs, NCAI recommends Congress to have the U.S. Department of Transportation institute a TTAP for each of the twelve BIA Regions. Additionally, NCAI recommends an increase to the overall funding of TTAPs from $1.9 million to $4.2 million each fiscal year. This much needed funding will assist each TTAP center to adequately address the increasing need for transportation technical assistances.

SAFETY

Tribal members and communities are threatened by unsafe and often inaccessible roads, bridges, and ferries. Indian people suffer from injury and death by driving and walking along reservation roadways at rates far above the national average. Data shows 5,962 fatal motor vehicle crashes were reported on Indian reservation roads between 1975 and 2002 with 7,093 lives lost. The trend is on the increase, up nearly 25 percent, to over 284 lives lost per year in the last five years of study. While the number of fatal crashes in the nation during the study period declined 2.2 percent, the number of fatal motor vehicle crashes per year on Indian reservations increased 52.5 percent. American Indians also have the highest rates of pedestrian injury and death per capita of any racial or ethnic group in the United States.

State governments spend between $4,000 and $5,000 per road mile on state road and highway maintenance. In contrast, road maintenance spending in Indian Country is less than $500 per road mile. Indian Country has an unmet immediate need of well over $258 million in maintenance funding for roads and bridges.

Tribal communities share many similar concerns and obstacles as rural communities in addressing how to improve the safety needs. NCAI has worked diligently with tribal governments to find solutions for improving the safety and infrastructure of Indian Country. Presently, tribes receive a two percent set aside of the total allocation from the National Highway Traffic Safety Administration (NHTSA); the funding is then allocated to BIA where the BIA Highway Indian Safety Program administers the programs. The purpose of this program is to assist tribes with their proposed highway safety projects, which are intended to reduce traffic crashes and impaired driving crashes; increase occupant protection education; provide emergency medical service training; and increase police traffic services. The two percent set aside is equivalent to $14 million annually, and it is a competitive grant process. NCAI has listened to the concerns from tribal leaders about the inadequate effectiveness of the BIA Highway Indian Safety Program. In the past, there has been significant employee and leadership turnover within the BIA office. This has created a lack of guidance and support to tribes. For example, tribes have been denied competitive grant funding, but were not informed of the reasons for the denial. As a result, tribes contacted the office for a rationale for denial but were not provided assistance nor a return phone call.

NCAI recommends that this Committee and Congress assist in confronting the high injury and fatalities on tribal roadways and to resolve the concerns about the BIA Highway Indian Safety Program by (1) establishing a two percent Tribal funding set-aside within the High Risk Rural Roads Program, (2) creating a new Tribal Traffic Safety Program within the FHWA-Federal Lands Highways office, and (3) funding each NHTSA, at $50 million annually to dramatically reduce the incidence of death and injury on America's Indian reservation roads. The creation of these new programs would help to reduce the safety and behavioral problems that contribute to the high rates of death and injury on Indian reservation roads.

DIRECT TRIBAL AGREEMENTS

One of the biggest obstacles for efficient and cost-effective transportation infrastructure development in Indian Country is the myriad and conflicting grant conditions and contract requirements that are tied to various federal and state sources. Economic development and transportation infrastructure improvements in Indian Country rely upon the enhancement of a simplified, uniform direct funding agreement that respects tribal sovereignty and are modified to the unique legal status of tribal governments.

To maximize federal transportation funding by reducing transaction costs, the Indian Self-Determination and Education Assistance Act (ISDEAA), should be extended to all Federal transportation programs serving tribes – including programs administered by Federal Highway Administration (FHWA), FHWA-Federal Lands Highway, Federal Transit Administration, National Highway Traffic Safety Administration and other Federal transportation agencies. In Section 108 of ISDEAA, Congress created by statute a model contract that was specifically drafted to eliminate counterproductive bureaucratic practices and to improve tribal administration of these Federal programs. Under these model agreements, tribes may receive and administer funds for all Bureau of Indian Affairs and Indian Health Service programs using a single streamlined, tribally-appropriate agreement. This allows tribal governments to adopt uniform and more cost-effective accounting, management, and procurement systems to successfully operate these programs. For example, by submitting just a single agency audit for all covered programs and utilizing the same procurement and financial management procedures, tribal governments are able to spend less money on program administration and more money providing direct services to program beneficiaries. Through the ISDEAA, Congress recognized the need and benefit of model self-determination agreements to facilitate negotiations and provide for uniform reporting.

Extending ISDEAA to the U.S. Department of Transportation and its modal administrations will streamline the negotiation, execution, and implementation of grant, contract and funding agreements for federal transportation program funding available to tribes and more effectively target program dollars to the improvement of our nation's transportation system. Streamlining these direct tribal agreements would be very beneficial to tribal governments because most tribal governments do not have sufficient staff or resources to negotiate different terms and conditions to make these agreements more compatible with tribal-specific legal and policy considerations. Tribal governments also do not have the staff capacity to administer a wide range of disparate contract and grant conditions. By extending the ISDEAA and its terms for negotiation and implementation of funding agreements combined with the other program improvements outlined below will help develop more successful tribal transportation departments, reduce wasteful transaction costs, and permit tribes to focus their limited funding resources on more productive transportation infrastructure, maintenance, and traffic safety improvement efforts.

SAFE ROUTE TO SCHOOL

The Safe Route to School Program was created under SAFETEA-LU within the FHWA and is administered by State Departments of Transportation. Each state has its own administering guidelines for eligibility and requirements for the Safe Routes to School program. This program received a total of $612 million for fiscal years 2005 to 2009, and each state receives funding via a formula. The Safe Routes to School Program essentially provides funds to states to improve the ability for primary and middle school students to safely walk and bike to school. Furthermore, the program assists schools within a two-mile square radius, to plan, develop, and implement safety projects and activities to reduce traffic and fuel consumption; and encourage active lifestyles.

There are over 741 public schools located in American Indian and Alaska Natives areas, with a total of 82,406 Native students. The Bureau of Indian Education (BIE) serves approximately 50,155 Native students at 181 elementary and secondary schools. It is difficult to assess how many of these schools on tribal lands have been awarded Safe Routes to School Program since each state administers the program differently. Also, many of these schools are located in remote and rural areas where students have to be bused for more than 50 miles. Therefore, the current program requisite of of assisting schools within a two-mile radius generates a problem for tribal and rural schools to plan, develop, and implement safety projects for their students.

NCAI is supportive of programs that promote safety and active healthy lifestyles of school students. However, NCAI is concerned about the inability to know the number of schools on tribal lands who have successfully applied for and been awarded funding under the Safe Routes to School program. Since each state transportation departments and their coordinators administer the program, it is difficult to determine how many public schools on American Indian reservations have benefited from this program. In addition, BIE schools are not eligible to receive this funding. Due to the fact that BIE schools are funded and regulated by the federal government, it does not meet the current eligibility recipient requirement for Safe Routes to School Program.

NCAI recommends this Committee consider amending the statutory language of the Safe Routes School Program to enable BIE schools to be eligible to receive funding; to create a tribal set-aside for public, bureau, charter, impact-aid and grant schools on tribal lands to be able to participate in this program; and to increase two mile radius requirement. Naturally, this produces additional questions on the issue of who would administer this program for these schools, and the amount of funding. NCAI looks forward to working with this Committee on this matter.

GAS EXCISE TAX

The current scheme for funding surface transportation in the United States is based on a federal-state motor fuel taxation regime that precludes tribes from participating in the system on an equitable basis. While the system of using federal fuel tax revenue for road construction and state fuel tax revenue for maintenance has worked to dramatically improve roads in many parts of the nation, it has failed miserably in Indian Country.

Like states, Indian tribes receive some funding for road construction from the federal Highway Trust Fund, but the amount given to tribes is much less than what states receive. Currently, Indian Reservation Roads make up nearly three percent of federal roadways, but they receive less than one percent of total federal highway funding. At the current funding levels, the IRR program receives only about half the amount per road mile that states receive.

The federal government also makes some funds available to tribes for IRR maintenance under the BIA Maintenance Program. This Program is also woefully inadequate. The BIA spends less than $1,000 per mile for road maintenance, compared to estimates of $4,000-$5,000 per mile used by states to fund non-IRR maintenance. Moreover, the states, who receive federal funding for their own roads that fall within reservations, frequently shirk their obligation to improve or maintain these roads and instead siphon off the funds for use elsewhere.

Faced with a severe inadequacy of funding from federal and state sources, tribal governments have looked for other sources of revenue, including levying their own motor fuel taxes. While tribes have the same authority as other governments to collect taxes, the ability of tribes to tax fuel on tribal lands has been severely diminished by the U.S. Supreme Court. The Court has upheld the authority of the states to reach onto tribal land to collect a state motor fuel tax. The dual taxation that would result if both states and tribes impose a motor fuel tax makes it impractical for tribes to generate revenue through motor fuel taxes. Although some tribes and states have been able to negotiate motor fuel tax revenue-sharing agreements, those cases are the exception rather than the rule. In most areas, the state governments' collection of motor fuel taxes in Indian country displaces the ability of tribal governments to collect motor fuel taxes.

NCAI encourages this Committee to explore alternate sources of revenue for reservation roads. Given the dire conditions of reservation roads, it is unconscionable that the IRR program does not enjoy parity with the amount given to other governments through the Highway Trust Fund. NCAI feels strongly that this inequity of distribution must be addressed in whatever new system is devised to fund transportation systems across the nation. In addition, if motor fuel taxes are to remain the primary source of funding for road construction and maintenance, we urge the Committee to recommend that Congress clarify authority of Indian tribes to collect this tax on tribal lands. Finally, if the Committee recommends a dramatic change to the way revenue is raised for transportation costs, NCAI recommends that any such system be devised in a manner that treats Indian tribal governments equitably and gives them the same authority as state and local governments to raise revenue to fund the costs associated with building and maintaining transportation infrastructure.

CONCLUSION

NCAI is committed to working with this Committee and tribal governments to improve and build upon the successes from the last transportation authorization. Indian tribes recognize that transportation infrastructure is vital to the enhancement of Indian tribal economic development and to provide safe and reliable transportation infrastructure to tribal communities and surrounding non-tribal areas.

Written Statement of Roger Ferch

Executive Director of the National Steel Bridge Alliance

Submitted to
United States House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit

Hearing on
"Improving and Reforming the Nation's Surface Transportation Programs"

March 30, 2011

Submitted by the National Steel Bridge Alliance
a Division of the American Institute of Steel Construction
One East Wacker Drive, Suite 700
Chicago, Illinois 60601-1802

Thank you for the opportunity to present testimony on the authorization of the federal surface transportation programs. The National Steel Bridge Alliance (NSBA) is a not-for-profit trade organization representing over 180 U.S. structural steel bridge fabricators and three steel bridge plate producers. It is a division of the American Institute of Steel Construction (AISC) which represents over 1000 structural steel fabricators and over 30,000 professional engineers within both the bridge and commercial building industries.

