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BUILDING THE FOUNDATION FOR SURFACE TRANSPORTATION REAUTHORIZATION

(113–48)

HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

JANUARY 14, 2014

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Committee on Transportation and Infrastructure
U.S. House of Representatives

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Washington, DC 20515

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Ranking Member

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January 10, 2014

SUMMARY OF SUBJECT MATTER

TO:	Members, Committee on Transportation and Infrastructure
FROM:	Staff, Committee on Transportation and Infrastructure
RE:	Full Committee Hearing on "Building the Foundation for Surface Transportation Reauthorization"

PURPOSE

The Committee on Transportation and Infrastructure will meet on Tuesday, January 14, 2014 at10:00 a.m. in 2167 Rayburn House Office Building to receive testimony related to reauthorization of the federal surface transportation programs. The Committee will hear from representatives of the National Governors Association; Caterpillar Inc.; the U.S. Conference of Mayors; and the Amalgamated Transit Union.

BACKGROUND

The Importance of Transportation Infrastructure

Transportation infrastructure provides a strong physical platform that facilitates economic growth, ensures global competitiveness, and supports national security. In addition, it affords Americans a good quality of life by enabling them to travel to and from work, to conduct business, and to visit family and friends.

The Nation's transportation infrastructure is an extensive network of highways, airports, railroads, public transit systems, waterways, ports, and pipelines. Over 4 million miles of public roads connect with nearly 20,000 airports, over 160,000 miles of railroad, over 240,000 miles of public transit route miles, over 1.7 million miles of pipeline, over 25,000 miles of navigable waterways, and 360 commercial ports.[1]

The surface transportation components of this broader system play an integral part in the movement of people and goods. Specifically, highways carried more than 2.9 trillion vehicle

[1] U.S. Department of Transportation, Bureau of Transportation Statistics, *Pocket Guide to Transportation*, January, 2013; American Association of Port Authorities, *U.S. Public Port Facts*, February 8, 2013.

miles (including cars, trucks, motorcycles, and buses) and public transportation carried nearly 32 billion passenger miles in 2010.[2] In 2011, all modes of transportation moved more than 17.6 billion tons of freight, valued at over $16.8 trillion (in 2007 dollars).[3] Of that total, trucks moved more than 11.3 billion tons, valued at over $10.5 trillion.[4]

The Federal Role in Transportation Infrastructure

Providing the nation with transportation infrastructure has long been recognized as a federal responsibility that is shared with state and local partners. The Constitution establishes congressional jurisdiction over transportation in Article 1, Section 8, which directs Congress to establish post roads and to regulate interstate commerce. The two Supreme Court cases of *Monongahela Navigation Company v. United States*, 148 U.S. 312 (1893) and *Wilson v. Shaw*, 204 U.S. 24 (1907) have further highlighted the role and responsibility of Congress in providing public infrastructure. *Monongahela Navigation Company* held, in part, that the federal government has the power to regulate commerce between states even if it means condemning and appropriating a lock and dam on a navigable waterway, and *Wilson* held that the Commerce Clause of the United States Constitution authorizes Congress to establish an interstate highway system.

Federal assistance for highway construction began in the early 20th Century when Congress provided $500,000 for highway construction in the Postal Service Appropriations Act of 1912. In 1944, Congress authorized significant expanded federal assistance for construction of a "National System of Interstate Highways". Without a dedicated source of revenue, however, construction of the Interstate System stalled.

The landmark Federal-Aid Highway Act of 1956 and Highway Revenue Act of 1956 authorized significant funding for a 41,000-mile National System of Interstate and Defense Highways and established the Highway Trust Fund (HTF) as the mechanism for financing the accelerated highway investment. To finance the increased authorizations, the Revenue Act increased federal excise taxes paid by highway users and provided that these revenues should be credited to the Highway Trust Fund. This dedicated funding mechanism provided financial certainty for the highway program, including the Interstate Program. The 13-year authorization of the 1956 Act gave the states the continuity needed to develop and build highway projects. Since 1956, Congress has regularly reauthorized federal surface transportation programs.

MAP-21

Congress most recently reauthorized federal surface transportation programs in the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141). MAP-21 authorized federal-aid highways, highway safety, and highway research and development programs at $40.96 billion for fiscal year 2013 and $41.03 billion for fiscal year 2014. For public transportation programs, the law authorized $10.58 billion for fiscal year 2013 and $10.7 billion

[2] U.S. Department of Transportation, Bureau of Transportation Statistics, *Pocket Guide to Transportation*, January, 2013.
[3] U.S. Department of Transportation, Federal Highway Administration, *Freight Facts and Figures*, 2012.
[4] *Id.*

for fiscal year 2014. The Transportation Infrastructure Financing and Innovation Act (TIFIA), which provides credit assistance for surface transportation projects, received a significant expansion of authorization to approximately $1 billion a year.

MAP-21 made significant programmatic and policy reforms to federal surface transportation programs. Among those reforms, it consolidated or eliminated nearly 70 U.S. Department of Transportation (U.S. DOT) programs, which afforded state and local partners greater flexibility with the use of their federal funding. MAP-21 reformed the project approval and delivery process for highway and public transportation projects, which allows projects to begin construction faster, maximizing the public investment and benefit. MAP-21 also emphasized performance management by incorporating performance measures into the highway, transit, and highway safety programs, which will focus federal funding on national transportation goals, increase accountability and transparency, and improve transportation planning and project selection.

MAP-21 is set to expire on September 30, 2014. As a result, reauthorization of federal surface transportation programs is a priority for the 113th Congress.

WITNESS LIST

The Honorable Mary Fallin
Governor
State of Oklahoma
On behalf of the National Governors Association

Mr. Stuart Levenick
Group President
Caterpillar, Inc.

The Honorable Kasim Reed
Mayor
City of Atlanta
On behalf of the U.S. Conference of Mayors

Mr. Lawrence Hanley
International President
Amalgamated Transit Union

BUILDING THE FOUNDATION FOR SURFACE TRANSPORTATION REAUTHORIZATION

TUESDAY, JANUARY 14, 2014

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
WASHINGTON, DC.

The committee met, pursuant to call, at 10:04 a.m., in Room 2167, Rayburn House Office Building, Hon. Bill Shuster (Chairman of the committee) presiding.

Mr. SHUSTER. The committee will come to order.

First I would like the opportunity to welcome everyone to today's hearing. It looks like we have a full house, which is a good sign. This is the first hearing for the committee this year, and the subject matter is of critical importance to the Nation, to the economy, and certainly to our transportation infrastructure system.

I am pleased to welcome our distinguished witnesses: The Governor of Oklahoma and former colleague, Mary Fallin. Mary, it is great to see you, and Governor, it is great to see you today.

Mr. Stuart Levenick, group president of Caterpillar. Nice to see you, sir.

The Honorable Kasim Reed, the mayor of Atlanta. Mr. Mayor, thanks for being here with us.

And Mr. Lawrence Hanley, international president of Amalgamated Transit Union.

Thank you all for being here. We certainly look forward to hearing from all of you today.

Transportation is important, I think we all know that, and sometimes we forget the importance of it in our daily lives. But it is how people get to work, it is how we get our children to school, we go to the store to buy food and clothes and any other necessities as well as visiting our family members around the country.

But it is also about business. It is critical to the supply chain, how it functions, how raw materials get to factories, how finished products get to market, and how food gets from farms to our kitchens.

It allows American business to be competitive in the global marketplace and for our economy to prosper and grow and create jobs. And that is absolutely essential to this bill and to any infrastructure bill we do, and that is to talk about the jobs. Not just the construction jobs, we certainly know there are going to be construction jobs created, but it is the long-term jobs.

And so that Caterpillar, when they are grabbing market share in the world economy, they are going to be hiring hopefully more people back in Peoria or their other plants around the country, cre-

ating those jobs to create those machines that again go into the world economy. And sold there and make our economy stronger.

There is a long history of a strong Federal role in transportation. I go right back to the key philosopher that our Founding Fathers all read when they were developing this Nation, this constitution, Adam Smith was the father of modern economics. And he believed there were three duties of Government: To provide security, preserve peace, and to erect and maintain public works to facilitate commerce. And with those thoughts, our Founding Fathers went forward and drew up the Constitution. Article 1, Section 8 talks about the interstate commerce and post roads. And those post roads today are the highways, the byways, the transportation system of today, as well as the inland waterways and the harbors that were absolutely critical at the beginning of our Nation.

The Federal Government continued to invest over the last 200 years from the Transcontinental Railroad, to the Panama Canal to the Interstate Highway System, all making significant impacts to the efficiency and to the economy of the United States.

Last Congress we continued this history by passing MAP–21, which reauthorized Federal surface transportation programs, and MAP–21 expires in September of this year. My hope is to have a reauthorization done on time, and in order to do that the committee's work is ramping up to get a long-term bill. Today we are formally kicking off this reauthorization process with this hearing.

In the coming months, we plan to hold hearings and roundtable discussions to give stakeholders an opportunity to share their policy priorities and concerns. We hope to take committee action in late spring, early summer with the goal to be on the House floor before August recess. In this timeframe will give us a time to conference that bill with the Senate.

I believe this bill needs to be bipartisan, much the same way we moved forward with WRRDA, to build consensus working together and making sure we are educating, and all of you as stakeholders in this room, helping to educate Members of Congress, as to the importance of this bill, what it means in their districts, what it means to their States and their States' and districts' economy.

The next bill must ensure that our surface transportation system can continue to support the U.S. economy and provide Americans with a good quality of life. And as I said, this bill is about jobs. It is about providing a strong physical platform for U.S. companies to compete at home and abroad.

It is about making sure we can purchase goods and services which we have come to rely on in our daily lives. And as I said and I will keep saying, it is about jobs. Not only the construction jobs but the jobs that people are going to be able to create in factories around this country and also people going into the stores and not paying more but paying less for those products that get efficiently to their shelves so they have more money in their pockets to spend money on other things that they want in their lives.

So how do we get there? This bill will be built around key principles. This bill needs to be fiscally responsible and to build on the reforms of MAP–21. We need to continue to reduce regulatory burdens, we need to make sure our Federal partners have flexibility in how they spend their money and approve projects.

We also need to focus on freight mobility. Chairman Jimmy Duncan's special panel on freight wrapped up this October. An independent panel provided us with a lot of good recommendations that we need to take a hard look at. We can't afford to be stuck in the past or we will be left behind, more assuredly.

We should encourage our Federal partners to think outside the box in how to address our transportation challenges. So we need to promote innovation and lay the foundation for emerging technologies. By passing the next surface transportation bill we can ensure Americans quality of life and facilitate economic growth for years to come.

So I look forward to hearing from our distinguished panel, and with that will turn to the ranking member on the Highway Transit Subcommittee, the honorable gentlelady from Washington, DC.

Ms. NORTON. Thank you, Mr. Chairman.

I certainly had not intended to make an opening statement because Mr. Rahall is shortly here. I believe he was on C–SPAN this morning. But since he is not here, and I know he will have something to say when he comes, I want to say, Mr. Chairman, how encouraged I am by your opening statement and by our beginning the year with this hearing. With every indication that we will have a new bill, the Democrats among ourselves have been meeting, to talk about priorities.

Of course, our major concern is the great dilemma of surface transportation and of this committee. And that is as our trust fund evaporates, and I don't believe that that is too harsh a word, whether we will be innovative enough to come up with a way to pay for this bill that will attract both Democratic and Republican support. And, Mr. Chairman, I have no doubt, given your leadership on the WRRDA bill, that that is not a task beyond you, or beyond this committee.

And I thank you very much, Mr. Chairman, for not allowing us to go home in January without casting the opening net for the new surface transportation bill for 2014.

Thank you, Mr. Chairman.

Mr. SHUSTER. I thank the gentlelady.

And with that again Governor Fallin has got a hard stop, so we want to get started with her.

And then I would encourage the witnesses to maintain the 5-minute rule. I have been known to be brutal with the gavel and the clock, but since we have such a distinguished group here, I may be a little weaker today.

But with that, I would like to allow Mr. Markwayne Mullin to introduce the Governor of Oklahoma.