The NSBA is a unified voice representing the entire steel bridge community. In addition to structural steel fabricators and producers, NSBA brings together the agencies and groups who have a stake in the success of steel bridge construction, including representatives from the American Association of Highway and Transportation Officials (AASHTO), the Federal Highway Administration (FHWA), state DOTs, bridge design and engineering consultants, erectors, and representatives of the coatings, fastener, and welding industries.

The NSBA provides technical guidance and is an information clearinghouse on steel bridge design and technology. Among other things, we publish a design handbook and have developed cutting edge technologies to analyze and visually map the National Bridge Inventory (NBI) data provided by the FHWA.

STATE OF THE BRIDGE INDUSTRY

Mr. Chairman, I know that the committee is well aware of the major rehabilitation challenge with our nation's bridges. The dimensions of the problem have been well reported, but they are no less troubling for being frequently repeated.

- 11.5% of our nation's bridges are structurally deficient.
- Almost 70,000 of our nation's 600,000 bridges are either structurally deficient or functionally obsolete.
- According to FHWA's 2009 statistics, the cost of fixing these bridges is $70.9 billion.

This is the infrastructure world where our members work and have extraordinary expertise. On a daily basis, we are working with transportation officials around the country on site, studying these deficient bridges and crafting design and structural solutions to return them to functionality. We know from direct experience the dimensions of the bridge problem in our country.

Our mill members, in partnership with the Federal Highway Administration, have made significant investments in developing new grades of steel. Our fabricator members have come out of a very difficult economic period for the industry and made major investments in technology to make our facilities as efficient and productive as anywhere in the world. Yet, in the absence of a long term surface transportation bill and facing severe economic pressures of their own, states are not putting many projects out to bid. Consequently, we have been severely limited in our ability to reduce the inventory of structurally deficient bridges.

RECOMMENDATIONS

1. **Short term passage of a long term, robust bill with gas tax indexed to inflation**—we understand that the Committee and Congress are wrestling with an extraordinarily challenging budget situation. Funding for transportation in these difficult times should be focused on the urgent need of restoring our critical infrastructure such as bridges and highways and not be diverted to peripheral uses. At a minimum, in the absence of any increase in the gasoline tax, we

recommend that the current tax be indexed so that it is more responsive to price and the infrastructure needs of the country.

2. **No More Band-Aids**—we need to make true investments today to meet the problems of congestion and crumbling infrastructure in order to enable the timely shipment of goods and efficient movement of people. The band-aid approach postpones solving the problem and increases the ultimate cost of the solution. It also weakens the domestic bridge industry which needs a more predictable flow of work to have confidence to make investments in their facilities to modernize and remain competitive with international firms.

3. **Support Public Private Partnerships**—support, encourage and enable states to pursue public private partnerships which can take on major bridge projects with toll revenue when tax money is not available.

4. **Research**—Over the years, our members have worked closely with the Federal Highway Administration on research on metallurgy, fabricating and welding technology and coatings. We strongly encourage continued support for this work in the new bill through the Innovative Bridge Research and Deployment Program. We also urge that this research funding be predicated on an expectation and requirement that the work translate into real and timely applications that will enable safer structures that are stronger, longer lasting, and fast to design and build in order to minimize the disruption to the movement of people and cargo.

5. **Sustain Buy America**—Current transportation law on highway and bridge project requires the use of domestic steel for federally funded projects unless there is a waiver by the Secretary or the cost of the domestic steel option increases the cost of the project by 25 percent or more. This reasonable requirement that taxpayer funds not be used to support steel production in countries where safety and environmental standards are minimal helps ensure fair competition and a vital production base in this country. At the direction of Congress, the FHWA has greatly improved the transparency of the waiver process and we urge the continuation of this policy.

6. **Segmentation Loophole**--We do have one concern, however, with a Buy America loophole that has developed in connection with very large bridge projects. This is the so called segmentation loophole. The intent of the Buy America provision was to apply the 25% price differential waiver to the entire bridge—shore to shore. However, when large projects are broken into smaller contracts, for example one contract for the bridge tower and another for the deck, FHWA has chosen to apply the Buy America test to the individual contracts and not the cost of the entire project. This opens the door to a selective application of Buy America that defeats the purpose of the legislation. We strongly urge the committee to include amendment language which was developed with the help of FHWA to close this loophole.

Mr. Chairman, there is no more crucial link in our nation's transportation system than our bridges. When they fail the results are catastrophic. Without them, long detours and increased travel time are required. When they are inadequate to the traffic demands, they become major bottlenecks. We want to work with you and transportation officials around the country to meet the transportation infrastructure challenges facing our country. Steel bridges are durable, reliable, recyclable, and easily inspected. They are also iconic symbols or American engineering and the efficient transportation system that is at the foundation of our economy. The Brooklyn Bridge will soon celebrate its 130th birthday. It still provides a vital transportation link into New York City and has adapted over time from carrying horses and carriages, to subways, to motor vehicles and pedestrians. It is a wonderful example of the value of wise and forward thinking transportation investment decisions that return value to our country and economy for generations. We look forward to working with you and members of the committee to ensure future infrastructure investments with that kind of value.

STATEMENT OF
DEBORAH A. HUBSMITH
DIRECTOR
SAFE ROUTES TO SCHOOL NATIONAL PARTNERSHIP

TESTIMONY FOR THE RECORD
House Committee on Transportation & Infrastructure

HEARING ON
"Improving and Reforming our Nation's Surface Transportation Programs"

MARCH 30, 2011

Chairman Mica, Ranking Member Rahall, and Members of the Committee:

We appreciate the opportunity to submit testimony for the record on Safe Routes to School, walking and bicycling.

I have worked in the field of non-motorized transportation for 13 years, and for the past six years, I have served as Director of the Safe Routes to School National Partnership, a network of more than 500 organizations, government agencies, professional groups and schools that are seeking to make it safer and easier for children and families to walk and bicycle to schools. We work collaboratively with many health organizations including the Robert Wood Johnson Foundation, Kaiser Permanente, and the Centers for Disease Control and Prevention to increase physical activity, reduce childhood obesity, and advance traffic safety.

My testimony focuses on the risks that pedestrians and bicyclists face today and what we can do to improve safety for these important and common modes of transportation throughout America, providing benefits to rural, urban and suburban areas. Bicycling and walking already play an important role in our transportation system, and have the potential to play a bigger role in reducing congestion, decreasing air pollution and offering cost effective transportation choices if we can improve safety.

Introduction:
Currently, 12 percent of trips in the United States are already made by walking and bicycling, and the use of these modes of transportation in America is on the rise, increasing 25 percent since 2001.[1] For many Americans, walking and bicycling is a necessity, as one-third of Americans don't own cars, including children, the elderly, people with disabilities, and low-income individuals.[2]

These high numbers of walking and bicycling exist in America despite the fact that nearly 80 percent of federal transportation funding is spent on highways, 20 percent is spent on public transit, and only 1.2 percent is spent on walking and bicycling.[3]

Americans do want more transportation options. In a 2010 poll conducted by Transportation for America, 59 percent of Americans stated that they would choose to reduce road congestion by adding more transportation options to communities, including walking, bicycling and public transportation. The poll results also indicate that a majority of voters would like to spend less time in their cars, but 73 percent said they had no other choice but to drive.[4] And, in a 2011 poll conducted by the Rockefeller Foundation, respondents indicated that more money for infrastructure should be invested in "safer streets for our communities and children" and "more transportation options."[5]

Walking and bicycling are already serious and common modes of transportation in the United States, and Americans want to walk and bicycle more often.

The Problem:
Unfortunately, a major factor limiting the number of people who walk or bicycle in America is safety. Americans have good reasons to be concerned.

According to the most recent data from the National Highway Traffic Safety Administration (NHTSA), more than 4,700 pedestrians and bicyclists were killed on U.S. roads in 2009, and more than 110,000 were injured.[6] This is the equivalent of a jumbo jet going down roughly every month, yet it receives nothing like the kind of attention that would surely follow such a disaster. In fact, on a per-mile basis, walking in unsafe conditions is ten times as dangerous as driving.[7]

Here is just one example of the type of tragedies that are taking place all over America. In December 2009, three girls aged 12, 14 and 16 were killed trying to cross a street in their neighborhood in Terrell, Texas. The street in question, the newly constructed State Route 34, slices through a community filled with residential neighborhoods and local shopping opportunities, yet fails to include crosswalks, crossing signals, or adequate lighting. An editorial in the *Dallas Morning News* cited the extremely high speed limit, lack of safe pedestrian infrastructure, and the design of roads that cater solely to cars as key contributors to the girls' deaths.

In 2007, an estimated 14,000 children ages 14 and under were injured while walking, and nearly 11,000 children were injured while bicycling. Thirty percent of traffic deaths for children ages 0-14 happen when children are walking and bicycling and are struck by a car (approximately 650 deaths per year). This is the third leading cause of death by unintentional injury for children under the age of 15; the first two leading causes of death are also related to motor vehicle use.[8]

Bicycling and pedestrian injuries and deaths affect low income and minority populations disproportionately. The death rate (ratio of fatalities to total population) is 70 percent higher for black pedestrians and 62 percent higher for Hispanic pedestrians than it is for white pedestrians. The same is true for cyclists with the death rate for black cyclists 30 percent higher and the death rate for Hispanic cyclists 23 percent higher than for white cyclists.[9] These populations also have lower car ownership rates: while 7 percent of white households do not own a car, 24 percent of black households and 17 percent of Hispanic households do not own a car.[10] When we do not adequately address bicycle and pedestrian safety, we exacerbate inequality in our transportation system.

Pedestrian and bicycle safety issues are not limited to urban and suburban areas. In fact, while 20 percent of the population lives in rural America, 28 percent of pedestrian fatalities occur in rural areas. Crashes involving pedestrians in rural areas are more likely to result in fatalities or serious injuries due to the prevalence of high-speed roads without safe crossings, sidewalks, shoulders, or street lights.[11]

Fatalities and injuries resulting from a lack of pedestrian and bicycle safety in America affect all of us. Even if someone chooses to drive for all or most of their trips, they eventually have to cross a street or walk down a street, and are exposed to traffic dangers.

The problem of pedestrian and bicycle safety is rooted in how we allocate transportation dollars at the national level, and exacerbated because the design of streets and roads at the state and local level has largely ignored human factors, including considerations for how pedestrians and bicyclists can cross the street and safely travel to destinations like schools, shopping centers, and work places.