Mr. MULLIN. Thank you, Chairman.

It is a great honor I have to introduce our honored guest. Governor Mary Fallin, from the great State of Oklahoma. What an honor to have you back. I know this used to be your committee. And you are going to bring a very unique perspective being that you served our great State not only on the Federal level but now on the State level.

Transportation is obviously vitally important to not just our State but the entire country. It is one thing that in the constitution

that definitely specifies this is the area that Congress has control over.

So Governor Fallin, what an honor it is to have you back in DC, and I look forward to hearing your testimony.

Mr. SHUSTER. And with that I ask unanimous consent that our witnesses' full statements be included in the record.

And with that, yield to the Governor of the great State of Oklahoma.

TESTIMONY OF HON. MARY FALLIN, GOVERNOR, STATE OF OKLAHOMA, ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION; STUART LEVENICK, GROUP PRESIDENT, CATERPILLAR, INC.; HON. KASIM REED, MAYOR, CITY OF ATLANTA, ON BEHALF OF THE U.S. CONFERENCE OF MAYORS; AND LAWRENCE J. HANLEY, INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION

Governor FALLIN. Thank you, Mr. Chairman. It is a great pleasure to be here.

And Ranking Member Rahall, it is good to see you.

And, Congressman Mullin, thank you very much for that kind introduction.

And members of the committee, it is a great pleasure to be here today on behalf of our Nation's Governors in front of the Transportation Committee.

As chair of the National Governors Association, Governors want to work with our Federal partners on the surface transportation reauthorization. As a former member of the Transportation Committee and now having the perspective of being a Governor, I understand now more than ever the importance of Governors and the NGA and the Transportation Committee working together on the surface transportation reauthorization.

Our Nation's transportation infrastructure systems support and enhance economic growth of the States and the country, sustain our quality of life, and enable the flow of interstate and international commerce.

However, previous surface transportation reauthorizations and their string of legislative extensions created uncertainty, not only on the national level but certainly on the State level. Our States took action to maintain and develop our vital infrastructure. But, Governors agree that successful State action does not justify Federal disengagement.

Governors believe that surface transportation requires both a long-term vision and funding stability to provide for our Nation's diverse mobility needs. As CEOs of our States, Governors understand the fundamental importance of surface transportation to economic competitiveness and job growth. Continued Federal investment is necessary to leverage and create a cohesive transportation system across the Nation. The burden of maintaining the Nation's entire transportation network cannot be left only to the States.

Federal, State, and local governments must partner to invest in quality infrastructure to meet our Nation's transportation needs. Investing today in transportation is investing long term in our economic vitality and also in the safety of our citizens. Of course, infrastructure includes more than just transportation, and I want to

take a moment to commend this committee on the passage of the 2013 WRRDA bill. This reauthorization remains an NGA priority.

Stewardship of our water infrastructure resources is vital to safety, environmental protection, and economic development. We also recognize that our Nation's infrastructure systems are interconnected. State-of-the-art ports and waterways must have state-of-the-art highways, transit, and rail systems.

As Congress begins its work on MAP–21, Governor support continuing the user-pays principle to guide transportation funding and placing all options on the table for evaluation. Governors support Federal funding mechanism designs to maintain reliable, long-term funding certainty. Governors support outcome-oriented performance measures developed by State and localities. We believe levels of Governments must cooperate to improve and ensure safety and security of our infrastructure systems.

Governors appreciate that MAP–21 reflected many of the NGA priorities. Governors supported the preservation of innovative financing tools, such as public-private partnerships and the expanded capacity of the Transportation Infrastructure Finance and Innovations Act. Let me emphasize that States need Federal funding stability and certainty to pursue long-term planning and project delivery.

Now, next I want to mention municipal bonds, because they have assisted our States, our cities, and our counties in financing our infrastructure needs. As you know, the Federal Tax Code includes an exclusion from income on interest earned on municipal bonds. Ending or capping the Federal exclusion from income for municipal bond interest would increase the costs of financing infrastructure projects. It would trigger higher interest rates by at least 20 basis points. And that, in effect, would chill the project, or trigger higher taxes on citizens to fund our infrastructure needs.

There have been studies that show proposals to cap or eliminate the interest exclusion on State and local tax deductibility would bring a net loss of approximately 417,000 jobs, and the loss of $71 billion in real gross domestic product over 10 years. Governors believe Federal taxes, and Federal laws or regulations should not increase the costs of States to incur the issue of municipal bonds or decrease investor appetite to purchase them.

Infrastructure requires an intergovernmental partnership and all levels of Government have a crucial role to play to achieve overall success. Governors look forward to working with this Congress and with this committee on the reauthorization of MAP–21.

Thank you very much, Mr. Chairman.

Mr. SHUSTER. Thank you very much, Governor.

And I would be remiss if I didn't call out a name of your long serving Secretary of Transportation, Gary Ridley. I see him over there. As I think he may be the longest serving State DOT Secretary in the United States. So watch out. It is good to have you here, a real expert with us here today.

Next, Mr. Levenick, from Caterpillar. Please proceed.

Mr. LEVENICK. Well, Chairman Shuster, Ranking Member Rahall, and distinguished members of the committee. Thanks very much for the opportunity to testify today about the reauthorization of our surface transportation system and the importance of our

transportation infrastructure to companies like Cat, as we do business and compete in the global marketplace.

My name is Stu Levenick. I am a group president for Caterpillar, responsible for leading the company's customer and dealer support organization, which provides integrated supply chain, transportation services, service parts logistics to Cat dealers and customers around the world.

It is probably no surprise to anybody in the room that a company like Caterpillar, manufacturing bulldozers, is a big supporter of infrastructure investment. But for us, and my purpose here today is not just about selling more machines and jobs, it is about the drag our poor infrastructure has on the U.S. economy, our ability to efficiently import and export, and consequently the adverse impact it has on U.S. competitiveness.

As one of the America's leading exporters, we are keenly aware of the importance of exports for job creation and economic expansion. We also understand how absolutely critical it is to have an effective supply chain if we are to maintain our global leadership as a U.S. manufacturer.

Today, Cat exports to every region of the world. 2012, we exported over $22 billion. These are products from the United States which must travel through multimodal transportation systems that includes; roads, rail, water, and air. The condition and integration of these various models have a significant and direct impact on our ability to move products quickly and efficiently at the lowest possible cost.

As the world marketplace expands and our Nation faces increasing competition from around the world, our ability to move goods as quickly and efficiently as possible takes on an even more important role. Our transportation system is the backbone of our economy. Economic opportunities are directly tied to the efficiency and reliability of this system, but we are relying on investments made decades ago to sustain our growing and changing economy.

Our transportation network is aging, it is underfunded, and we must renew our commitment to this system if we are to ensure global competitiveness in the 21st century. The big question is what does it mean for American competitiveness. Our interstates and highways, for instance, provide a particular challenge for the movement of Cat products through the U.S. logistics network. Congestion and capacity constraints are a significant concern with high levels of traffic in major metropolitan areas affecting turn times and on-time performance.

Similar to highway congestion, bridges present a comparable problem with inadequate capacity for large loads or traffic flows, bridges that were built early in the transportation industry present the largest problems with regard to height and age.

Our Nation's rail network is increasing seen as an attractive cost-effective way to alleviate growing passenger and freight congestion on our highways. It is also a vital component of our integrated transportation system. However, current railroad infrastructure limits Cat's transportation options. Many rail lines, bridges, tunnels cannot accept the physical height and width attributes of our products, and accordingly, a great number of rail switching

yards and terminals are required, leading to added delays and increased costs.

Like road and rail networks, our ports are also posing significant challenges for exporters and logistics professionals. Because U.S. port capacity constraints, outdated manual processes and communications, and a lack of integration and automation, Caterpillar has come to increasingly Canadian ports for both import and export containers due to improved transit times and costs. Approximately 40 percent of Cat's imports and exports now move through Canadian ports.

Finally, our aviation system, which was once the envy of the world, today is operating with substandard technologies and facing significant capacity constraints. As an example, we annually ship about 70 million pounds of mission-critical service parts globally through Chicago O'Hare. These parts are typically needed to a customer's site within 24 hours. Last year, Chicago O'Hare airport overall on-time arrival was about 75 percent, in other words, one in four flights experiences some sort of delay. This significantly impacts our ability to satisfy customers and service our products in the time customers require.

In summary, our transportation system, roads, rail, water, and air is aging, inefficient, and in serious need of reinvestment. This reality leads to increased costs and less efficiency, impacting and reducing our competitiveness around the world. Our aging infrastructure and shipping inefficiencies it creates has added an estimated 3 to 4 days of transit time, costing Caterpillar millions of dollars in cash flow annually.

America needs a multiyear, sustainable surface transportation reauthorization so we can begin to rebuild our infrastructure and get back on the road to global competitiveness.

Mr. Chairman, Ranking Member Rahall, and the members of the committee, thanks for the opportunity to share with you the views of Caterpillar on this crucial topic. We stand ready to work with you and your colleagues in Congress to move surface transportation reauthorization forward.

Thank you.

Mr. SHUSTER. Thank you very much, Mr. Levenick.

And with that, Mayor Reed, please proceed.

Mr. REED. Good morning, Chairman Shuster, Ranking Member Rahall and members of the committee.

I am Kasim Reed, the mayor of the city of Atlanta. I want to tell you how grateful I am for having the opportunity to appear before you on behalf of the United States Conference of Mayors, representing nearly 1,400 cities across America with populations of 30,000 people or more.

Increasingly, our success as a country will depend on how we address our transportation needs and other infrastructure needs in our metropolitan areas. We are fortunate because we are seeing genuine leadership out of this committee. As mayor, I can assure you that nothing is more important than investment in our water and our transportation systems.

Now I happen to be the mayor of a city with the busiest passenger airport on the planet Earth, Hartsfield-Jackson Atlanta. Last year, we handled about 95 million passengers. That is about

10 million more than Beijing's airport. My home State of Georgia has one of the fastest growing ports in the United States of America, the port of Savannah. So the work of this committee is vital to me as a leader of the capital city of the State of the Georgia and vital to Georgia as well.

As you prepare for renewal of the Federal surface transportation law, I ask that we work together to expand our investment and avoid simply flat-lining our commitments. At the Conference of Mayors, we have found that over the next 30 years your metropolitan areas will grow by 84 million people. I do want to be clear when we use the word metros, we don't simply mean cities. That is both cities and the suburbs that surround the cities.

Mr. Chairman, this is more people than the current population of my home State of Georgia, your home State of Pennsylvania, Arizona, Indiana, Illinois, Michigan, North Carolina, Tennessee, and Virginia combined. So I think that we can make a strong argument that the country's future health is going to be tied to having very healthy metropolitan areas. And we should take a bipartisan approach to them because this isn't simply about cities, it is also about our suburbs as well. And I believe the work that you all are doing on the transportation bill really does represent the most thoughtful, effective method to expand well-paying jobs in our cities and our metro that we will have in some time.

MAP–21 made important policy reforms by consolidating programs, improving project delivery, providing for greater accountability, and assisting project sponsors with more financing options. But we need the stability of a long-term bill. And I am hopeful that you will take that into consideration as you move this bill forward.

I also want you to know that mayors across the United States of America are prepared in a truly bipartisan way to help you carry this water. To get out all over the United States of American and explain why the work you are doing is essential to the competitiveness of the greatest country on Earth.

I also respectfully ask that you provide cities some flexibility and a larger role at the table. We want to be partners with our Governors. And we understand that that will mean being junior partners, but we would like to have a seat at the table and to ensure that cities have a voice as well. We believe that when cities are directly at the table along with Governors in States that we can actually leverage more resources and make the dollars that you provide States and cities go further.

The Atlanta region is one of the largest and fastest growing metropolitan areas in the Nation. Our principle transit system, MARTA, is the 9th largest in the country. Your bill will help it as well. So on issue after issue, we think that we can make a case that we will be a strong partner to you. And we also think that the bill that you are moving will provide more verifiable jobs if we get a long-term bill than almost any bill that will come through Congress.

So, Mr. Chairman, I want to thank you for your leadership, Ranking Member Rahall, I want to thank you for your relationship certainly on the WRRDA bill, and I look forward to seeing the same kind of energy and commitment to the surface transportation bill.

I am very grateful to you. Thank you.

Mr. SHUSTER. Thank you, Mr. Mayor. Appreciate that. I also appreciate your commitment to helping us go out across the country to educate the American people. I think that is really where it starts and then moves into the halls of Congress. So thank you for that commitment.

With that, Mr. Hanley, please proceed.

Mr. HANLEY. Thank you, Mr. Chairman. Congressman Rahall. Appreciate the opportunity to be here to testify.

I want to speak for a moment about the transit crisis in America that has gone on for the last 5 years. As a consequence of the downturn in the economy and the fact that Federal funding has been flat-lined, essentially, to our cities. With the fall in revenue coming in from tax collections in our cities and counties, we have seen a true crisis in American mobility. We have seen 90 percent of the cities in America have to raise fares and cut service. Sometimes cutting service in my hometown of New York, that had run for 100 years in that city, because of this lack of funding available to keep the systems running.

I represent about 200,000 people who work in the transit industry in the U.S. and Canada, and our members are the frontline people who transport people in communities. They are the urban tax collectors who pull into bus stops every day and have to explain to people why their service is being cut at the same time that their fares are going up. This is in a period when there as been a bipartisan agreement in Washington that we can't raise taxes on millionaires, we just can't do that because that would wreck the economy. And yet as we watch inequality gnawing at American society, we ignore the fact the decision to not fund transit is one that has caused taxes to be increased again and again deliberately on the poorest Americans who need transit to get around.

The other thing that is important is that Congress should understand that the notion that you can't raises tax to provide transit service, is walking in the exact opposite direction of the American people. Every time a referendum is put up around this country to raise taxes, people vote for it. Seventy percent of the referenda that had been proposed and actually voted on over the course of the last 5 years, where taxpayers have an opportunity to raise their taxes to support transit, they vote yes. These referenda are passing. That is a clear signal from the American people that they not only want more transit but they are prepared to pay for it.

But more significantly the coming crisis, the one that is looming, if you think there was a problem in Fort Lee, New Jersey, because of some political shenanigans regarding traffic, wait until you see what is about to happen in America. Over the course of the next 15 years, our cities are going to grow exponentially. There has been already an increase in the population in cities; in my own city in New York, we have grown to over 8 million people again. The projection is the metropolitan area in New York will be 20, almost 21 million people in 12 years. Where will people get transit to get around?

And what about the young people in America? This may come as a surprise, but young people in America not only are moving back into cities, but they are rejecting car travel. Fewer, as a percentage of the population, fewer young people today hold drivers licenses

than at any time since John Kennedy was President of this country. That is a trend that we are missing if we don't start to project a plan for how we are going to get people around. So imagine all these growing urban centers with young people who have no cars who have no licenses who are flooding into transit systems. And that is the case in many of our larger cities.

Even more shocking, the projection for Phoenix. If anybody believes this is simply, you know, old urban cities. Phoenix is projected in several years to have a population as large as the current population of New York City. Eight million people will live in the Phoenix metropolitan area soon. How are those people going to get around? America cannot depend upon cars. You know, people say that Americans are in love with their cars, and I think the fact is that is not true. They just hate everything else. And it is because everything else does not serve their interest.

There have been studies that have shown. Matter of fact in our testimony we talk about the fact that Brookings Institute found in a typical metropolitan area, residents can only reach 30 percent of jobs via transit within 90 minutes. Now, knowing that, understanding that, how could anyone think that it is just a love affair between the American people and their cars. It is not.

We also want to say that we will work with you, we want to work with Congress to make this happen. In 2012, 56 Members of Congress or the Senate campaigned with us, bipartisan, Republicans and Democrats, worked with us around the country to build rider support to voice their interest in transit. More people, by the way, board our transit systems in America in 3 days than all the people that Mayor Reed talked about going through the Atlanta airport, not to say we shouldn't fix the Atlanta airport. But the magnitude of this is huge. There are 35 million boardings a day in the United States of people riding transit. There should be many more. But these are voters, these are people who need more attention to their needs as American citizens.

So we are organizing those riders. We have 91 cities across the country that have now formed rider groups. You will be hearing from them. And we would ask you to join us in the month of May when we go out and campaign throughout our cities and throughout rural areas to try and get more attention to transit, more funding for transit, and essentially a better way of life for American people.

Thank you very much.

Mr. SHUSTER. Thank you, Mr. Hanley.

And knowing that the Governor has about 10 more minutes, I am going to start off by asking her a couple of questions, and I think Ranking Member Rahall, if you have one, I think we can get it in here and we can get her out on time.

By the way, I don't know if it was mentioned here, you are the chairman of the National Governors Association, and we are very, very proud of you of course for being Governor but also leading that great organization. So we will make sure we get you out of here on time.

In your testimony, you mentioned that Oklahoma is globally competitive because of the Nation's transportation network. Can you explain some of the facilities that you rely on that are thou-

sands of miles away? And I have to admit to you, when Markwayne Mullin took us up to the Port of Catoosa, I did not realize it was the largest inland waterway in the country. So again we learn everything new. It is good to be up here and travel. If you could just talk about how the Nation's infrastructure affects or impacts positively or negatively Oklahoma.

Governor FALLIN. Absolutely, Mr. Chairman and Ranking Member Rahall, it is great to see you. It is great to be back in front of the committee again. And it is interesting to see the other side of the story once I have been on the Transportation Committee and now as a Governor actually working with Federal regulatory entities and Federal funds and now on the State level. And trying to decide how you parcel and part those Federal funds, versus the State funds, and how you combine the two and work together.

You know, Mr. Chairman, you mentioned about how important it is that we have reauthorization of the transportation bill. But one of the things I want to emphasize, that I have seen on the State level is, that we need certainty. We need certainty in our States. When there are short-term extensions, when there are continuing resolutions, when there is no permanency, no long-term vision for funding for our Nation's infrastructure, whatever type of infrastructure that it might be. Whether it is the highways or bridges, our ports, our transit, our airports, addressing our congestion problems, that affects our States and it affects the certainty within our marketplace. It affects our employers, it affects their ability to hire people, to gear up for say, construction projects like our I–40 cross-town interstate that you came to see in our State.

And so as you are working through the committee on the MAP–21 reauthorization, we just ask that you look at, first of all a long-term solution, giving us some certainty in our States, certainly addressing all of the concerns that we have heard from our various people testifying today, and that you allow us the flexibility, innovation. There is some great innovation going on among the States, some great examples of ways that we can stretch our dollars.

But also understand that States can't pick up the load by ourselves. That we have to have a national vision for national transportation infrastructure system.

Mr. SHUSTER. Thank you very much, Governor.

Mr. Levenick, can you talk a little bit of some of the specific experiences you have moving your goods out of the country on the system? What are the bottlenecks? I know you and I had a discussion before, I kept using Caterpillar as an example of shipping out of American ports. And then you told me you ship a lot of it out of Canadian ports because they are better equipped to handle, they are easier, they are less expensive. So could you talk about some of the issues that you face, whether it is roads, rail?

Mr. LEVENICK. Thank you. I think the real issue, and it talks a little about the what the Governor just addressed is that for us, it is not any one thing. We look at the transportation as a network. And so if you look at highways that have bottlenecks, if you look at old bridges, if you look at old rail that can't handle the size, the ports that aren't deep enough.

Ironically, Caterpillar is providing the equipment that is widening the Panama Canal. It is sort of an ironic twist of fate that

once that is widened, some of the ships that will be able to pass through that canal may not be able to dock at U.S. ports and benefit exports from the United States.

As we look at ports, there is some pretty good detail in the testimony, but 40 percent of our exports and imports come through Canadian ports today. Port of Montreal is about 3 days faster than Norfolk, Virginia, and Prince Rupert out of British Columbia is about 2 days faster than Long Beach for us. And that time, of course, is money and it is costs. And as we compete in the global economy, that matters. And so it is not just one thing. If the network doesn't work together as an integrated whole, it is a problem. And that is what you see, that is what we deal with every day. And we are just a proxy for any American manufacturer.

So again. I come back to our plea is that and again echo what the Governor said, a multiyear, sustainable plan that gives certainty to people making investments and at the same time drives a line in an integration. That is a role the Federal Government can play to really help this thing work as an efficient network. That will readily get us back to competitive advantage.

Mr. SHUSTER. Thank you very much. I would now yield to the ranking member for questioning, keeping in mind Governor Fallin has 5 minutes.

Mr. RAHALL. Thank you, Mr. Chairman. First I ask unanimous consent my opening comments be made part of the record. And I apologize for being tardy. My comments made part of the record, my opening comments.

Mr. SHUSTER. Without objection, so ordered.

Mr. RAHALL. Governor Fallin, welcome back. Good to see you once again. You served not only on this committee, but Resources Committee as well, which I chaired at one time. And I know you have been through some difficult times since then as Governor because of natural disasters and you have done a tremendous job of leading your State through those disasters. And good to see you here today.

You mentioned in your testimony, you kind of warned Members not to misinterpret what some of the States are doing on their own, which are very commendable actions, as far as raising revenue, they are not just waiting for us to act here in Washington, but they are proceeding on their own. But you said don't misinterpret that as a signal to devolve everything back to the States and renege on our Federal role. Could you comment just briefly further on what that might mean? I know we heard from Tom Donohue, the Chamber of Commerce back early in this hearing process, we heard from the Laborers' International Union president, from Governor Rendell, that there has to be a Federal role in transportation. We cannot just devolve, as some Members of this body have preached, back to the States. What are some other negative repercussions if that were to happen?

Governor FALLIN. Ranking Member Rahall, it is a great question. And it is a very important question because I do think there has to be a partnership between the Federal Government, States, and localities within our individual States to work together.

We certainly do need to have a national vision for our transportation infrastructure because we are 50 States and the territories

that have to work together to develop a seamless transportation system in all the different realms of transportation that we have in our Nation.

But the States can't pick up all the costs. And certainly as you have gone through sequester and Government shutdowns and other things that you have had here in Congress, States have had to make some tough choices when it came to spending and being able to meet some of our funding needs. And we have done some innovative things.

So I guess what I am saying is that we do need some flexibility. We do have some great ideas within our States that I think could be helpful and sharing those best practices with Congress, which many times in front of this committee we have had various people testify, like my Secretary of Transportation, Gary Ridley, who has been before this committee many times when I was here. But to understand that we do need to have a national system that assures that we have safety within our various systems, whether it is rail, whether it is ports, whether it is our airports or commercial air, our roads and bridges throughout our States, whatever form it might be, transit.

But we also need to have some flexibility within our States because each State is different, each State has different needs, each State has different funding sources, each State has different crises that we have to deal with. Each State has different needs. I was listening to the gentleman talking about transit and the need for that. And certainly we understand that. But in Oklahoma we are a very rural State, we have a lot of roads within Oklahoma. And so we don't have big transit systems because Oklahoma City isn't as big as Atlanta. So each State is different, each State has different needs. And we are just asking that you consider that as you are working through the various rules and regulations in the MAP–21 reauthorization.

Mr. RAHALL. Thank you very much, Governor.

Let me turn quickly to Mr. Hanley. And certainly want to thank you for all that you do and what you do for the health and safety of our transit workers, which is paramount on all our agendas. What impact would a slash in Federal transit budget have on the workers that you represent? And on the riders?

Mr. HANLEY. Well, again, what we have seen over the course of the last several years simply with no increases in Federal funding, and also, by the way, a bias in Congress against operating aid for transit. In times of urgent economic need, we believe that the Congress should step up and fund some operating aid to keep transit systems running when the economy is not only in collapse nationally but at the local level.

But we have seen over the course of the last 5 or 6 years more layoffs of transit workers than we had seen since World War II. Chicago, for example, a city that depends on transit, cut 12 percent of its transit in 1 day in 2009 because of the economic downturn. We are a better country than that. You know, we can't abandon riders in the streets. And at a time when the economy really needs more people at work, it was kind of silly not to keep transit workers working as well.