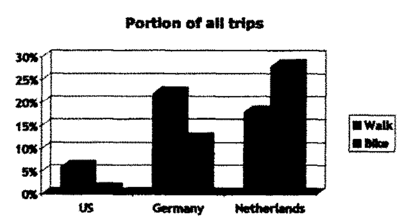
Nationwide, just 1.2 percent of funds authorized under the federal transportation law, SAFETEA-LU, have been allocated for projects to improve the safety of walking and bicycling,[12] even though pedestrians and bicyclists comprise 13 percent of all traffic deaths[13] and 12 percent of total trips.[14]

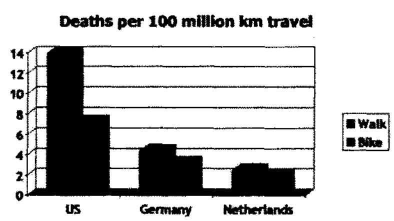
When we look at the allocation of federal safety dollars, pedestrian and bicycle safety improvements are treated even more inequitably. Examining the FY2008 data from the Federal Highway Administration's Financial Management Information System shows that just 0.1 percent of Highway Safety Improvement (HSIP) funds were used for pedestrian and bicycle safety. Across both HSIP and section 402 safety funds, just 0.6 percent of federal safety funds were allocated to non-motorized transportation safety, despite the fact that these modes represent 13 percent of traffic fatalities.

When we discuss safety, we are talking about preventing injuries, loss of lives, and financial costs due to traffic collisions. But, U.S. transportation policies have other direct impacts on health. Traffic pollution causes asthma and can cause lung development problems in children. Safety concerns are also a significant barrier to increasing rates of walking and bicycling, meaning that Americans are missing an important opportunity to be more physically active. Sedentary lifestyles contribute to an estimated 255,000 preventable deaths per year,[15] and obesity has accounted for one-third of health care cost increases in recent years.[16] Obesity-related diseases account for nearly 10 percent of all U.S. medical spending—an estimated $147 billion a year.[17]

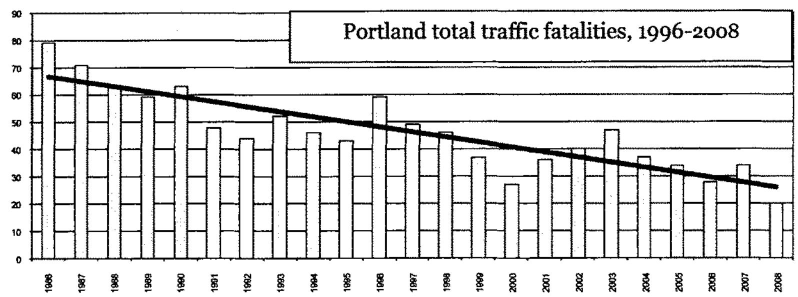
Solutions:
There is great opportunity to increase walking and bicycling in America. Forty percent of U.S. trips are two miles or less in length and the average bike trip is a little over two miles.[18]

Despite this fact, mode shares for walking and bicycling in the U.S. pale in comparison to other countries. A study comparing the U.S. with Germany and the Netherlands found that pedestrian and bicycle death rates are two to six times higher in the U.S. European data also shows that countries with higher levels of walking and bicycling have lower levels of traffic deaths, a phenomenon often called "safety in numbers."[19]





We're seeing similar safety trends in U.S. cities that have invested in safety for pedestrians and bicyclists. For example, in Portland, Oregon, traffic fatalities per 100,000 miles traveled are declining six times faster than the rest of the U.S., and their data shows that conditions that improve multi-modal transportation also improve safety for everyone, including drivers. Key tactics include speed reduction, better compliance with traffic rules, and better organization of modes.[20]



In Minneapolis, Minnesota, one of the four sites implementing the Nonmotorized Transportation Pilot Program (section 1807 of SAFETEA-LU), the city has increased bikeway miles by 50 percent, which contributed to a 50 percent increase in bicycle commuters. Even though there are more bicyclists on streets, the number of bicycle crashes has declined by 20 percent. These changes are also improving traffic safety for drivers, as all traffic crashes within the city are in decline.

The Safe Routes to School program serves a unique purpose—improving safety around schools. Nationally, for just 0.2 percent of the federal transportation funding, Safe Routes to School is helping improve safety around more than 10,000 schools. Through Safe Routes to School, local governments, school systems and parents work together to identify danger areas and develop plans to alleviate the dangers. Safe Routes to School efforts have been successful at improving bicycle and pedestrian safety and changing children's habits. In Miami-Dade County, Florida, all school children are taught pedestrian safety through the WalkSafe™ program. Since its launch in 2001, there has been a 43 percent decrease in the total number of children ages 0-14 hit by cars. In Maine, more than 80,000 fourth and fifth-graders have learned critical bicycle safety skills through their Bicycle Safety Education Program since the year 2000. The number of bicycle crashes for children ages 10-14 has dropped by 51 percent since the program has been in existence.[21]

Complete Streets policies also contribute to improving safety through implementation of comprehensive traffic safety improvements. Complete streets are designed, built, and operated for the safety of everyone using them, including people of all ages and abilities, whether walking, bicycling, taking the bus or driving.

Safe Routes to School, Complete Streets, and pedestrian and bicycle improvements rely on the wealth of studies that clearly document how low-cost investments in pedestrian and bicycle safety can have dramatic impacts on saving lives and reducing the severity and frequency of crashes:

- A safety analysis by the California Department of Transportation estimated that the safety benefit of Safe Routes to School was up to a 49 percent decrease in child pedestrian and bicycle collision rates.[22]
- Traffic calming improvements can reduce pedestrian-vehicle crashes by up to 25 percent.[23]
- Pedestrians are more than twice as likely to be struck by a vehicle in locations without sidewalks.[24]
- Refuge islands in crosswalks can reduce the likelihood of pedestrian-vehicle crashes by 66 percent.[25]
- Increasing street lighting can reduce pedestrian-vehicle crashes by 59 percent.[26]
- Teaching children bicycle and pedestrian safety can improve children's knowledge of safety when walking and crossing roads.[27]
- Enforcing speed limits in school zones can reduce the risk of death significantly: a pedestrian hit by a vehicle traveling 20 miles per hour (mph) has a 95 percent of surviving; at 30 mph the chance of survival is 55 percent, and at 40 mph the chance of survival decreases to only 15 percent.[28]

Over the years, we have learned what works for improving pedestrian and bicycle safety in America. Now it is time to utilize that knowledge to save lives and reduce injuries.

Recommendations:
The Safe Routes to School National Partnership appreciates the opportunity to provide recommendations to the House Transportation & Infrastructure Committee as you draft the next transportation bill. Given the challenges America faces in improving safety for pedestrians and bicyclists, we respectfully request that your Committee include the following provisions:

1) Sustain Funding for Safe Routes to School: We urge the Committee to maintain funding for the Safe Routes to School program at the current level of $183 million. In addition to improving safety for children, Safe Routes to School is also a smart use of federal dollars. Making a one-time, low-cost investment like adding a sidewalk can reduce long-term school busing costs by making it safer for kids to walk and bicycle to school, and ease financial burdens on schools struggling to absorb the rising price of gasoline into their budgets. Communities of all shapes and sizes—rural, suburban and urban—are competing for these dollars, and in some small towns Safe Routes to School funding has resulted in the town's first set of sidewalks—which also helps support access to local businesses. Safe Routes to School is also helping communities manage traffic congestion. The choices parents make about the trip to school affect other drivers trying to get to work, and shifting short trips to school to walking and bicycling can ease the morning commute for other drivers.

2) Maintain Funding for Pedestrian/Bicycle Transportation: We also support sustained funding for Transportation Enhancements, and we encourage the Committee to require states to allocate a greater share of their transportation dollars to reduce disparities and inequities in injuries and fatalities across all modes of transportation.

3) Reduce Regulatory Burdens for Small Projects: We encourage the Committee to ensure that they reduce regulatory burdens on small projects, including Safe Routes to School and bicycle and pedestrian projects. This will help ensure effective use of federal dollars and avoid unnecessary delays. Current, small projects are subject to the same rules and regulations as large highway projects, which is posing outsized burdens and delays on cities and schools implementing these projects.

4) Support Complete Streets: We recommend that the Committee include provisions from the soon-to-be-introduced Complete Streets Act in your transportation bill. We support a "fix it for all" policy when repairing and retrofitting infrastructure.

5) Create Safety Benchmarks: We encourage the Committee to include mode-specific and geographic-specific benchmarks for transportation safety in the next transportation bill that will:
   - Reduce fatalities across modes, for motorists, motorcyclists, pedestrians and bicyclists;
   - Reduce crashes for all communities including urban, suburban and rural areas; and
   - Reduce crashes of all severities, including the more common non-fatal crashes that also play a major role in traffic congestion, time delays, and air pollution.

6) Collect Additional Data: We encourage the Committee to include additional funding for pedestrian and bicycle research in the next transportation bill, and to require State Departments of Transportation to collect data on pedestrian and bicycle safety, collisions, use and facilities for all projects, including Safe Routes to School.

7) Support Innovative Designs: We encourage the Committee to require the US DOT to codify pedestrian and bicycle design innovations in the Manual on Uniform Traffic Control Devices. In 2009, the Federal Highway Administration, the American Association of State Highway Transportation Officials, and the National Cooperative Highway Research Program sponsored an international tour of five countries and 11 cities to conduct a Scan of Pedestrian and Bicyclist Safety and Mobility. Recommendations from the final report for this Scan should be incorporated into U.S. design standards, as research has shown that these designs improve safety.

Conclusion:
Authorization of the surface transportation bill is an immense opportunity to forge a policy response to improve safety, and to invest in a healthy, sustainable, and equitable transportation system. The law could give all Americans clean, affordable, and safe options for transportation.

A cornerstone to developing livability and sustainability in America will be creating safe communities where people can walk and bicycle. An important indicator of a livable, safe community is whether our children can safely walk or bicycle to schools. Numerous polls and surveys point to the fact that people want to ride bicycles and walk more often, but they are afraid to do so without safer places to ride and walk.

A focus on pedestrian and bicycle safety will also boost the economy – studies show increases in property values near trails, and people shop locally when there are facilities connecting homes with stores, which supports revitalizing local communities.[29] In addition, while it is currently unnecessarily dangerous for pedestrians to walk, health experts are making the case that it can be just as deadly not to walk or bicycle. Active transportation is critical to increasing levels of healthy physical activity and reducing obesity and heart disease.

We look forward to working with the House Transportation & Infrastructure Committee to develop a transportation agenda that will create a safe and healthy America.