So if there are any cuts in transit obviously those same two groups are going to feel it the most, the people who operate the systems, the drivers and the mechanics and the people who sell tokens and other fare media, and also the people who ride and depend upon transit every day.

Mr. RAHALL. Thank you. Thank you, Mr. Chairman.

Mr. SHUSTER. With that, it is 10:45. Governor Fallin, we will let you excuse yourself. And again we are really proud of you being the Governor of Oklahoma and of course your new leadership position at the National Governors Association. So thanks for taking the time to be here with us today and I look forward to working with you as we move forward on the next surface transportation bill this year. Thank you.

And with that, I yield to Mr. Petri for questions.

Mr. PETRI. Thank you, Mr. Chairman. Governor Fallin and some of the other panel members referred to this, but I wonder if you could expand on it a little bit. For some years now, Congress has been drifting away from what we call regular order, reauthorization of 5- and 6-year bills in major sectors of our economy. We had a couple of dozen short-term aviation reauthorizations before finally adopting a multiyear bill. Currently in the highway area, we are on a relatively short-term authorization.

In any event, what difference does it make if we just kick the can down the road and don't do our job, we still seem to have some sort of a program in place. Why is a 5- or 6-year framework important for our country? What difference does it make? Would each of you be willing to address that a little bit?

Mr. REED. The instability stifles investment. So when we don't have a 6-year plan, and we are planning a new runway at Hartsfield-Jackson, or a new terminal, we are taking on projects that are multiyear projects. And it helps us when we know what is going to be available. Good, bad, or indifferent. I could make the same argument regarding the port in Savannah, where we are making another long-term investment and we are going to have to expand the roadways and arterials to deepen the Port of Savannah.

Caterpillar just located a site in Georgia, and one of the reasons that they did was the port. So the bottom line is, is the stability that a 6-year bill or a longer term bill gives us is it removes instability and allows us to go and invest knowing what the situation is. And that is healthy because it stimulates our ability to make investments that employ people. So the biggest economic generator in the State of Georgia is Hartsfield-Jackson Airport. It employs about 56,000 people directly. And the decisions you make here give me a sense of what we are going to need to do on our side of the house in terms of what our responsibilities and obligations are.

So the difference between a 2-year bill and a 6-year bill represents the difference of tens of millions of dollars being invested locally, at the municipal level and at the State level.

Mr. LEVENICK. I take the same angle that the mayor did and just say that the same applies to the contractors, the architects, the designers that are building this infrastructure. They won't make investments in people, products, material, without a long-term view as to what the future holds. It is, you know, basically pretty simple. It is a result. You see people relying on what they have got,

on rental of equipment, not making the hiring decisions that you would normally see if they had a long-term plan with certainty.

I would also say that, you know, MAP–21, while it is only a 2-year extension, many of the provisions or regulatory provisions that went into that bill I think will be very effective going forward if applied to a longer term legislation with certainty. The efficiencies, the accountability, the flexibility that is built into that I think are real good reforms that will actually make things much more efficient when applied to a long-term commitment on funding.

Mr. HANLEY. I agree as well. Significantly, in our major cities, real estate development is always built around transit. And people often forget that. But the value of having a long-term plan is that first it enables people who start to imagine better things for their cities to put them in place, and, secondly, it certainly attracts investment from people who are interested in developing the real estate and moving to different parts of town.

It is vital that we have a long-term plan for—and particularly when you think about what is going to happen to our cities over the course of the next 15 years, as the population grows throughout urban America, we are going to need a transportation infrastructure in every one of our cities to make of work. And you can't have that if you do this one year at a time. You needto have a long-term plan.

Mr. PETRI. Thank you. Just real quickly. If we are kind of not making real progress, if we are you know, a fight between the House and Senate, is it important to just do something for 3 months or to have crisis and deal with it and funding a major 6-year bill because of a benefit of doing that?

In other words, is it better to just keep things calm and go along even if there's inadequate framework or is it better to face up to our problems and put a major 6-year bill in place.

Mr. LEVENICK. Well, I guess from my perspective, the reason we are here is to make a strong case that this is about the economic vitality of the country. We are losing ground against the global economy. So I guess from Caterpillar's perspective it would be worth a very good debate and dialogue. I will let you guys work the details, but what we need is a multiyear, multimode and transportation system with certainty that really addresses the issues that we are all describing here.

Mr. REED. I would certainly err on the side of short-term pain for a long-term promise and stability.

Mr. HANLEY. And I don't think we need to have a fight. I think we all ought to agree. No committee in Congress has ever been more bipartisan than this committee, historically, and I think that is a proud history and you should all embrace it.

But look at what is happening around the world. My God, the amount of money that China is investing in its transportation, not just transporting goods, but also transporting people. America cannot afford to let itself become a third world country, and these are the kinds of things that we need to do to step up and make it happen.

Mr. SHUSTER. Thank the gentleman. Ms. Norton is recognized for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Chairman. I was really struck by how much the witnesses had in common and over and over again there was talk about stability and long-term funding. Indeed, Mayor Reed, I don't know how with 2-year funding that you could do much more than patch a road. Because it was a 2-year patch funding that essentially was out of a trust fund that was hardly there. It needed general revenue——

Mr. REED. Sure.

Ms. NORTON [continuing]. Simply to get over its own cliff. But I think we ought to drill down and stop simply talking about cliffs and disaster and let's say what we really mean.

By 2015, this trust fund, which already needed revenue in order to fund it this year, will go from $53 billion to zero. What I think we are most in need of are ideas about how to fund a 21st-century surface transportation system with transit, roads, with everything that we need in it.

The user fund was based on the old car economy. So even if the user fund was as robust as it could be, it has outlived its usefulness. People like me drive a hybrid. In other words, we have had success with our energy policy, so there is less funding for the trust fund. As successful as that was during the period of Eisenhower, we need another way to fund roads.

Have you thought about what kinds of things the Congress should do? You understand that funding has to begin with funding the whole country, and has to begin here. Should we depend on users, the basis for the trust fund? Should we have another framework for funding our vital transportation? Have you given any thought to that?

Do you believe that taxpayers would fully fund a new way to do more than patch a road for every couple years or every year?

Mr. REED. Thank you for the question, Congresswoman, and thank you for your leadership of the District of Columbia for so many years. I have given it thought, and I think that what we need to do is to have a conversation in this committee where we put all options on the table. And then people who are the beneficiaries of your legislation need to step up once you all decide a direction and get out here and help you sell it and win it and not have you up here alone on a cliff.

Now, I know that that is going to mean tough negotiations. But the reason that I wanted to come here today is because I saw the substantial work that was done on WRRDA, which was some of the most serious legislation that has come out of Washington in some time. And so it suggests that under Chairman Shuster's leadership and under Ranking Member Rahall's leadership, that you can get a serious bill done.

So I would advocate putting all of the options on the table. In communities like mine, we certainly are willing to take on our own share to fund what we want. And we typically would do it through the form of referenda. Because I believe that, you know, when you want more money for public projects, it is OK to go ask for folks. But we have got to be given flexibility.

And finally, Congresswoman, I need you all's help because mayors have to be at the table. When you don't involve your mayors,

you are losing Federal leverage and Federal money. Your Federal dollars do not go as far.

In one project in the city of Atlanta, we invested $365 million in a project called the Atlanta BeltLine. It has leveraged $1 billion in private investment, and I can get projects done faster at the local level than you can at the State and Federal level.

So in summation, I would ask that you put all of the options on the table, I would ask that you get a 6-year bill because a 2-year bill is not very helpful to us, and I would ask that you give serious thought to flexibility and adding mayors to the mix because we can get projects out and done faster than you can at the Federal level and State level.

And I think that this committee has the ability to play the most powerful role, or one of the three most powerful roles in expanding well-paying jobs at a time when we need well-paying jobs and protecting our competitiveness. I think we can out-compete anybody, but right now if we don't start long-term planning, we are just giving it away. I think we are just giving our leadership position away.

Mr. HANLEY. When I was in school, we had a class called Citizenship. And I assume that if they teach that class today, it's called Taxpayership. Because suddenly somewhere along the line we switched from being citizens that cared about each other and cared about our community and we became taxpayers who wanted all that money kept to ourselves. I think Congress needs to be a little more bold on this.

If we are going to have a vision for America that involves a better economy, then we have to find a way to pay for it. You just heard from a corporate titan, Caterpillar, that we need better highways, that Caterpillar needs better highways. Well, the folks that are making the money at the top ought to figure out a way to pay for this. You know, one of the proposals that is in Congress right now is to tax stock transactions.

Right now, by the way, we can all go out and buy, let's say, a broom this afternoon and pay a tax on it because there is a tax on the broom. But if you buy the company that made the broom, there is no tax. So that seems kind of silly to me. When the company who is getting the profits from the roads we build, the transit we provide for people to come to work. And again I know this might rub against the grain for some folks who have adopted the idea that we are no longer citizens but taxpayers. And what I am saying to you is we ought to find a way to do this and remember that at the end of the day, if we are not citizens, we have no country.

Mr. SHUSTER. Thank you, gentleman. With that, Mr. Duncan is recognized for 5 minutes.

Mr. DUNCAN. Thank you very much, Mr. Chairman. A few years ago, when I chaired the Highways and Transit Subcommittee, the Federal Highway people had two studies saying that the average Federal highway projects take 13 years. One study said 13 years, one study said 15 years from conception to completion. And Mayor Reed, when I chaired the Aviation Subcommittee, the Atlanta airport people, this is many years ago, they came to us and told us that their newest runway, which is now several years old, took 14 years from conception to completion. It took only 99 construction

days, and they were so relieved to get all the final approvals, they did that in 33 24-hour days. What I am getting at is we have tried in some of these bills to do what is referred to as environmental streamlining. Most of these delays have been on the environmental rules and regulations and red tape.

I would like to ask all the witnesses, do you see that those efforts have done much good? Are these projects still taking too long? And I noticed Mayor Reed was talking about that he can do things much faster at the local level. Most of the developed nations are doing these projects in half time that we are. Especially in China and Japan, they are doing probably in a third of the time.

Mr. REED. You are right.

Mr. DUNCAN. Are these project still taking too long?

Mr. REED. The answer, Congressman, is that we are certainly able to deliver projects faster. So this committee helped me recently build a streetcar expansion in the city of Atlanta. And we are going to bring it in, on budget and relatively close to schedule, and we are going to regenerated at several hundreds of jobs, and that was the demand. So there is no question that we can do things faster.

If you look at the time that it took for us to complete and construct our fifth runway, and our airport handles about 10 percent of domestic U.S. travel. Because we are the home of Delta Airlines. The things that you all did to help us streamline our processes helped a great deal.

And so the straight answer to your question is yes. And then, you know, the second request would be just to continue to help us move faster and then to push real hard to get us a 6-year bill because we need to make multiple decisions at the same time.

So the capital project from our airport is a $6 billion capital project. And in order to spend those kind of dollars, I need to know where we are going to be with our Federal partners before I make critical decisions to put thousands of people to work.

Mr. DUNCAN. All right, thank you.

Mr. Levenick, do you still see delays; is there more that we can do through this committee?

Mr. LEVENICK. Well, Congressman, there is probably always more that we can do. But I think, at least from Caterpillar's point of view, and we are a user of the output of these projects, not so much the builders themselves, but the reforms that were in MAP–21 I think were roundly viewed as very positive. And I think as we move towards a 6-year bill with certainty, I think those reforms will have a very positive impact and probably allow us to improve efficiency much greater than what we have seen in the past. It is always a step in the right direction.

Mr. DUNCAN. We have got to have cooperation at the State and local levels, though, as well to really do what we need to do.

Mr. Hanley.

Mr. HANLEY. We have not experienced that problem in transit. If anything, transit projects have been more streamlined over the course of the last 10 years than they had been prior to that. And certainly we think more attention should be paid to the environment, not less.

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

Mr. SHUSTER. Ms. Johnson is recognized for 5 minutes.

Ms. JOHNSON. Thank you very much, Mr. Chairman, and our ranking member and for calling this meeting, and thanks to the witnesses for your testimony. The surface transportation legislation is one of the signature pieces of legislation for this esteemed committee, and I look forward to cultivating the next piece of legislation with my colleagues for the coming months.

I have been a strong supporter of activity yeah and had noticed that Governor Fallin had mentioned TIFIA as a benefit for her State and mentioned also the possibility of any other types of creative financing options. And I would like to ask each one of you to tell me why you—whether or not you support TIFIA or any other creative financing that we might consider.

Mr. LEVENICK. Well, let me start, Madam Congressman. Absolutely. I think, as the Governor said, and I will just echo again her comments, I think we always want to devolve to the—to the quick answer, what is the funding solution to make this all better, and the answer probably is, and you will know better than I, but there probably isn't one. We are probably going to need all of them. TIFIA is attractive; the infrastructure bank is attractive. Congressman Delaney's got a proposal on repatriating foreign deferred taxes that might have some legs. Certainly user fees is another one. We are probably going to need public-private partnerships. I think it is going to have to be comprehensive to really get at what we want.

So, at least from Caterpillar's point of view, we are open to any and all. The ultimate goal for us is an integrated network with long-term certainty in a multimodal transportation network that improves our competitive advantage globally.

Ms. JOHNSON. Thank you.

Mr. REED. Congresswoman, I believe that TIFIA is highly effective.

In the State of Georgia, we recently were awarded TIFIA funding. It was essential to a major transportation initiative in one of the most congested parts of the metropolitan region. I can't say enough about that process.

I think it also represents an extension of Federal resources, because unlike the grant approach, it does allow States that have strong credit and strong financial resources to be allowed to pay the Federal Government back for your investment, but I think that TIFIA really highlights the need for providing alternatives, and so to the extent that you can push out a menu of alternatives that allow us to do more and leverage more, I hope that as you consider this extension, that alternatives are constantly put on the table.

My city happens to be a huge beneficiary of the TIGER initiative. We have won two TIGER grants. One leveraged double the Federal investment. We won a $47 million investment that leveraged a $100 million project, and the Atlanta BeltLine recently won an $18 million investment that is leveraging $43 million of local investment. So I think that when you look at the jobs that are verifiably created and our ability to pay our bills, that TIFIA is an extremely effective project, but at the end of the day, we need alternatives with verifiable track records.

Ms. JOHNSON. Thank you.

Mr. HANLEY. And I think from the workers' perspective, we are interested in all kinds of creative ways to finance these systems,

but one word of caution that I want you to hear, and that is that the public-private partnership craze that has occurred has resulted in a real attack on American workers. And, again, it is fashionable to attack American workers, but then let's all talk about we should have equality. I mean, you can't have both. You can't attack American workers and then gripe about inequality, because that is what created it.

And what has happened in the public-private partnership area in transit is that companies, global companies based in England and France—one is a really great story. Veolia is a French transit company, a water company also. It is owned by the French social security system. And Veolia comes here and takes over transit systems, and in every single case, they eliminate the American workers' pension, every single case. It is their corporate policy that American workers cannot have a pension if they work for Veolia, and yet it is owned by the French social security system. There is something wrong about that, and there is something wrong about us supporting public-private partnerships that result in degrading American jobs, particularly if we are then going to get up together and say, you know, we have got to ring our hands about this inequality in America. We are creating it.

Ms. JOHNSON. Thank you.

My time has expired.

Mr. SHUSTER. Time has expired.

And with that, Mr. Hanna is recognized for 5 minutes.

Mr. HANNA. Mr. Hanley, first of all, I am an operating engineer, 35 years. I spent a lifetime in——

Mr. HANLEY. Good morning, brother.

Mr. HANNA [continuing]. Cat equipment. I am going to ask you something. You know, I agree with you. States are having—they are having good outcomes in asking for additional money for transit. You are absolutely right. The age of—between 18 and 34, people are driving increasingly less. We see for the first time in the last 10 years numbers miles per person in that age group are declining. We know that that is why the Highway Trust Fund is in trouble, the diesel tax and the excise tax and the gasoline tax, which I guess on gas, you—transit gets about 2.8 percent. I also know that people who use mass transit are not all poor. I have been in New York City. I am a New Yorker. You know, a lot of wealthy people that ride the transit. It is a great way to get around and increasingly, as you said, 35 million people a year—a day, load themselves, and your union does a great job of getting people where they want to go safely.

Why isn't that—why doesn't that lead you to the conclusion that people who take mass transit should not pay something to the Federal Government toward that, because basically now those people who you say are riding—are spending money on gas and diesel, they are subsidizing, for lack of a better word, they are subsidizing mass transit, and there is no—there is no quid pro quo in reverse. Yet you are here asking for additional money, which I fully understand, but why shouldn't this—part of the problem and the difficulty on this committee is exactly as you identified, we are having—we need to have a conversation about how to pay this. Why shouldn't ridership be part of that when not everybody is disadvan-

taged who rides mass transit all across this country? And increasingly, it is just the opposite.

Mr. HANLEY. Where is Warren Buffett when you need him? It is true that in major cities like Washington and New York and Chicago, we have a much more mixed clientele with respect to who rides transit, and certainly there are very wealthy people who ride transit every day. There are also very poor people who have no choice but to ride transit. I recently had——

Mr. HANNA. But poor people own cars, too.

Mr. HANLEY. Let me tell you a story. I was recently involved in a nonpartisan voter turnout operation in Cleveland, and I was on a van who picked up a voter who had to go a mile and a half from her house uphill on a terrible day to vote. And when she got on, she said, Thank you. And I said, no, no. Come on. We are happy to take you up. No, no. Thank you. She says, you know, I own a car. But she—yeah, she said, but I can't afford the gas. Now, this was in a housing project, by the way.

Mr. HANNA. But isn't that a case for you to say to her, part of your gas tax is going toward this?

Mr. HANLEY. Oh, yeah, but——

Mr. HANNA. You are riding mass transit, therefore, you are not paying for it.

Mr. HANLEY. Well——

Mr. HANNA. I mean, how do you justify that transfer of taxes? I am just—it is just a simple question. I don't need an anecdote——

Mr. HANLEY. OK.

Mr. HANNA. What I need to know is why specifically do you think people who ride mass transit have no obligation to pay what other people in this country pay through their gas tax, diesel and excise tax?

Mr. HANLEY. No, no.

Mr. HANNA. I am not advocating——

Mr. HANLEY. They do pay. They do pay. They pay huge fares. They pay income taxes. They pay real estate taxes that all fund transit. It is not as if transit riders are getting a free ride——

Mr. HANNA. But the Federal Government——

Mr. HANLEY [continuing]. But more specifically——

Mr. HANNA [continuing]. Subsidizes them, but we do not—we do—the people who use the rest of the transportation system have historically paid directly unsubsidized.

Mr. HANLEY. But that is a myth. That is a myth. The fact is that the subsidy per rider is much less than the subsidy per car owner in America if you want to look at all the different subsidies that go into roads, highways, bridges, et cetera. And that is not to take away from the importance of them.

Mr. HANNA. But there is no payment on the part of people who use mass transit back to the Federal Government——

Mr. HANLEY. That——

Mr. HANNA [continuing]. Yet there is with gas and diesel and excise.

Mr. HANLEY. But they pay Federal taxes. That is what they do. They pay income taxes.

Mr. HANNA. We all pay Federal taxes.

Mr. HANLEY. Pardon me?

Mr. HANNA. We all pay Federal taxes if we are in a bracket that allows us to do that.

Mr. HANLEY. OK. But——

Mr. HANNA. You see, you really don't have an answer for that question.

Mr. HANLEY. Well, it is—I don't have a 30-second answer. There is a long, complicated answer that absolutely justifies huge increases in Federal investment in transit. We would be happy to have that discussion you in writing or personally.

Mr. HANNA. My time is expired. Thank you.

Mr. SHUSTER. Thank the gentleman.

And Mr. Lipinski is recognized for 5 minutes.

Mr. LIPINSKI. Thank you, Mr. Chairman.

I want to go back a few minutes to share, I think, Mr. Hanley's exasperation here when one thing he says, look at what the—look at what the rest of the world is doing, look what we are sitting here talking about. Unfortunately, since SAFETEA–LU expired September 30th of 2009, we have struggled to do a long-term robust spending bill for our transportation infrastructure, which we all know is desperately needed. We all know that in this room. There has been a lack of we can—you know, we can argue here and there about who is more to blame, Republicans or Democrats. There is plenty of blame to go around and plenty of lack of leadership that I have seen on this issue. It is time that we finally do something here.

Now, MAP–21 was a—was largely a Band-Aid, although it did have, as Mr. Levenick had pointed out, had—he pointed out some of the good provisions in MAP–21, and then there were others in there, so that was good, but it was still a Band-Aid, and we face a big cliff at the end of MAP–21 with funding. We need to get this done. We need to be serious about it. We need to see real leadership on this.

Now, I certainly thank and congratulate Chairman Shuster for his leadership that he has taken as chairman of this committee and moving this issue, keeping this issue on the front burner and showing that this is an issue that affects all Americans and it impacts business. And I think we need to do more—a better job of getting that out there, the impact on business, the impact on our economy.

So I thank Chairman Shuster for what he is doing, but we really need to finally move forward, decide how are we going to fund this. We have got to make the tough decisions to do it.

Now, Mr. Levenick, everyone knows that Caterpillar—obviously, you know, Caterpillar will—will benefit from, if we have a transportation bill, from what is spent on building the new roads, the additional infrastructure, but I think the point that I want to most bring out, and you certainly touched on, was the impact on the economy as a whole, everyone in the economy. We depend on an efficient transportation system. So I just want you to—give you an opportunity, Mr. Levenick, to—you know, to ask you, you know, what is at risk for our economy, specifically for Caterpillar, if we continue to underinvest in our system as we continue to do?

Mr. LEVENICK. Well, thanks, Congressman, for the question. I think—simply put, I think we continue to lose competitiveness in

the global economy. And I cited a number of examples about, you know, the longer delays for U.S. ports and delays in shipping products across State boundaries and so forth and so on, and I think those all build up into inefficiency that our customers have to pay for and that other countries in the world——

Mr. LIPINSKI. And what does that mean for job creation?

Mr. LEVENICK. Well, I think, you know, the more effective we are at moving goods and being an effective and competitive exporter, the better we are going to do as a company; that is a proxy for U.S. manufacturers who export, import. And, you know, you are going to be a much more effective company, you are going to grow, create jobs.

I mean, if you look at—many of you have traveled to China and you have probably witnessed what is gone on there. China is an interesting example. They have some advantages, clearly. You know, they started essentially with a clean sheet of paper and so they are able to build an infrastructure network much like what we are describing, an integrated infrastructure network, which is, frankly, becoming the standard in the world. They spend 9 percent of GDP. They are the second-largest economy on earth; they spend 9 percent of GDP on infrastructure. The United States, 1.4 percent; Canada, 4 percent. Europe, for example, along the lines of what I am describing, they have created the TEN–T program, this Trans-European Transportation Network, solely focused on creating an integrated network to make their economy much more efficient in the global marketplace. That is the kind of leadership we need here.

Mr. LIPINSKI. Thank you. And I—efficiency means—efficiency for American businesses mean more American jobs. Other countries are stepping out in front of us, becoming more efficient; that means more jobs over there than here.

In the brief time I have left, Mr. Hanley, you know that I formed a congressional caucus on public transportation earlier this year. I thank you for what you have done at the local level. And we need to continue to do more so people understand the importance of public transportation, not just to those who take that transportation, but to those who are on the roads who don't have to deal, then, with all the others who are on public transportation being on the roads. But my time is up, so, unfortunately, I won't have an opportunity to have you expand on that.

So I yield back. Thank you.

Mr. SHUSTER. I thank the gentleman.

And with that, Mr. Gibbs is recognized for 5 minutes.

Mr. GIBBS. Thank you, Mr. Chairman.

And thank you for coming before us today, and I am—there are lots of us here who feel a long-term highway surface transportation bill is a very good thing, and it provides certainty, like you said.