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[2] "Dangerous by Design," Transportation for America. October 2009. http://t4america.org/resources/dangerousbydesign/
[3] "Bicycling and Walking in the United States: 2010 Benchmarking Report," Alliance for Biking and Walking, Frebruary 2010. http://www.peoplepoweredmovement.org/site/index.php/site/memberservices/C529#findings
[4] Poll on public attitudes on transportation conducted by the Democratic polling firm of Fairbank, Maslin, Maullin, Metz & Associates (FM3) and the Republican polling firm of Public Opinion Strategies (POS) for Transportation for America. 800 telephone interviews were conducted from February 27 - March 2, 2010. The margin of sampling error for the full national sample is +/- 3.8%; margins of error for subgroups within the sample will be larger.
[5] Poll on public attitudes on transportation infrastructure conducted by the Democratic polling firm of Hart Research Associates and the Republican polling firm of Public Opinion Strategies for the Rockefeller Foundation. 1000 telephone interviews with registered voters were conducted January 29 – February 6, 2011. The margin of error for the full national sample is +/-3.1 percentage points and is higher for subgroups of the sample.
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[7] "Dangerous by Design," Transportation for America. October 2009. http://t4america.org/resources/dangerousbydesign/
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[11] FHWA-SA-04-008 Technical Report, *Pedestrian Safety on Rural Highways,* September 2004, http://drusilla.hsrc.unc.edu/cms/downloads/Ped_Safety_RuralHighways.pdf

[12] "Bicycling and Walking in the United States: 2010 Benchmarking Report," Alliance for Bicycling and Walking, February 2010. http://www.peoplepoweredmovement.org/site/index.php/site/memberservices/C529#findings
[13] "Bicycling and Walking in the United States: 2010 Benchmarking Report," Alliance for Bicycling and Walking, February 2010. http://www.peoplepoweredmovement.org/site/index.php/site/memberservices/C529#findings
[14] 2009 National Household Travel Survey.
[15] Transportation Research Board and Institute of Medicine. 2005. Does the Built Environment Influence Physical Activity? Examining the Evidence—Special Report 282. Washington, DC: National Academy Press.
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[20] Roger Geller, City of Portland, February 16, 2010
[21] Safe Routes to School National Partnership, "Putting Traffic Safety First - How Safe Routes to School Initiatives Protect Children Walking and Bicycling," http://www.saferoutespartnership.org/media/file/Safety_report_final.pdf
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TESTIMONY OF WADE HENDERSON, PRESIDENT AND CEO, THE LEADERSHIP CONFERENCE ON CIVIL AND HUMAN RIGHTS

**HEARING ON
"IMPROVING AND REFORMING
THE NATION'S SURFACE TRANSPORTATION PROGRAMS"**

**SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
UNITED STATES HOUSE OF REPRESENTATIVES
COMMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**

**MARCH 29, 2011
Washington, DC**

Subcommittee Chairman Duncan, Ranking Member DeFazio, and members of the Subcommittee: I am Wade Henderson, President and CEO of The Leadership Conference on Civil and Human Rights. Thank you for the opportunity to submit testimony for the record on reauthorization of our nation's federal surface transportation programs.

The Leadership Conference on Civil and Human Rights is a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the civil and human rights of all persons in the United States. Founded in 1950 by A. Philip Randolph, Arnold Aronson, and Roy Wilkins, The Leadership Conference works in support of policies that further the goal of equality under law through legislative advocacy and public education.

I applaud the Subcommittee for holding this hearing on a matter of great significance to the civil and human rights community. Smart and equitable transportation systems connect us to jobs, schools, housing, health care services—and even to grocery stores and nutritious food. But millions of low-income and working-class people, people of color, and people with disabilities live in communities where quality transportation options are unaffordable, unreliable, or nonexistent. For The Leadership Conference, transportation policy is a key civil rights issue and one that is critical to ensuring opportunity for all. The choices we make with respect to federal transportation policy—what we build, where we build it, who builds it, what energy powers it—have an enormous impact on our economy, our climate, our health, and on our ability as a society to achieve the American Dream.

Critical decisions about transportation policy often are made only by those with the leverage and resources that underserved communities don't have. It's not surprising, then, that transportation decisions and spending do not benefit all populations equally. As a result, the negative effects of some transportation decisions—dissecting neighborhoods of low-income families and people of color, physically isolating them from needed services and businesses, and disrupting once-stable communities—are broadly felt and have lasting effects. The report of our sister organization, The Leadership Conference Education Fund, "*Where We Need to Go: A Civil Rights Roadmap for Transportation Equity*," discusses some of these effects and is the first in a series of reports examining the key roles transportation and mobility play in the struggle for civil rights and equal opportunity.

The work this year to reauthorize the federal transportation law provides a significant opportunity to begin to correct many of the mistakes of the past and to lay a foundation for more equitable transportation options that will serve us well into the future. We urge Congress to invest in a responsible manner that builds a nation where every person in every urban area or rural hamlet can participate and prosper.

Transportation policies and job access

Our transportation policy has the potential to expand economic opportunity for low-income and underrepresented workers by connecting them to highway, transit, and rail construction jobs. Transportation spending generates jobs for workers in the construction industry and also has indirect effects on job creation by increasing the efficiency of the transportation system and improving business productivity. Our transportation policy threatens to exacerbate many Americans' isolation from jobs and resources. At a time of high unemployment and unprecedented income inequality, equity in transportation policy is one of the most pressing civil and human rights issues our nation faces.

The pending reauthorization of our federal surface transportation law is an opportunity to unleash the major job creation potential of transportation-related projects. The next reauthorization should dedicate transportation funds toward the recruitment, training, and retention of underrepresented workers[1] in the transportation sector. Incorporating a construction careers program into the surface transportation authorization will create substantial opportunities for low-income workers to move into the middle class, as well as broad benefits to workers, communities, contractors, and the construction industry as a whole. The next reauthorization should also strengthen and enforce contracting goals for disadvantaged business enterprises. The construction industry, a leading economic indicator, was badly hit by the recession, worse than any other industry.[2] But spending money just to repair infrastructure or create new infrastructure is not enough.

Investing in public transportation also is an essential ingredient for continued economic growth. The American Public Transportation Association estimates that 36,000 jobs are created or supported for every $1 billion invested in public transportation; and every $1 invested in public

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[1] Of the roughly eight million people employed in the transportation construction industry in 2008, African Americans comprised only six percent and women comprised less than three percent. U.S. Bureau of Labor Statistics, "Household Data Annual Averages, Table 11: Employed Persons by Detailed Occupation, Sex, Race, and Hispanic Origin," 2008.

[2] *Construction Employment Rises in 20 States Between October and November*, Associated General Contractors of America Dec. 17, 2010; Daniel Massey, *Hard Hats Among the Hardest Hit*, Crain's New York, Feb. 28, 2011.

transportation generates almost $4 in economic benefits.[3] Public transportation services across the country are being drastically cut and fares continue to rise at a time when working families and low-income people most need quality, affordable transportation options to find and retain work opportunities. More than 80 percent of the nation's transit systems are considering or have recently enacted fare increases or service cuts, including reductions in rush-hour service, off-peak service and geographic coverage.[4] The mass of unemployed workers includes large number of transit-dependent individuals who can no longer get to work because their ride has been cut or eliminated. Nearly 20 percent of African-American households, 14 percent of Latino households, and 13 percent of Asian households live without a car, compared with only 4.6 percent of Whites.[5] The severe transit cuts are causing a mobility crisis, preventing transit-dependent individuals from getting to work because their rides are gone. Our transportation policy could stimulate growth and opportunity for low-income individuals by connecting them to jobs and opportunity.

But we cannot get our economy back on track if millions of individuals are unable to travel to work. Congress should maintain funding for development and construction of new public transit lines, which put people to work and provide low-cost transportation choices. Also, transit systems should be provided with flexibility to use federal funds for operating costs to maintain critical service that keeps people connected to communities.

To help provide critically needed jobs and job access, we support:

- Establishing a construction careers program that would target jobs to low-income workers, ensure quality job training, support quality pre-apprenticeship training programs, and use community workforce agreements.
- Promoting workforce development, such as the Transportation Job Corps, which would create a career-ladder grant program within the Federal Transportation Administration at the U.S. Department of Transportation (DOT) to help existing workers retain jobs in the public transportation industry, while also recruiting and preparing young adults from low-income communities and communities of color, who are underrepresented in transit sector jobs.[6]
- Enhancing the DOT's On-The-Job Training Program to apply to transit, railways, and all other surface transportation projects in order to increase the workforce available to

[3] *Job Impacts of Spending on Public Transportation: An Update*, American Public Transportation Association, April 29, 2009 at http://www.apta.com/gap/policyresearch/Documents/jobs_impact.pdf.
[4] *Impact of the Recession on Public Transportation Agencies*,The American Public Transportation Association, Survey Results March 2010 at http://www.apta.com/resources/reportsandpublications/Documents/Impacts_of_Recession_March_2010.pdf
[5] Brookings Institution and UC-Berkeley, "Socioeconomic Differences in Household Automobile Ownership Rates" at http://gsppi. berkeley.edu/faculty/sraphael/berubedeakenraphael.pdf. Thirty-three percent of poor African Americans and 25 percent of poor Latinos lack automobile access, compared to 12.1 percent of poor whites. PolicyLink. "The Transportation Prescription: Bold New Ideas for Healthy, Equitable Transportation Reform in America."
[6] Rep. Nadler's H.R. 929, The Transportation Job Corps Act of 2011 would create a career ladder grant program within the U.S. Department of Transportation's Federal Transit Administration. The Act would also require FTA to establish national and regional councils to identify skill gaps and create programs to train an array of employees, including mechanics, managers, and paratransit providers.

complete these projects and increase the participation of women, minorities, and disadvantaged individuals.[7]

- Preserving and expanding Section 5310, which provides needed transportation services for seniors and persons with disabilities who cannot be reasonably accommodated by existing transportation providers. We also support the Job Access and Reverse Commute (JARC) program, which makes funds available to provide new and expanded transportation services to enable low-income individuals to access job training and work. The JARC program helps address the barrier of the cost of car ownership by providing funds to support the development of new transportation services that fill gaps in existing services. In addition, we support the New Freedom program, which serves a critical transportation need in the disability community. These programs should be strengthened by improved oversight and transparency to help nonprofit partners provide much needed assistance to these communities.

Transportation policies and affordable housing
Transportation decisions have contributed to economic and racial segregation in our metropolitan areas. Due to the lack of affordable and accessible transportation services, aging Americans, including persons with disabilities, often remain isolated and segregated in their homes with few options to become integrated members of their communities.