I want to talk a little bit about—to Mr. Levenick from Caterpillar. In your testimony, you talk about the amount of exports and imports that Caterpillar does through the foreign ports in Canada in particular. In your testimony, you talk about outdated manual processes, communications, lack of integration and automation. Well, first, before I get to that, I want to say, in our omnibus bill, the appropriations bill we are doing tomorrow, we are getting the Harbor Maintenance Trust Fund appropriation, over a billion dol-

lars, so we are on the right track there. And as the chairman of the subcommittee that worked on WRRDA, that is something we have been fighting to do. I always like to say, doesn't anybody understand the word to mean, what a trust fund is?

But I want to talk a little bit, because I have been to some of these ports and, you know, we talk about the depth of the ports and the need for dredging, but you talk also in your testimony about the lack of integration, automation and the communications process. Can you just kind of expound a little bit on what is going on in those other ports? And then I guess the second part of that, too, is we get the dredging done, which we have been fighting hard to get done, do we also have just a plain, like, at L.A., Long Beach and some other ports, a capacity problem is an issue? Is there some other ports could pick up some of that? Is that part of the problem, too, or is it some of these other problems you mentioned?

Mr. LEVENICK. Yeah, I think it is a little of both. And don't take from my comments about the ports it is simply the Port of Norfolk can't unload ships fast enough. You know, there are a variety of issues around all of these, but I think the issue is, is that our modes aren't as alined as they are in other countries. So if you have a tremendous world-class port and the highway infrastructure surrounding it, which provides access to the Nation's network, isn't up to standard, you haven't gained anything.

Mr. GIBBS. OK.

Mr. LEVENICK. This is the same argument with the States doing their own infrastructure development. While it is admirable that they are taking the initiative to do this, if we wind up with a patchwork of 50 different States, you haven't created a national network that is very efficient. Other countries are doing that much better. I mentioned the TEN–T issue in Europe. China certainly has done that with a clean sheet of paper; Japan is very good at it, and even Canada has done a good job of it. So it is a series of things regarding alignment of these modes, the information systems necessary to communicate effectively between the modes, and a variety of things like that that really make it not optimum, and we all pay a price for that; we don't see it, but we do, and we are losing global competitiveness as a result.

Mr. GIBBS. OK. And I just want to turn to Mr. Reed with your Savannah port and Atlanta being, I don't know how many miles it is in from the port, but it is, you now, definitely landlocked, and you talked about what you are trying do to improve that, what you just said about the, you know, the intermodal. Can you comment on that, what you are seeing in regards to Savannah and Atlanta?

Mr. REED. Yes, Congressman. Savannah is about a 2½-hour drive from Atlanta, but Atlanta has the highway network that then gets the goods throughout the Southeast, so it is that kind of partnership. About 100,000 jobs in the metropolitan region are supported by the Port of Savannah. It is the fastest growing port on the eastern seaboard, but it needs to be deepened immediately to 47 feet. This committee has been helpful with that. But I recently traveled to Panama with Vice President Biden, and President Martinelli talked about global exports and said that every port that is going to be a player in the global economy needs to be at 50 feet, so that is where the United States needs to be, and that exports

around the world over a 30-year period of time, as you know well, will increase by about 80 percent, and then when you add to that the issue of the size of the ships.

So we did all of the work that Caterpillar's been a part of to get the Panama Canal so that it could handle a ship with 12,000 or 13,000 BTUs, and now you have ships that are being manufactured that are going to handle 18,000 BTUs, and so we have to begin. And when we have a 6-year runway, I think we have a better opportunity to take all of this in and get ready for it.

Mr. GIBBS. I am just about out of time, but I just want to make the comment, I think you are making the comment how important it is to connect these systems. I always think, you know, all of our transportation systems, you have to look at the whole system and not just one part. And I would also—I am out of time, but I would also just say we have got a good bill out of WRRDA out of the House, and it is not completely there, but we are getting there, but just tell all your members, all your people you work with just keep the pressure on both the House and the Senate to get it done. Thanks.

Mr. SHUSTER. Mr. Gibbs, we are working on it.

And with that, Mr. Carson's recognized for 5 minutes.

Mr. CARSON. Thank you, Mr. Chairman. I believe that States like Indiana have demonstrated that there is a role for the private sector in building and expanding our transportation infrastructure. Going forward, what do you all see as effective plans for, or paths for that matter, for the private sector to help build out transportation systems? What should we consider? Is there a menu of alternatives that you may have in mind?

Mr. REED. Well, what we look to do is to have local leverage that then is paired with Federal commitments. So, in the two most recent examples we have had, one was our TIGER bill. We have about 42 million guests. We leveraged double what the Federal Government put in, so we think that that represents a good investment for you all. We are also going to be open to public-private partnerships, but we will allow our private sector—our public sector employees to compete. But in the United States, public-private partnerships are going to have to be a part of the long-term solution, because you have so much wealth that is prepared to invest in infrastructure around the world——

Mr. CARSON. Absolutely.

Mr. REED [continuing]. But what we are not going to do is to let a three-piece solution crowd out access and opportunities to traditional labor, so everybody is going to be able to come to the table and show that you can compete.

The next step for us in Atlanta is going to be a light rail system for the Atlanta BeltLine, which people in Atlanta are wildly supportive of. So one of the opportunities to fund that would be a referenda, because I don't believe in simply imposing taxes on folks based upon my own notions of what I think should be done.

But the bottom line is alternatives, alternatives, alternatives that have been vetted and proved effective, and then let the local electeds make the decision and suffer the consequences, good or bad.

Mr. CARSON. Right. That is good.

Mr. HANLEY. Did you want a reaction from me?

Mr. CARSON. Yes.

Mr. HANLEY. Yeah. My union has had the great advantage of 122 years of vetting private companies, and we—and most of the contracts we have at this point are with private companies, not with public agencies. And we can tell you unequivocally that private companies collapsed throughout the United States; it is what led to the original bill in 1964 50 years ago to bring mass transit back. And so long as we seek to improve transit by injecting the importance of a profit motive for private companies, we will fail.

Government can effectively run transit. Government does effectively run transit. And frankly, trying to reinvent, you know, the 1960s, when transit collapsed in America, we think is a critical mistake.

Mr. CARSON. OK.

Mr. LEVENICK. You know, first of all, I would agree. I think Indiana has done some creative things, and I think they can be kind of a poster child for some of the options which might be available, but in the end, from my point of view and Caterpillar's point of view, whatever gets us to a multiyear, sustainable integrated network is what we need. And I think you are probably likely going to need all of the above. All the private partnerships have their role, referendums have their role, user fees, user taxes, I think all of this is going to form, you know, the potential here to find the funding we need to get this done, but the important thing here is to understand that this really is about the economic future of the United States. I mean, this is not just some short-term thing. This really is about how we compete in the global economy and the standard of living that we are striving to achieve. And, you know, hopefully, the comments that we have made help put that in perspective for you.

Mr. CARSON. OK. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. SHUSTER. Thank you.

With that, Mr. Webster is recognized for 5 minutes.

Mr. WEBSTER. Thank you, Mr. Chairman, and thank you for doing this, getting started early on the reauthorization. I think this probably could be one of the most important—probably the most important bill that passes this last half of the—of our—of this 2-year Congress.

I have a question for the mayor. I am intrigued by a mega city inside somewhat of a rural State.

Mr. REED. Yes.

Mr. WEBSTER. And I am wondering, how do you bring about influence in that there is one step between you and the Federal Government through the DOT and through the MPO process? How do you work that out?

Mr. REED. I work it out by partnering with my Republican Governor, who is a—Republican, but we understand that there are some things that we have got to work together on, and we both occasionally get in trouble. I supported his application for a TIFIA loan for $270 million and caught some flack from folks in my party for supporting a Republican. He supported me on a transportation referenda, and he caught some flack, but I tell you what, unem-

ployment since we both took office is down from 10.2 to 7.0, and we will put the jobs that we have created up against all of the people who criticized him for working with me and for me to work with him.

So, you know, I understand that he is Batman, and I am Robin, but I do believe that mayors have to have a voice. I don't have it confused. That is why I wanted to share that with you, because the bottom line is, is that, you know, folks in cities will help to fund things that folks in rural areas might not want to be a part of, but at least give folks that flexibility, because it does allow the Federal dollar to come forward. And, you know, I think that that has been the key in Georgia for us.

We work together on the things that we agree on, and we don't on the things that we don't agree on, and so that is why I think that we have had the kind of wins, speaking of Caterpillar, the deepening of the Port of Savannah and others that we have been having. So that is what I think. And I am sure I will get in trouble for saying that during my testimony.

Mr. WEBSTER. I hope you don't. I would ask you this, then, we just finished a freight panel which did a study around the country about how we might be able to enhance that through—and a lot of the discussion was about how we could somewhat regionalize things, certainly roads and railroads and highways and other things, and most of the people that come in on—to your—to your airport come from somewhere else——

Mr. REED. You are right.

Mr. WEBSTER [continuing]. Sometimes out of your State, and none of those stop at your city line nor do they stop at the Georgia State line. How do you—do you have any suggestions for us on how we can, without overburdening you with some sort of Federal—Federal heavy hand, help you in becoming or maintaining a regional picture that goes beyond your State or city boundary?

Mr. REED. Yeah. I think that you can help us by identifying Republicans and Democrats that have addressed regional efforts and partnerships successfully. There are not that many of them, but what we like to have in politics is examples, so—and I think that Governor Deal and my relationship has been talked about—not across the country—because we are kind of unusual, but to the extent that you have bipartisan solutions on regional issues and you hold those up as examples and reward folks for engaging in that behavior, I think that you help America.

The State of Georgia got turned down for TIFIA four times. When the Governor and I both supported the application, we got a $270 million grant. And I think that that is—I remember when we walked in Ray LaHood's office, he didn't understand why we were there together. What is this mayor of Atlanta and this Governor of Georgia, who had been a Member of Congress for 20 years, walk in to his office for? When we have examples like that, I think that committees like yours, with all of your influence, should hold them up and look at what we worked on and what we got done, and I think the country can learn from that, because, you know, I served in the legislature a long time. When folks come to see you, if they are really smart, when they start opening their mouths, they make sure that they don't tell you anything that is going to

get you beat. I know that is how—I used to—when folks used to, like, don't come in here with something that is going to get me beat. So you have got to be able to tell me about examples where other people have done this and lived to tell the tale, and I think that that helps the country, and that is what you all did on WRRDA, and I think it is what you all can do on this surface transportation bill. This is the biggest opportunity to create well-paying jobs in the tradition of Eisenhower that we are going to have around here in the next 24 months.

Mr. WEBSTER. Thank you very much.

Mr. SHUSTER. Thank you for that insight, Mr. Mayor.

And with that, Ms. Hahn is recognized for 5 minutes.

Ms. HAHN. Thank you, Mr. Chairman. I also recently served on this terrific panel on 21st-century freight transportation. We were tasked with coming up with recommendations for a national freight policy in this—in this country, and we traveled across the country, everybody came out to L.A., Long Beach, to look at those ports and understand what impact those ports have on our country.

One of the recommendations that I helped craft was a recommendation that would have required our DOT Secretary to identify corridor-based solutions to freight mobility. I represent the Port of Los Angeles, and I understand what we are talking about when we talk about the last mile. And I have been told that cargo gets diverted, not because of any fees or environmental regulations in our ports, because it—but it is because of land side congestion. So I was disappointed to see that DOT failed to include last mile connector roads, which connect our ports to major highways, in their recently released MAP designating the primary freight network. I think that is a big oversight.

And nobody understands, you know, the congestion or dredging as much as I do. I have traveled to the Panama Canal. I understand what that is going to mean to our U.S. ports, but I also know that—you know, they call me Ms. Harbor Maintenance Tax around here, because I have been on this issue since I came to Congress 2½ years ago. We have $9 billion in surplus in our Harbor Maintenance Tax that we are not spending for the purpose for which it was collected, which is to invest in the maintenance and the dredging of our Nation's ports. The head of Army Corps told me that if we could release all of that money, they could have our ports dredged to 53, 54 feet within 5 years. That would create jobs, and that would keep us globally competitive.

But I will say, Mr. Levenick, it was very disturbing, very disturbing for me to read your testimony and to hear your testimony. And I understand, again, we need to do a much better job of dredging our ports, being globally competitive, working on that last mile, but, you know, I feel like you are part of the problem and not part of the solution. You are shipping 40 percent of your product through Canadian ports, which means basically you are avoiding the Harbor Maintenance Tax. So you are avoiding paying that, and that is the very money that we use to maintain our ports and harbors. And we are looking to actually expand the use of the Harbor Maintenance Tax to include possibly land side improvements that relate to our ports.

So you are failing to pay it, you are avoiding it, and then you are using our infrastructure, and you are complaining that our ports aren't dredged and our infrastructure's not maintained, so—and by the way, I just want to go on record saying, I know, and I am glad you said it wasn't one thing that caused you to abandon our U.S. ports, but, you know, automation is not going to be the answer to making us, you know, more efficient. I mean, we are—we are—you know, we—if there is one thing we got to fight for, it is good American jobs, and there are good American jobs at our ports. And automation may be coming and maybe it is a little more efficient, bu it is not the answer. And with automation comes the disruption of good American jobs, and I am not sure that is what we need to be focusing on.

I think there are other ways to be more efficient and move those goods, but we have got to talk seriously about our roads, our infrastructure, our bridges and certainly that last mile.

So what other ideas do you have? And by the way, I am disappointed that you are a board member of the United States Chamber of Commerce, and you are abandoning our U.S. ports and shipping your products through Canada. You know, I just don't think that is a good message. So what other ideas do we have collectively, and I would like to hear you, to improve that last mile, to improve the congestion and to make this seamless transportation network that does include more on dock rail, you know, better near dock facilities and moving this cargo more efficiently?

Mr. LEVENICK. Well, first of all, I think what has drove us to that decision is not some arbitrary decision that we are abandoning the United States. I mean, the whole reason I am here is we are one of the largest exporters in the United States, and we would love nothing better than—and we find it, frankly, crazy that we can't export efficiently on a global basis from our U.S. ports, and the only alternative to be globally competitive—our customers around the world don't care about U.S. jobs. They care about a cost-effective delivery of their product on time and in a competitive cost. And so we are forced as a global competitor, like anybody in the global economy, to play by those rules.

The suggestions I think we have laid out, and I am glad to hear that you understand that it is not—it is not one solution; it is an integrated network. That is what the rest of the world's going. That is where the rest of the world's going. One solution on, you know, a weight limit addressment or just purely highway funding isn't necessarily the answer. It is got to be—this is where I think the Federal Government really plays a role, and I compliment the study that was done for—by this committee over the last 9 months. So I think that is a great blueprint for where this country needs to go, but ultimately, it is about an integrated network, you know, led by I think the philosophy driven by this committee and the Federal Government with flexibility for regions and for States that will get us back to where we need to be, but by no means are we abandoning U.S. Ports. I mean, the ports that we do use today, of course we are paying taxes. And we would like to see those taxes spent against—or those fees spent against the improvements you are talking about. But we would love nothing better than to be able to ship all of our goods—it only makes sense. The ports are closer

to our places of manufacturing in the United States than Canadian ports. We are only doing that because we are driven by the global economics.

Ms. HAHN. Well, and—but you are. I mean, you are—certainly you talked about abandoning L.A., Long Beach. And, you know, our local economy in Los Angeles is really tied to the economy of Long Beach and L.A. When cargo is down in those ports, you know, small businesses suffer in Los Angeles.

Thank you.

Mr. SHUSTER. Thank the gentlelady.

With that—is Mr. Davis here? Oh, there he is. Mr. Davis is recognized for 5 minutes.

Mr. DAVIS. Well, thank you, Mr. Chairman. I appreciate the opportunity.

Mr. SHUSTER. Sorry. I forgot you were sitting on the other side of the room.

Mr. DAVIS. Yes. Thank you, Mr. Chairman. Right in front of Ms. Harbor Maintenance Trust——

Ms. HAHN. Thank you.

Mr. DAVIS. Thank you very much, Mr. Chairman, in all seriousness, and thank you to the panel. This committee—and what has been great for a new freshman like me to hear is the talk about the cooperation and bipartisanship, especially when it comes to transportation issues. This committee recently passed a bill, passed the WRRDA bill out of here unanimously. We don't hear about that in the press. We don't hear about bipartisanship and cooperation. So whether it is Batman and Robin, Mr. Mayor, or you and the Governor, you know, it is great to hear where you are making successes on a bipartisan basis when you talk about infrastructure and implementing it in a very cost-effective way.

And I would also like to congratulate the city of Atlanta on three Hall of Famers this year.

Mr. REED. Yeah. Pretty good.

Mr. DAVIS. Yeah. Congratulations. And thank you for what you do for that great city.

When you talk about cooperation, you talk about infrastructure. We have examples of success all throughout this country. Next month, we are going to open the Stan Musial Veteran's Memorial Bridge across the Mississippi River from Illinois into Missouri, and that was a project that had been long planned. And it took bipartisan cooperation from—they are not Batman and Robin, but two that I would like to call out are former Member Jerry Costello from the State of Illinois and also my colleague and friend John Shimkus for their bipartisan cooperation, but it took so many others to work together to make that project a reality. And we on this committee have the opportunity to do that together. I am glad the chairman has begun the dialogue and opened up the process of us being able to do that. And all of you today have provided me a great knowledge and a great optimism on where we can go. And I do have a couple of specific questions.

Mr. Levenick, as you know, it has been a difficult year in Decatur, Illinois. However, I was really excited to here that Cat's application for a $694 million loan was recently approved, and that is going to hopefully provide more mining equipment to a new iron

ore mine in Australia. I am hoping that means an increase in workload for your Decatur plant and more jobs for my constituents.

And in your opinion, though, what is the most important thing this committee can do to help Cat, ADM and others in the Decatur area bring more jobs to central Illinois?

Mr. LEVENICK. Well, I would piggyback a little bit on what Mayor Reed said before. I think—you know, we located a facility in Athens, Georgia, essentially to take advantage of what we believe is going to be world-class infrastructure. We moved goods back to the point of where they are consumed from overseas. I think that was a very good move for us and for the country. And simply stated, I think what Cat and any other manufacturer or business like us that is a global exporter needs is a sufficient network of transportation. Make us globally competitive. That is going to create more jobs in the United States. It is going to make us more successful as a country, raise our standards of living; integrated multiyear, multimodal program with certainty is going to give us the competitive advantage we need to be globally competitive.

Mr. DAVIS. Well, thank you very much for that. And I know in your testimony and also in your responses today, you talked about the investments other countries are making to transportation and infrastructure systems, and also how an organization and a company like Caterpillar would make decisions. And you have let us know how much of a factor efficiency and reliability of the surrounding infrastructure is when you make those decisions.

And today's marketplace is global. We understand that. And I respect the fact that you have to make decisions on a global basis. However, within the State of Illinois, in particular, in regards to the many facilities that you have in that great State, what would you say is the number one transportation impediment to growth and expansion in the State of Illinois versus in Athens, Georgia?

Mr. LEVENICK. Probably the—it is different in every State, obviously, but I think probably the challenge in Illinois would be the highway system. It has been underinvested in for a number of years, and it needs to be upgraded, repaired, replaced. It is not a—like other States, it is—Chicago is a very big metropolitan area, but the rest of the State where our facilities are located is, you know, relatively resident or smaller communities, Peoria, Decatur, Aurora, so the infrastructure that exists there is just outdated and needs to be upgraded.

Mr. DAVIS. Well, thank you very much for your testimony. I had some more questions, but since the chairman didn't recognize I was here, I ran out of time.

I yield back.

Mr. SHUSTER. Well, I am sorry. I really apologize I didn't recognize the gentleman from——

Mr. DAVIS. Does that mean I get more time?

Mr. SHUSTER [continuing]. Illinois. No, but I have to point out to the committee that the Stan Musial Bridge is actually the Stan Musial Bridge II, because the Stan Musial Bridge is in my district. It runs across from Donora, where he was born, to Monessen, Pennsylvania. So I just had to point that out to the gentleman from——

Mr. DAVIS. Little minute details.

Mr. SHUSTER. And with that, I recognize Ms. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

And I, too, want to thank you and Ranking Member Rahall for working on a bipartisan basis. Now all we need to do is have the witnesses understand that we need your help in convincing the other Members of Congress to vote for a 6-year bill. We have been wanting it. We have been needing it. And you know better than anybody where that need is. And if we don't work together and convince some of the folks that will help us put that 6-year bill forward, that we won't be as successful, so I am asking for your help to be able to convince some of the Members who are a little reticent on doing a 6-year bill versus a 2-year bill.

And you talk about global competitiveness. And I am from L.A. The ports that Ms. Hahn talks about run through my district, the freight, and the great separation, the funding isn't there to be able to increase the number to do more on-time delivery. The railroads are not putting as much money as we would hope they would. And somehow we need to be able to change the mentality of where the job development is, what it is going to mean to the economy and how we can all partner and be better, how would I say, served?

And, Mr. Reed, I am a former mayor of a small city——

Mr. REED. I know.

Mrs. NAPOLITANO [continuing]. And it is—that is where the rubber hits the road. That is where people will come to you and tell you what their needs are. And you are right. We need to have a lot more of the ability for the local communities to make up their mind what their needs are rather than to have somebody tell them, but what about an infrastructure bank to be able to help those communities that are note able to finance their own projects being able to get some help from transportation funding? And that is some of the things that I—that I have very, very key in my mind.

And you talk about infrastructure development. South America is going great guns to be able to take some of those freight lines away from us, or freight corridors. The infrastructure that is being spent in many of the countries far outweighs, as you pointed out, what we are doing in this country.

To some of the areas, and this goes to Mr. Reed, is—Honorable Reed, is the local hire preference. It used to be years ago when the law was first proposed and passed, it was 80 percent Federal funded to 20 percent, and it is now reversed. So why are we not allowing the communities to be able to do local hiring, because they know where their pockets of poverty are that can benefit from job development and job training, and somehow we have not really reversed that to be able to allow local communities to do a lot more of their own economic development. That is one area.

And the other area goes, of course, to Mr. Hanley is we didn't talk about safety, transit operator safety, whether it is railroad, bus drivers. I think we have more bus drivers, as you pointed out, suffering from fatigue and causing accidents. You have more accidents with buses than you do with airplanes. Now, how do we address those, and how do we begin to understand that all of it comes together? You have to have the funding, you have to have the community support, and you have to be able to have driver safety or

employee safety, because not only is it the person who is doing the driving, but it is also the people he has under his charge, whether it is a bus or a train or a plane. Anybody.

Mr. REED. Well, Congresswoman, I would start by saying I fully support your feelings regarding an infrastructure bank, because of the reversal in funding that you have pointed out. So when our MARTA system—we have the ninth largest system in America. It does not receive State funding and runs in a pretty strong fashion. When it came about, it was 80 percent Federal, 20 percent from the State and local. That has changed, which is why—and I was aware that you had been a mayor, which is why I think mayors have to have a bigger say, because the bottom line is 70 percent of the GDP in America is in cities. So I would fully support your efforts around an infrastructure bank. And I advocated in my own remarks that mayors need to have a seat at the table to have their own ideas baked in and to use the tools that we use.

So you referenced the local hire initiative. All of that is impossible under the current framework that is being sent to us, because we are not even at the table. And so getting folks well-paying jobs is being slowed down at the Federal and State level. And so I was just advocating one that I think that the infrastructure bank is a good solution, that once it works its way through and comes out in a bipartisan fashion, I think it is going to be part of the future because it will extend the Federal Government's resources at a time when we need to do more with less.

Mr. HANLEY. In our formal written testimony, Congresswoman, we addressed all three of those areas, one being the fact that there is a massive wave of assaults on transit workers, particularly bus drivers throughout the U.S. and Canada right now. We believe it is connected to the fact that they are in a bad economy, that the service has been cut, passengers are angry and the fares have gone up, but these are very critical assaults that are going on. People are being beaten within an inch of their life.

The other thing is that in public transit, one of the dirty little secrets that nobody ever wants to talk about is that transit systems do not provide bathroom breaks and do not provide access to bathrooms, and as a consequence, and this is a safety and health issue, drivers all over the country are driving around developing diseases, not being able to use bathrooms, limiting their intake of water, and this is something that we would like to address with Congress during this reauthorization.