Neighborhoods that are accessible only by car are off limits to those who can't afford automobiles or lack the ability to drive, even if housing costs are within their means. The transportation reauthorization should create resources to help communities undertake transit-oriented development that encourages creation of affordable housing and supports critical community services.

Effective coordination of transportation and housing policy is essential for achieving transportation equity. Our transportation policies should:

- Reward and promote affordable housing near public transportation by reforming funding programs and providing station area planning grants to local communities; and
- Reduce transportation costs in places where housing costs are low by strengthening reverse-commute systems or expanding public transit service to low-income neighborhoods or communities, people with disabilities, and seniors.

Transportation and access to affordable health options
Isolation from health care providers also has serious consequences for many disadvantaged communities. Low-income people and people of color disproportionately lose out on educational and work opportunities due to health problems. Higher percentages of African Americans and Latinos compared with Whites live in areas with substandard air quality.[8] Inadequate access to

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[7] Currently, the program only applies to Federal Highway Administration-funded projects. http://www.fhwa.dot.gov/ojtss.htm States can use On-The-Job funds to provide services such as: pre-employment counseling; orientation to the expectations and requirements of the highway construction industry; basic skills improvement; support for contractor recruiting, counseling, or remedial training. Funds can also be used for job site mentoring and post-graduate monitoring.

[8] Minority children disproportionately suffer from asthma; among Puerto Rican children, the rate is 20 percent and among African-American youngsters, the rate is 13 percent, compared with the national childhood average of 8 percent. *The New York Times*, "For Minority Kids, No Room to Breathe," Aug. 29, 2007, http://www.nytimes.com/ref/health/healthguide/esn-

transportation has exacerbated health disparities, forcing many low-income patients to miss appointments—often worsening their medical problems.

The high cost of transportation forces low-income families to limit spending for other basic needs, including out-of-pocket health care expenses and nutritious food.[9] On the other hand, accessible and affordable transportation options can make a difference in the lives of people seeking quality health care.

Because a very small percentage of federal funds have been used for affordable public transportation and for active transportation (*i.e.* walking, biking) opportunities, people without access to cars have been isolated from opportunities and services—including health care providers. By under-investing in walkable communities, rapid bus transit, rail and bicycle-friendly roads, our policies contribute to high concentrations of poor air quality in urban areas, pedestrian fatalities, obesity, and asthma. All of these public health risks have disproportionately affected low-income people and people of color.

Reforming the planning process

States and regions need to improve accountability and transparency by focusing on outcomes of transparent investments. Planning must be inclusive and foster a robust public engagement process. Our transportation policy has been made by bodies that do not represent all constituents equally.[10] We should reform the transportation planning process to be more outcome-oriented, using measures that promote equity, including mobility, job access, health, safety, and making investments in local communities. We recommend that:

- Agencies be charged with documenting how input from stakeholders was considered in the development of a coordinated transportation plan;
- States and regions be engaged in a strategic transportation planning process and develop strategic, performance-driven, outcome-oriented plans that expand opportunity and benefit economically distressed populations.

Civil rights compliance and enforcement

Effective and equitable transportation projects are essential to the well-being of transit-dependent communities by providing access to employment, affordable housing, education, and health care. Our next transportation bill should ensure vigorous enforcement of existing civil rights legislation and pursue improved civil rights protections in federal statutes covering recipients of public funds. The bill should strengthen administrative enforcement of Title VI of the Civil Rights Act of 1964 by providing additional funding for enhanced monitoring, technical assistance, and enforcement activities. The need for enforcement is acutely felt in public transportation, where billions of dollars in investments are at stake, and the most disadvantaged

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asthmachildren-ess. html. People living within 300 meters of major highways are more likely to have leukemia and cardiovascular disease. Bullard, R.D. Environmental Justice in the Twenty-first Century. The Quest for Environmental Justice. Sierra Club Books. San Francisco, CA (2005).

[9] Low- and moderate-income households spend 42 percent of their total annual income that on transportation, including those who live in rural areas, as compared to middle-income households, who spend less than 22 percent of their annual income on transportation. Bureau of Transportation Statistics, Consumer expenditure Survey, 2000.

[10] Thomas W. Sanchez, "An Inherent Bias? Geographic and Racial-Ethnic Patterns of Metropolitan Planning Operations Boards." at http://www.brookings.edu/reports/2006/01transportation_sanchez.aspx.

communities sustain a disproportionate share of transportation-related burdens inhibiting their access to affordable, accessible, and reliable transit.

We recommend that the surface transportation reauthorization:

- Expand resources to strengthen enforcement of civil rights provisions to ensure that recipients of federal funds meet non-discrimination requirements. One cause of the current accountability gap is a shortage of federal workers to administer existing civil rights provisions. The bill should direct more resources toward compliance reviews, technical assistance, and investigation of Title VI complaints, including complaints related to discriminatory language barriers in transportation services.[11]

- Maintain the Transportation Equity Research Program, which funds research projects to understand the impact of transportation planning, investment, and operations on low-income, minority, and transit-dependent populations.[12]

- Conduct an equal opportunity assessment to collect and evaluate existing demographic data reported by DOT fund recipients that would help federal, local, and state transportation officials to avoid the lapses in civil rights safeguards in the construction and operation of federally-funded transportation projects.

- Restore the right of private individuals and entities to pursue legal enforcement of DOT's Title VI anti-discrimination regulations as a means of ensuring nondiscrimination in transportation when federal enforcement fails. This will give local communities a tool to redress existing transportation disparities while ensuring inclusive treatment and equitable outcomes in future investments.

There is much at stake for the civil and human rights community in the next federal transportation bill. As Congress considers how best to rebuild and repair our nation's roads, bridges, railways and ports, and where and how to prioritize investments in public transportation and pedestrian and bicycle access, it's vital that the needs of communities of color, low-income people, people with disabilities, seniors, and the rural poor are considered.

Thank you for your leadership on this important issue.

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[11] Pursuant to Executive Order 13166, each Federal agency must examine the services it provides and develop and implement a system by which Limited English Proficiency persons can meaningfully access those services.

[12] The Transportation Equity Research Program has funded at least six projects addressing research needs in a range of communities, *e.g.*, research on the impact of transportation investments and land-use policies on the ability of inner-city Detroit residents to access jobs and essential non-work activities.

Statement of the Transportation Departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming submitted to the Subcommittee on Highways and Transit Committee on Transportation and Infrastructure United States House of Representatives regarding Improving and Reforming the Nation's Surface Transportation Programs March 30, 2011

Chairman Duncan, Ranking Member DeFazio, and Members of the Subcommittee:

This week the Subcommittee has held hearings on "Improving and Reforming the Nation's Surface Transportation Programs." The transportation departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming ("we") respectfully submit this statement for the record of those hearings. As transportation departments serving predominantly rural states, we are concerned that the rural perspective is not presented in many discussions concerning reauthorization of surface transportation programs. We offer that perspective here.

Overview

Our principal point is that the entire nation, including residents of major metropolitan areas, is well served by significant Federal investment to improve surface transportation infrastructure in and across rural states like ours. We ask that this be reflected in the funding provisions of the reauthorization legislation the Committee is developing.

We also address additional issues, including the following:

- Chairman Mica, you, Mr. Chairman, and others have spoken of the importance of doing more with each dollar. One way to do this is to increase flexibility provided to states to direct scarce funds to the highest priorities in the respective states. Set asides, narrow categorical programs, and other restrictions should be eliminated or reduced and replaced with broader eligibilities, funding flexibility and fewer regulatory and program restrictions.
- Chairman Mica, you, Mr. Chairman, and others also have spoken consistently in support of expediting the program and project delivery process. We agree. New legislation should simplify and streamline the Federal surface transportation program. Similarly, proposals that would add to already extensive statewide planning requirements and other suggestions that would complicate program and project delivery should be not be included in new legislation.
- The current ratio between highway and transit program funding should be maintained.
- Formula programs, compared to discretionary or allocation programs, should be given increased funding emphasis.

Key Points

Significant Federal Transportation Investment in Rural States Benefits the Nation

The national interest requires significant Federal surface transportation investment in rural states. Truck movements from Chicago to California or Seattle, for example, traverse states like ours and benefit people and commerce in the metropolitan areas at both ends of the movement. The Federal-aid highways in our rural states provide many national benefits. These routes --

- serve as a bridge for truck and personal traffic between other states and between major metropolitan areas, advancing interstate commerce and mobility;
- enable agricultural exports and serve the nation's ethanol production, energy extraction, and wind power industries, which are located largely in rural areas;
- provide access to scenic wonders like Yellowstone National Park and Mount Rushmore;
- have become increasingly important to rural America, with the abandonment of many rail branch lines;
- are a lifeline for remotely located and economically challenged citizens, such as those living on tribal reservations;
- enable people and business to access and traverse vast tracts of Federally owned land; and
- facilitate military readiness.

In addition, the Federal-aid program enables enhanced investment to address safety needs on many rural Federal-aid routes.

Further, the investments supported by Federal highway and surface transportation programs create both direct and indirect jobs and support economic efficiency and growth.

Yet, our states face significant transportation infrastructure funding challenges. We can't provide all these benefits to the nation without Federal funding leadership. We –

- are geographically large, often including large tracts of Federal lands;
- have extensive highway networks; and
- have low population densities.

This means that we have very few people to support each lane mile of Federal-aid highway -- and preserving and maintaining this aging, nationally connected system is expensive. Yet, citizens from our states contribute to this effort significantly -- the per capita contribution to the Highway Trust Fund from rural states exceeds the national average. Further, with our low population and traffic densities, tolls are not a realistic option for funding transportation needs in rural areas.

In short, past Congresses have recognized that it is in the national interest that significant Federal funding be provided to support highways and transportation in and across rural states. For reasons such as outlined above, the funding provisions of the upcoming reauthorization bill should continue that approach.

Maintain the Current Ratio between Highway Program Funding and Transit Program Funding.

We support maintaining the current ratio between highway program and transit program funding, which is approximately 4-1. Unmet highway program needs are more than sufficient to warrant this approach. USDOT's most recent Conditions and Performance Report includes data indicating that the cost to maintain/sustain Federal-aid highway conditions and performance is 6-7 times the cost to maintain/sustain transit conditions and performance. Moreover, the revenues paid into the Highway Trust Fund are paid by highway users. In addition, the highway program is the more flexible of the two programs; for years many states have transferred significant highway funds to transit projects. There are needs for additional investment in both highways and transit. If funds should be available to allow for program growth, we would grow the highway and transit programs proportionately, maintaining that 4-1 ratio.

Increase the Percentage of Highway Program Funds Distributed to the States through Formula Funding to at least Ninety Percent

In a reauthorization bill Congress should increase the percentage of funds, especially highway funds, distributed to the states by formula, with emphasis on funding for core programs to address needs on Federal-aid highways, including but not limited to the National Highway System. At least 90 percent of highway program funding should be for formula programs.

In recommending this approach, we note that discretionary and allocation programs are generally slower to put funding to work than formula programs. At a time when it is important to generate jobs promptly, the approach that puts the funds to work faster has much to commend it.

In addition, we would have particular concern if any new discretionary programs were structured in a way that made it unrealistic for rural states to participate financially. New programs limited to projects in large metropolitan areas or to extremely expensive projects would not be accessible by our states and would represent an approach to discretionary funding that lacks urban-rural balance.

We have similar concerns that infrastructure bank/fund proposals would end up being relatively inaccessible for projects in rural states and that funds could not be put to work as promptly under such a program as they would be under formula programs.

As there has been much discussion of increasing TIFIA funding, we also note that the benefits of TIFIA type leveraging might be achievable through means other than a discretionary program. For example, a state could seek a loan guarantee decision from USDOT and, if the request is approved, the state could be allowed to transfer some of its apportionments to USDOT in support of the credit risk cost. Such an approach would provide the leveraging power of a Federal loan guarantee while utilizing apportionments rather than discretionary programs.

Avoid Program Complications and Increases in Regulatory Requirements; Instead, Expedite and Simplify Program and Project Delivery

The reauthorization bill should exclude proposals that make the Federal highway program more complicated. The bill also should include provisions that simplify and expedite the program and project delivery process. The current highway and transportation program is complex. We would like to see processes streamlined and simplified so we can deliver projects more efficiently.

All things being equal, we would be delighted to see a reduced number of highway program categories or elements (particularly the very small program categories or program set asides). However, when programs are revised or reorganized, sometimes the remaining or new program categories include new complications. New complications should be avoided.

To illustrate, today the Interstate Maintenance (IM) program includes certain restrictions on use of funds for new capacity. We are concerned that a reconstituted highway program could expand those restrictions to additional roads, such as non-Interstate NHS routes, or expand those restrictions to a larger pool of highway funds. Additional restrictions would not be in the public interest and could be particularly harsh in a rural context.

For example, adding turn lanes, passing lanes or shoulders are improvements that might be thought of as capacity enhancing – but they are also important to safety. Proposals to restrict use of certain funds for capacity on NHS routes don't seem to have been developed for our states' circumstances, where many NHS routes are 2 lane highways. Capacity restrictions on key arterial routes in rural areas might inhibit safety improvements, such as passing lanes or turn lanes. All other things being equal, we would prefer continuing the current Interstate Maintenance, NHS, and bridge programs to a new approach that combines them into a single program with significant new restrictions and requirements.

Compared to trying to unscramble any such new approach, we urge consideration of continuing the NHS and increasing its share of highway program funding. That would properly emphasize ensuring national connectivity and would also support freight movement. We also support increasing the base Federal share of non-Interstate NHS projects to 85 percent, to reinforce the importance of the NHS.

Similarly, today's CMAQ program provides considerable flexibility to states receiving minimum apportionment funds for CMAQ. We are concerned that a shift to a "livability" program, discussed by some, could result in less flexibility and more program restrictions for our states.

The reauthorization bill also should continue the ability of states to transfer funds between program elements to a degree at least as extensive as under today's program. Transferability better enables states to use funds to meet their own particular needs.

We are pleased with the prospect that the next reauthorization bill will take specific steps to facilitate and expedite project development, such as harder deadlines for NEPA processing and other agency reviews, and additional categorical exclusions from NEPA.

In addition, we note our concern that some may propose complicating the already comprehensive and challenging statewide planning process. We urge the Committee to resist any such proposals, whether they are to add consultation requirements, change consultation requirements to "coordination" requirements, require more items to be considered, or make other changes.

Similarly, the new legislation should not include provisions imposing new funding sanctions or increasing current sanctions.

Freight. We support a well-functioning freight system and we certainly think we advance this goal in implementing the highway programs in our states. We will review any proposal to establish a "freight program" to consider whether it is fair to rural states, such as by not being focused on congestion relief projects. There are many types of projects that can assist effective freight movement, including improvements to routes in rural areas that help people and goods traverse long distances. For example, to better serve agriculture and the nation, projects that facilitate truck to rail transfers at grain terminals and other locations should be eligible for funding through formula programs.

Performance Measurement and Regulation. One area where new requirements are being actively discussed concerns performance goals, measures, and targets. Everyone believes in improving performance. But we think great care must be taken to ensure that any legislative provisions concerning performance measurement do not result in new and excessive Federal regulation that may restrict state project choice, complicate and delay program implementation, require expensive and time consuming process and data collection, or even reduce funding available to a state or states for infrastructure investment.

We emphasize that states are already using performance measures. Efforts to utilize performance measures will continue at the state level even if there is no Federal legislation on this subject. Congress should recognize that state DOTs are already closely scrutinized by their legislatures, Governors, and stakeholders and are already doing all they can with available resources.

However, we recognize that the discussion of performance measurement is extensive and that Congress could choose to address it. Accordingly, we offer several suggestions regarding legislation in this area.

First, any Federal role should be carefully circumscribed and limited. Legislation should not broadly authorize USDOT to develop measures and targets and use state results as measured as a factor (positive or negative) in the distribution of formula or discretionary funding. If there are to be measures and targets, they should be limited to a few areas and combined with language providing that USDOT does not have authority in this area except as specified. Further, any authority for USDOT in this area must not extend to issues that are ambiguous or not well defined. If, for example, legislation were to allow USDOT authority to promulgate "livability" measures and impose funding penalties (or rewards) based on a state's "livability" performance, it would be hard to know what would result.

Any national (Federal) performance approach should be limited to a few broad national purposes and be very general in nature. The approach should be to allow states to tailor their own specific performance measures consistent with the general national purposes and report back to USDOT on results under the state measures. This strong state role properly avoids a "one size fits all" approach. If Congress were to allow USDOT to set performance measures, procedural protections would be appropriate, including providing the public notice and the opportunity to comment on all such proposals by USDOT. Simply, it is important that the legislation not restrict State authority or flexibility or divert scarce funding from infrastructure investment to costly processes imposed on hard pressed state governments.

Very importantly, USDOT should not be allowed to set performance targets for the states, and failure to hit targets should not result in financial penalties or other sanctions upon states. Nor should performance results be tied to funding in any way. Nor should legislation call for or authorize Federal approval of any state performance or investment plans.

In short, Congress should be very careful in structuring any legislation in this area. If Congress chooses to act, it should proverbially "stick its toe in the water" before jumping in and should carefully limit agency authority.

Flexibility, Not Requirements, Should be the Approach to Addressing Various Issues. We have seen in recent years various proposals to address, in reauthorization legislation, climate change issues, the elusive concept of "livability," and "complete streets." Such proposals are often thought of as supporting transit, biking, or walking. New requirements in these areas, however, should not be imposed on states through specific legislation or through grants of authority that would allow such new requirements to be imposed through regulations. Flexibility should be the approach. To the extent Federal law does not already provide a state with flexibility to make investments in these areas, flexibility can be provided.

Climate Change. Our states are very rural in nature and have extreme winters and varying topography. There is only so much we can do of a practical nature to promote new options or promote walking, bicycling, transit, and other efforts to stabilize, much less reduce transportation-related greenhouse gas (GHG) emissions. While large metropolitan areas may be able to invest in such projects and attract many users, our low population densities and cold weather limit the reasonable options for such projects available to us. So, among our concerns are that legislation should not force (or authorize a Federal agency to force) rural states like ours to undertake unrealistic efforts to reduce transportation-related GHG emissions -- especially at a time when funding is likely to fall short of meeting needs.

Livability. "Livability" is often discussed in terms of providing options for transit, bicycling, and walking. This is being done today, under current law, even in rural states, when states or, in some cases, metropolitan planning organizations (MPOs), find it meritorious. So, when it makes sense from their perspective, rural states will pursue investments in transit, bike paths, and sidewalks. But good roads also make a community more livable. We are concerned that legislation could end up including livability mandates geared towards circumstances in very large metropolitan areas. If new legislation is to advance "livability," it should be limited to requiring state (and MPO) consideration of the concept, while leaving the states (and MPOs) freedom to determine what livability means in their states. To go any further would seem to insert the Federal Government into project selection, something that should be vested with states (or, where applicable, MPOs or transit agencies).

Complete Streets. Similarly, we do not support increased regulation through "complete streets" provisions, sometimes called "comprehensive street design" and "practical design" provisions.

Today, states have considerable authority, through various features of title 23, United States Code, to choose to invest in transit, bike paths or lanes, sidewalks and other street features. Rural states like ours are among those that pursue such projects when funding them is the outcome of the planning process.

Some "complete streets" proposals go beyond providing flexibility to make such investments and would require certain types of investments. Such legislation could significantly restrict state flexibility, project design, and project selection by authorizing new Federal regulation regarding issues such as whether states have "balanced" costs with the "necessary" scope of a project and adequately preserved "aesthetic resources" and "adequately" accommodated all users. Defining and interpreting such terms may broaden project scopes substantially, increase project costs while delaying project delivery, and result in less of a state's scarce funding being directed to improved infrastructure.

We saw discussion of "complete streets" in the USDOT Draft Strategic Plan as a safety issue. The safety of all users – drivers, pedestrians, and bicyclists – is important. How to best advance safety is considered by states, using extensive local professional knowledge and experience, in developing their respective Highway Safety Improvement Plans. That flexibility should be preserved. Legislation should not provide USDOT with authority to ask for project redesigns to achieve consistency with some type of "complete streets" criteria in lieu of making other investments that a state finds more important.

Consider Changing the Financing of USDOT Administrative Costs.

To help make each Highway Trust Fund dollar deliver more transportation benefits, we suggest that the reauthorization bill phase out payment of USDOT administrative costs (FHWA, FTA, and other) from the Highway Trust Fund. Those costs, of course, should be funded – but preferably through General Fund appropriations. Doing this over several years is one reasonable response to the shortage of resources in the Highway Trust Fund for transportation investment. Once phased in, it could free up some funds annually for transportation investments. We also believe that this approach better reflects the general government nature of much of USDOT's program administration.

Public Transportation

Public transportation is not just for big metropolitan areas. It plays a role in the surface transportation network in rural states.

The Federal transit program includes apportionments for rural transit (49 USC 5311). Federal investment in rural transit helps ensure personal mobility, especially for senior citizens and the disabled, connecting them to necessary services. Transit service is an important, often vital, link for citizens in small towns to get to the hospital or clinic as well as to work or other destinations. Some rural areas are experiencing an increase in the age of the population. Public transit helps senior citizens meet essential needs without moving out of their homes. Federal public transportation programs must continue to include funding for rural states and not focus entirely on metropolitan areas.

Possible ways of improving the transit program include changes that would increase flexibility. These would include allowing a modest portion of elderly and disabled program (49 USC 5310) funds to be used for operating costs. Another way would be to allow rural states (e.g., those with population densities of 50 or fewer persons per square mile) the ability to transfer JARC (49 USC 5316) and New Freedom (49 USC 5317) funds to the 5310 and 5311 programs, to be used for the eligible purposes under the 5310 and 5311 programs. It is sub-optimal for rural states to have to administer very small apportioned amounts under the less flexible JARC and New Freedom programs.

We also hope that the transit program will not be made more complicated. Understandably, after a number of rail transit accidents proposals emerged to provide FTA safety regulatory authority. We respectfully suggest that a legislative response to rail accidents not include imposing new regulatory requirements on small rural transit agencies providing bus and van services.

And, of course, increased funding emphasis within the transit program on rural states would be welcome, as our states' shares of today's transit program are quite small.

Further Discussion of the National Benefits of Significant Federal Transportation Investment in Rural States

Before closing we provide some additional information on the important benefits provided to the nation from Federal surface transportation infrastructure investment in rural states like ours.

Transportation Investment in Bridge States Connect the Nation's People and Businesses

Highway transportation between population centers in different regions of the country requires good roads to bridge the often vast distances between origins and destinations. This connectivity benefits the citizens of our nation's large metro areas because air or rail may not be the best option for particular movements of people or goods across the country. The many trucks on highways in states like Idaho, Montana, North Dakota, South Dakota, and Wyoming demonstrate every day that people and businesses in the major metropolitan areas benefit from the nation's investment in Federal-aid highways in rural states.

The most recent data we have seen on truck origins and destinations show that the percentage of truck traffic using highways in our respective states that does not either originate or terminate within the state exceeds the national average. For Wyoming the percentage was 77.1; South Dakota, 68.2; Montana, 62; North Dakota, 59.4; and Idaho, 53.2. The national median for states is approximately 45 percent. Clearly, trucking in our states is largely "long haul" and serving a national interest. Moreover, in Wyoming trucks account for 60 percent of current traffic on I-80.

Ensuring that the nation is well connected through a system of Interstates and other routes in and across rural states enables a great deal of long distance freight movement and supports the nation's economic competitiveness.

Essential Service to Agriculture, Natural Resources, Energy

A significant portion of the economy in our region is based on agriculture, energy production, and natural resource extraction. Agriculture is one sector of the economy in which the United States has consistently run an international trade surplus, not a deficit. Over the last two decades roughly 30 percent of all U.S. agricultural crops were exported.

There is a strong national interest in ensuring that agricultural, forest, and other resource products have the road network needed to deliver product to markets, particularly export markets. A key part of that network is the roads below the National Highway System, where crops and resources begin their journey from point of production to destination.

In addition, the ethanol and alternative fuel industry, the wind power generation industry, and oil, natural gas, and coal reserves are located mostly in rural America and not on National Highway System routes. These industries are an important part of the national effort to reduce dependence on foreign oil. The roads that serve them need preservation and, in some cases, improvement.

Tourism Access

Without a strong road network in the rural West, access to many of our country's great National Parks and other scenic wonders would be limited. The residents of major metropolitan areas may travel the roads approaching Yellowstone National Park or the Mount Rushmore National Monument infrequently. But those citizens want quality highway access to these national treasures for those special trips. Millions of those special trips are made even though the roads leading to the parks are fairly distant from the Interstate System. For example, in 2010 recreational visitors to Yellowstone, Glacier, and Grand Teton national parks totaled nearly 8.5 million people. The entire population of Wyoming and Montana combined is less than 1.5 million.

Other important scenic destinations are located in this region – from the Theodore Roosevelt National Park in North Dakota, to the Badlands National Park in South Dakota, to the Craters of the Moon National Monument and the Sawtooth National Recreation Area in Idaho. Investment in highways that provide access to these wonderful places also helps ensure that American and international tourism dollars are spent in America, furthering national economic goals.

The Federal Highway Program Should Continue to Provide Funding for Interstates, the NHS, other Arterials, and Major Collector Routes

Under this long-standing statutory policy, approximately 24 percent of the nation's over four million miles of public roads are eligible for Federal aid. This strikes a good balance, focusing the Federal program on the more important roads, but not on so few roads that connectivity and rural access are ignored. We emphasize that non-NHS Federal-aid roads are an important part of the network of Federal-aid routes. These roads make up approximately 20 percent of total road miles in the nation and carry over 40 percent of the traffic nationwide. These routes provide an important link between the NHS and the local roads where so many trips begin or end.

In many parts of rural America air service and passenger rail service are hundreds of miles away and not a viable option. For those parts of our country the road network is a lifeline, making it essential to preserve the Federal-aid network in good condition. Some of the citizens most in need of a lifeline of Federal-aid highways are among our nation's poorest and most isolated citizens, including some living on Indian reservations.

Further, over the last two or three decades tens of thousands of rural rail branch lines have been abandoned. Over that time, Class I railroads have shed more than 100,000 route miles. While some former Class I miles are still operated by smaller railroads, many rural areas must rely more heavily on trucks for important commerce needs. In turn, that means the road network has become even more important in meeting those needs, such as delivering crops to grain elevators or moving raw products to, or finished products from, ethanol production facilities.

This is confirmed in the "Study of Rural Transportation Issues" released by the United States Department of Agriculture and the USDOT on April 27, 2010. This Federal report found that various changes in rail transportation have "resulted in the movement of grain over local roads for longer distances."[1]

For these and other reasons, the extent of the road network eligible for Federal funding should not be reduced.

Improving Safety

There has been increased and welcome attention in recent years, including in SAFETEA-LU, to the national interest in improving safety on rural roads. More than two-thirds of all roads in the U.S. are located in or near areas with populations of less than 5,000. Approximately 70 percent of Federal-aid highway lane miles are in rural areas. A 2001 GAO Report found that, on rural major collectors, the fatality rate per 100 million vehicle miles traveled (VMT) was over three times the comparable fatality rate on urban freeways. In Idaho, 79 percent of all highway fatalities from 2004-2008 occurred on rural routes.

Today, with a Federal-aid highway system that properly includes routes in addition to the NHS, the most important of rural roads are broadly eligible for Federal funding. In addition, safety projects are eligible for funding on all public roads. Those aspects of current law should continue under new legislation. Moreover, continuing to provide a strong share of Federal transportation funding to rural states will enable them, in turn, to make investments that will improve safety and save lives on many rural routes.

Large Parcels of Federal Land Warrant Federal Transportation Investment in Impacted States

There are huge parcels of Federally owned land in the West. Idaho, for example, is over 60 percent Federal and tribal lands; Wyoming, over 50 percent; Montana, roughly one-third. Even California is over 40 percent Federal and tribal lands.

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[1] See a "Study of Rural Transportation Issues" by USDA and USDOT at, for example, preface, pages ix and x.

Development or use of Federal lands is either prohibited or limited, and state and local governments can't tax them. Yet, the nation's citizens and businesses want reasonable opportunities to access and cross those lands. This is an expensive transportation proposition for sparsely populated states. Significant investment of transportation dollars by the Federal government has been and remains a proper response, both in terms of apportionments to low population density states and in terms of direct Federal programs generally referred to as the "Federal Lands Programs."

Distinct from apportionments to states, the Federal highway program has long included separate funding for Indian Reservation Roads and highways on Federal lands and in national parks. These are lands with no private ownership (except perhaps small inholdings). While there are national parks, other public lands, and tribal territories throughout the country, it is fair to say that the Federal public lands highway programs probably never would have been developed but for the large Federal and tribal land areas in the West. We were pleased that the Policy and Revenue Study Commission's report recommends continuation of Federal Lands highway programs. We agree; the Federal lands highway programs should be continued.

Rural States Face Serious Obstacles in Preserving and Improving the National Highway and Surface Transportation Network

Our rural states face a number of serious obstacles in preserving and improving the Federal-aid highway system within our borders. As noted earlier, our states:

- are geographically large, often including large tracts of Federal lands,
- have low population densities, and
- have extensive highway networks.

Taken together, this means that, in our states, there are very few people to support each lane mile of Federal-aid highway. In North Dakota, for example, there are about 16 people per lane mile of Federal-aid highway, in Idaho 60, in South Dakota 19, in Montana 29, and in Wyoming 29. The national average is approximately 129 people per lane mile. This alone indicates that our citizens have limited ability to pay for the national network connectivity that benefits the entire nation.

In addition, the per capita contribution to the Highway Trust Fund attributable to rural states generally exceeds the national average, as vehicle miles traveled (VMT) per capita in our states is also above the national average. In addition, rural states and areas generally have per capita incomes below the national average even as they make these contributions to the Highway Trust Fund. For example, the per capita contribution to the Highway Account of the Highway Trust Fund attributed to Montana is $151, compared to a national average of $114. This higher per capita contribution is made even though the per capita income in Montana is over $5,000 less than the national average.

These factors make it very challenging for rural states to provide, maintain, and preserve a modern transportation system that connects to the rest of the nation and to global markets and economic opportunities -- even with Federal funding at today's levels. And our citizens must contribute not just towards capital investment, which is partially funded by the Federal program, but also to maintaining Federal-aid highways, which is solely a state expense.

Accordingly, to achieve the important benefits of a truly national, interconnected highway and surface transportation system, the Federal highway program must provide significant funding for the Federal-aid road network in rural states.

Our Needs Are Large, and Inflation Has Made it Much Harder to Meet Those Needs

Rural states' needs for highway investment and maintenance exceed available combined Federal, state, and local resources by a wide margin. Program levels have not risen with inflation and, even with our efforts to be efficient, future needs are building up. We are very mindful that budgets are constrained, but do note that the needs are there for additional funding for highway and surface transportation programs. Any additional funding certainly would be put to good use promptly in our states.

Conclusion

Significant Federal investment in surface transportation infrastructure in rural states is a prerequisite to moving people and goods throughout the country and is in the national interest, for the many reasons we have presented today. We are hopeful that this national interest will be reflected in the funding provisions of the reauthorization legislation, as it has been in previous surface transportation laws.

We also recommend that the highway and other programs be simplified and that the program and project delivery process be expedited. We are also hopeful that Congress will exclude from the legislation any proposals that would complicate planning or program provisions.

With significant Federal investment in surface transportation infrastructure in rural states and a streamlined and simplified program, our states (as well as others) will be better equipped to help meet national interest surface transportation investment needs -- while generating jobs and economic growth. This approach will benefit not just residents of rural America, but also the citizens and businesses of our nation's more populated areas.

We (the transportation departments of Idaho, Montana, North Dakota, South Dakota, and Wyoming) thank the Subcommittee for its consideration of our views.

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United Motorcoach Association

What it takes to drive your business.

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

MARCH 29, 2011

IMPROVING AND REFORMING THE NATION'S SURFACE TRANSPORTATION PROGRAMS

TESTIMONY OF UNITED MOTORCOACH ASSOCIATION

SUBMITTED FOR THE RECORD

Founded in 1971, the United Motorcoach Association (UMA) is the nation's largest association of bus and motorcoach companies and industry suppliers with over 1,200 members located across North America. Membership represents the full spectrum of bus and motorcoach operations; from small family charter and tour to nationwide scheduled and commuter service operations The United States Small Business Administration estimates over 90% of all privately owned bus and motorcoach companies meet the definition of small business,

UMA appreciates this opportunity to submit comments to the Highways and Transit Subcommittee of the House Transportation and Infrastructure Committee on our recommendations for the surface transportation reauthorization bill. The nation's non-subsidized passenger transportation companies are eager to offer private sector solutions to the nation's transportation needs though efficiency and competition, and creating private sector jobs, generating economic growth and improving the economy by reducing the federal burden on transportation funding thereby reducing the deficit. Improving the economy, increasing jobs and reducing the federal deficit is a victory for all taxpayers.

In 2009 the nation's 35,000 plus motorcoaches completed over 723 million passenger trips traveling over 58 billion passenger miles and over 1.7 billion service miles. The nation's motorcoach industry offers safe, dependable and

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affordable passenger transportation; facilitating travel to jobs, education, healthcare and leisure travel. Studies show that America's bus and motorcoach industry's combined economic impact is over $112 billion with combined wages over $40 billion, directly and indirectly employs over 1 million and pays over $16 billion in federal and state taxes. Today's modern motorcoach fleet is the most carbon-efficient mode of transportation averaging 206 miles-per-gallon while removing thousands of private passenger automobiles from the read every day.

The privately owned bus and motorcoach industry is an economic engine poised to alleviate federal, state and local transportation budgets through integration of private capital and operations. Although transit systems are generally locally governed and subsidized, often with state oversight and subsidy, they are also federally-funded by capital programs to acquire buses and facilities that don't promote efficiencies and generally foreclose participation by private operators. Since economic deregulation of interstate passenger transportation and the further deregulation of intrastate passenger transportation, the private bus and motorcoach industry has experienced tremendous growth in charter, tour and intercity travel. The industry is well capitalized, financed and poised for expansion.

Private bus and motorcoach operators are very well suited to capitalize and operate many different types of public transportation, particularly peak commuter services to suburban and bedroom communities, as private operators would be free to offer their remaining service hours for midday, evening and weekend charter work. These types of contract arrangements have the direct economic benefit to taxpayers and commuters by purchasing only the service and avoiding the costly public capitalization of buses and the associated expenses for limited use. However, in many areas of the country, public transit agencies are unfamiliar with the process of public-private partnerships through contracting for services and are often opposed to partnering with the private sector. UMA believes the new reauthorization bill should include some provisions to incentivize greater participation by private sector transportation providers in the provision of public transportation, including transportation in rural areas, as well as preserve several existing provisions in law that help to ensure a thriving private motorcoach industry.

UMA's recommendations for the surface transportation reauthorization bill are:

Strengthening of Private Enterprise Participation Provisions

Current law requires public transit agencies in their planning processes to "encourage to the maximum extent feasible, as determined by local policies, criteria and decision making, the participation of private enterprise". (49 USC Section 5306) UMA finds that this requirement is considered weakly and largely ignored by transit systems across the country. UMA urges Congress to strengthen this requirement by requiring public transit agencies to affirmatively consider all potential ways for privately owned and operated transportation providers to provide service not only in their planning processes but also as an affirmative pre-condition of receiving Federal funds for replacement or expansion of their bus fleet. In an environment where Federal transportation dollars are becoming more scarce, Congress should ensure that transit systems are utilizing those dollars in the most efficient way possible. By ensuring that transit systems are required to seriously consider all possible partnerships with the private sector PRIOR to gaining approval for use of Federal dollars to purchase capital assets, Congress can ensure available federal funds are utilized most efficiently. UMA supports a requirement being included in 49 USC Section 5323 to require public transit agencies to examine all available private options as a specific affirmative condition on federal capital assistance for buses and facilities and that FTA be required to enforce it vigorously.

A good example of the efficiencies that can be achieved with use of private operators is occurring in Suffolk County, New York. Suffolk County Transit contracts for drivers, maintenance and insurance on all their routes to six private operators. These routes are being operated at a competitive $5 per mile, while nearby Long Island Transit operates a nearly identical operation at $13 per mile. (Both systems employ drivers from the same union). This is an example of one model that could be utilized successfully across the country. However, UMA believes there could be even greater efficiencies achieved if more transit systems utilized not only private operators but their privately-owned assets as well.

Creation of a Public-Private Partnership Resource Office within FTA

UMA urges this Committee to mandate the staffing and operation of a Public-Private Partnership Office within the Federal Transportation Administration that would be charged with providing technical and educational assistance to public transit agencies and private sector entities on how to implement public private partnerships between private operators and public transit grantees. This office's mission would be to coordinate and advise public transit systems of Federal laws and regulations to promote better utilization of utilize private operators, and advise private operators on how to effectively partner with public entities to provide service. The office will focus on guidance on implementing greater use of service contracts utilizing private sector capital assets for provision of public transportation, including additional fixed routes, commuter routes, rural transportation and intercity bus program under 5311(f). The office would produce educational materials and conduct annual educational sessions across the country to for the benefit of grantees and private operators. The office would prepare an annual report to Congress summarizing public private partnerships across the country, and cost and efficiency savings achieved by with private operators. UMA recommends that the new office be staffed within annual federal funding provided to the FTA.

Private Motorcoach Use of Transit Bus Only Lanes and Park and Ride Facilities

UMA finds that many of its members are not permitted to utilize their vehicles on transit bus-only lanes or park and ride facilities only because they are privately-owned. [In contrast, Federal highway law permits private motorbus or school vehicle transportation services on HOV lanes}. As these facilities are constructed with federal dollars to support and encourage use of mass transportation, private motorcoaches and private school bus contractors who provide mass transportation and remove individual automobiles from the road should have equal access as publicly operated vehicles to such facilities. UMA encourages the Committee to address this inequality in transit law.

Preservation of Federal Fuel Tax Exemption for Motorcoaches

While UMA recognizes that fuel taxes are outside the purview of your Committee's jurisdiction, but as you draft your reauthorization bill, UMA encourages your Committee to support the continuation of the partial federal fuel tax exemption for fuel used in motorcoaches. Since 1976, Congress has provided for a 17 cent exemption from the current 24.3 cent per gallon Federal diesel fuel tax for motorcoaches. Motorcoaches pay 7.4 cents per gallon in Federal tax on diesel fuel. Motorcoaches reduce congestion, alleviate roadway wear, reduce pollution,

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conserve fuel and provide access to travel and tourism venues. The rationale for the Federal motorcoach fuel tax exemption is even more compelling today and should be preserved. The partial federal fuel tax exemption costs the Highway Trust Fund only $35 million per year, but has a huge impact on private operators and ensuring passengers the continued availability of this type of travel. Fuel used in public transit, government and school bus vehicles enjoys a full federal fuel tax exemption. If Congress should ever decide to raise or index the federal fuel tax, UMA believes motorcoaches should have parity with these types of transportation and receive a full exemption for the increase over current levels.

Preservation of Federal Charter Service Protections

For nearly forty years Congress has mandated that federally funded public transit should not be utilized (with certain exceptions) to foreclose private operators from charter service. The rationale remains the same now as it did in 1973, and that is that federally funded public transit systems should not be permitted to compete unfairly with privately owned and operated, non-subsidized and tax paying private operators. In the last reauthorization bill, SAFETEA-LU, the Congress mandated a negotiated rulemaking proceeding to revise the charter service regulations, which had not been modified in over twenty years, resulting in a lack of certainty on the rules and inconsistent enforcement. Public transit agencies, transit labor, private operators and FTA came to the table and worked for over two years to negotiate a new regulation. At the conclusion of negotiations, approximately eighty percent (80%) of a revised and improved rule was agreed upon with all parties. The final revised rule became effective in April of 2008 and has provided much needed clarity, accountability and fairness and is working relatively well across the country. UMA urges Congress to continue the current statutory protections and FTA regulation without any further modifications

Preservation of Federal School Bus Protections

Approximately 40% of UMA's members operate school buses under contract to public school districts. Similar to the charter service protections, for over forty years, Federal law has prevented federally – funded public transit systems from providing (with some exceptions) home-to-school school bus transportation in competition with a private operator. The rationale also remains the same as well, that federally-funded buses should not compete unfairly with private school bus operators in the provision of school bus service. Private school bus operators provide over a third of the nation's school bus transportation. UMA urges Congress to continue the current statutory protections and FTA regulation without any further modifications.

Reasonable Safety Regulation Based on Science and Testing

The motorcoach industry possesses one of the strongest safety records in the transportation industry, averaging 18 fatalities annually over the last 9 years. While any fatality is one too many, we believe the record is evidence of othe industry's absolute commitment to operating safely. Our members embrace the motto"safety is our business". UMA is committed to safe operation by its members and offers an array of business, safety, compliance and security courses to its membership through the Bus & Motorcoach Academy administered by the College of Southern Maryland, hold annual Safety Management Seminars at the National Transportation Safety Board Training Center, and holds UMA Motorcoach Expo, the largest convention of its kind and various state and regional association meetings held throughout the nation. UMA is a member and sponsor of the Commercial Vehicle Safety Alliance (CVSA), active participant on their Passenger Carrier Committee and a longstanding member of the Bus Industry Safety Council.

UMA supports strong and improved enforcement of existing federal and state motor carrier safety regulations for our vehicles and its drivers as well as initiatives to improve safety that are backed by science and testing. UMA supports a bill introduced in the House, HR 1390 The Bus Uniform standards and Enhanced Safety (BUSES) Act of 2011 as a rational and reasonable approach to enhanced commercial motor vehicle safety and we look forward to working with the Committee on this issue in reauthorization.

UMA appreciates the opportunity to submit testimony to the Committee of our recommendations for a new and improved surface transportation reauthorization bill and looks forward to working with the Committee on this important legislation.

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