Also, in the over-the-road industry, which you just mentioned, the Greyhound-type buses, not just Greyhound, because of deregulation, we have had a huge increase in safety hazards and deaths. People are dying all over the country. More people die in bus accidents now than in plane crashes, and that is because of the fact that our Government has abandoned regulation.

Mrs. NAPOLITANO. Thank you.

Thank you, Mr. Chair, for your indulgence.

Mr. SHUSTER. Thank the gentlelady.

And with that, I recognize Mr. Barletta for 5 minutes.

Mr. BARLETTA. Thank you, Mr. Chairman.

I would like to thank the chair also for putting this panel together.

I enjoyed hearing from all of you. I, too, was a mayor; I was a mayor for 11 years, so I agree with the importance of having mayors at the table in the decision process. There is not a tougher job in politics than being a mayor, as you know. And I also understand the importance of public transit and what it means to a community. My family was also in the road construction business, so I have been on a Cat 956 front-end loader. I also understand that in that industry, contractors are not going to buy a $500,000 piece of equipment on a 2-year bill; that if we want people to make investments, they need to know there is work for 5, 6, 7 years. There is also nothing better for the economy than a long-term bill, because when there is a lot of construction work, construction workers make good money. When construction workers make good money, they take their families out to eat. They spend it in the local economy, and that money stays right in our communities.

I also believe that public-private partnerships are very important in the fact that we are able to stretch our dollars and bring the private money in so that there are more projects. When there are more projects, more people will be working, and maybe we wouldn't be talking about extending unemployment compensation if there was more work for construction workers so that they know that they had a job.

Mayor Reed, your northwest corridor project is very interesting. I would like if you could explain a little bit of that and what the TIFIA program means to that project.

Mr. REED. Well, what it means is we have a choked I–75 north corridor, which is northwest above the city of Atlanta. And our metro, now, Congressman, is 6.1 million, so we have got the ninth largest metro in the U.S. The problem is, is that we grew that fast probably 20 years ahead of where most folks thought we would get there, and so that corridor is choked and congested.

The State of Georgia enjoys one of the highest bond ratings in the United States of America. We are one of seven or eight States that have Triple A ratings by all of the major rating agencies, and we needed the Government's help. And so we had applied before. We applied most recently, received a grant under Secretary LaHood, and then that grant was—is being used in that corridor. And I think it just represents one of the best solutions, because you all are not encumbering the Federal Treasury with debt. We will pay it back. We are capable of paying it back, so we think that that should be held up as a tool and talked about and talked about and talked about.

And I also happen to believe that once you all draft a 6-year bill, mayors across America got to get out and talk about it and help you explain, because the bottom line is I certainly agree with my colleague from Caterpillar, is that it is really about competitiveness, but folks aside from Members of Congress need to get out and say it. This is about the America that we want to have, and so the bottom line is if we don't deal with our arterials and our traffic and the deepening of our ports and our roadways, you know, we are giving away where everybody says the growth is, which is in our international routes and access and in the global economy. So that is my straight answer.

And so much freight travels on that 75 corridor to the rest of the United States, certainly in the Southeast in the United States. Atlanta and our metro is the hub and is the most dynamic economy in the Southeast. Our metro economy is larger than that of 30 States. So this is real money, real job creation. It is about a $298 billion metro economy.

Mr. SHUSTER. Thank the gentleman.

With that, Mr. DeFazio is recognized.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. Levenick, earlier Governor Fallin talked about the fact States have stepped up and said that that can't be a rationale for the Federal Government to pull back from its proper share. There is kind of a—well, there are some right wing think tanks around here who are pushing very hard on the idea that we should have what is called devolution; we should devolve the duties of financing, coordinating and constructing a system, a national transportation system, to the States. And when I say to them, well, how is that going to work? For instance, I guess there was some earlier discussion about you using harbors in Canada because it takes longer through L.A. So how does that work for L.A.? So they provide their freighters to go all over the United States, but the Port of L.A. and California should pay for the Port of L.A. and the Federal Government shouldn't? I mean, what do you think about this theory that we should devolve back to the States the duties for a national transportation system?

Mr. LEVENICK. Well, I think, first of all, we don't support that.

Mr. DEFAZIO. Good.

Mr. LEVENICK. That is the simple answer.

Mr. DEFAZIO. That is good.

Mr. LEVENICK. I think the chairman said it in his opening remarks, the Federal Government has always had a constitutional role that creating a national system of transportation that supports the common good. We couldn't agree with that more. We need an efficient network. And you have seen States take the initiative, and we commend it, because they are acting in, I guess, their own self interest to pass gas tax or find funding mechanisms to drive some investment in infrastructure, because they recognize the importance, but that can't really be the answer. If we wind up with a patchwork of 50 different solutions, you don't have a network, and that is some of the heartburn we see today with all the different regulations and the inefficiency in the system is driven by, frankly, a lot of variation in our network that has likely evolved over time because some States didn't keep up with—you know, with the development of world-class transportation that others did, and we wind up with this situation.

So I don't think devolving the responsibility for this to the States is an effective solution if we are going to be internationally competitive.

Mr. DEFAZIO. And then just—I recently visited an equipment manufacturer in my district, Johnson Crushers, they make rock crushers, and I think you may compete in some areas, but they made a point and they showed me graphics that whenever we are uncertain about the future of the Highway Trust Fund or we are inadequately investing, domestic orders drop off dramatically be-

cause the contractors don't see the work in the future. And one of the States already—it might have been Oklahoma, I can't remember—has said we are pulling back on our investments, because we don't know if the Federal cost share is going to be there, because the trust fund goes to zero next—next fiscal year.

Have you seen the same impact on Caterpillar's heavy equipment domestic sales that when there is uncertainty about the future or we are not investing adequately, that your sales suffer?

Mr. LEVENICK. Yeah, we have seen that. And we certainly hear it from our customers, who are very vocal about it, and our dealers who, you know, explain very clearly that, you know, without a long-term solution, we won't step up and make the long-term commitments on investments that are necessary.

One of the phenomenons that I think supports that also is the dramatic expansion of the rental industry for heavy equipment. People are choosing more to rent rather than buy as a result of this or hold on to equipment longer than they otherwise would. So there is a whole series of things that play out, and it varies State by State, but that is——

Mr. DEFAZIO. And that, obviously, has a major job impact here in the U.S.

Mr. LEVENICK. Absolutely.

Mr. DEFAZIO. Thank you.

Mr. Hanley, quickly. One point I was surprised you didn't make in responding to Mr. Hanna was the fact that there—can't we say that there is a tremendous net benefit to highway users, particularly in urban areas, from having diverted people from being in single-occupancy vehicles, adding more to congestion and delaying people more? Would you—you want to address that briefly?

Mr. HANLEY. Well, I couldn't have said that better. You know, again, we found out some of that—some of the effects of congestion in Fort Wayne, New Jersey. You know, the fact is that if transit riders stopped riding transit tomorrow, this country would come to a standstill, and the same impact will occur if we don't plan ahead for the next two appropriation—I am sorry, the next two authorization periods, because the population in our cities is going to explode: 80 percent of the people in this country live in cities, and the population of many of those cities is going to grow by 30, 40, 50 percent. So it is—there is a much longer answer, obviously, to what the Congressman asked me, but the fact of the matter is that transit riders pay more than their fair share for their systems.

Mr. DEFAZIO. Thank you.

Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you.

And Mr. Bucshon is recognized for 5 minutes.

Dr. BUCSHON. Thank you, Mr. Chairman.

Thank you for the time.

Thank you, panel, for being here. It is very much appreciated.

I wanted to focus on Mr. Hanley. Following up with Mr. DeFazio and Mr. Hanna just talked about. And I think the mayor said this, well, that everything should be on the table. I mean, if we are going to fund infrastructure, then everything should be on the table. And as you are aware, in MAP–21, as it passed out of com-

mittee, transit was separate. It was separated out from the gas tax. And we are not going to get into that debate today.

But the point is, is that people on the committee here are struggling to find ways to do exactly what you want for your workers. Because—exactly what Caterpillar wants, exactly what the mayor of Atlanta would like to have. And that is more money for infrastructure. I think we can all agree on that. So if we are going to have everything on the table—and I know you said the people that ride mass transit are paying their fair share. And I have lived in Chicago; my son goes to Emery University in your great city. And, in fact, I just flew through your airport coming here. I love Atlanta.

But that said, if everything is going to be on the table, tell me how you would think that the workers that you represent potentially would be harmed by looking at having that support on the table as a way to overall fund infrastructure, not just—not just mass transit, but as a part of a bigger equation to find more money for our whole intermodal system? Why would your workers be against something that we might try to find a way that transit could support the Federal highway and transit program? I am just trying to get my arms around that.

Mr. HANLEY. I am not sure I understand the question.

Dr. BUCSHON. Well, I mean, the gas tax is a user fee.

Mr. HANLEY. Right.

Dr. BUCSHON. Is there a user fee—Federal user fee for mass transit?

Mr. HANLEY. No. But——

Dr. BUCSHON. That is the basic question. I am not saying there should be. I am just saying if everything is on the table, what I am trying to understand is why your workers or your industry would be against having that on the table as a part of a way to help us find more money. Because we are—my—our struggle is finding more money for infrastructure.

I mean, I totally agree last time, you know, we funded a 2-year bill—it is not long enough—we used other revenue from other areas of the Government, because the user fees, our revenue is dropping because of inflation and no indexing of the gas tax, blah, blah, blah, we all know what the problem is.

I just can't wrap my hands around the—on the transit side. And this is not a partisan issue because we have bipartisan people that did not want that separated out—why finding some money in that area is something that would hurt the workers that you represent. I just don't understand that.

Mr. HANLEY. But you have it. I mean, I think if the goal is to say that because people who ride in cars pay gasoline taxes, and some of that goes to transit, then therefore there has to be some special Federal taxation on transit riders because they ride transit—I think that is what you are saying.

Dr. BUCSHON. I am just saying it seems—don't get me wrong, I am not for or again—I am just trying to have a conversation here about if we are going to have everything on the table. There are some people in Congress that think transit should not be in this highway bill, should be subject to annual appropriations—and I am not saying I am for or against that, but that's what passed out of committee last time. So, in our discussions, you know, how can—

you can help convince us when we need more money that we should keep that in there and—and everybody else should have their taxes raised like you—you pointed out, like the general fund, say just for argument's sake, the millionaires—and that is a direct quote from you.

Mr. HANLEY. Billionaires.

Dr. BUCSHON. Millionaires, billionaires, that is the talking point. And, by the way, I was disappointed that you used the national talking point of the bridge from New Jersey to New York in part of this discussion. I thought that was inappropriate.

But the fact of the matter is how can you convince people that, OK, we should do that and we should use those general funds to pay for transit, which, as Mr. Hanna pointed out, it is—in fact, I rode—in Atlanta, my son took me to—drove me to one of your train stops on the North Side and rode it directly—I love mass transit; I ride it any chance I get. I am just trying to get my hands around how you can convince us that if everything is on the table, that that that isn't.

Mr. HANLEY. I think we have to walk for a minute through history and consider the impacts of the Eisenhower highway program on mass transit and on mobility in America. You know, prior to that highway program, people got around by using trollies, trains, buses. That is how they moved around the United States of America in our cities and between our cities. And this Government made a choice in the Eisenhower highway program to change radically the way Americans lived, to create suburbs, to drive people out of cities or to encourage people to get out of cities. It was a completely subsidized operation by this Federal Government to move Americans from their cities out to suburbs. And there came a point in the 1960s where all of the transit systems were going broke. The ones that were not taken over by the auto industry, the national city bus lines, which was a creation that was pursued by the Justice Department for ripping up trolley systems all over the country. This is a fact, this is what happened. So then what came about is in the 1960s, mobility in American cities was in collapse. Bus companies were going out of business, train companies going out of business, until the Federal Government finally had to step in. This was really the mirror image of the highway program, where the Federal Government had to step in and subsidize transit to get it back up and running in order to keep our cities moving.

Now what is happening is the exact opposite phenomenon of what happened in the 1950s is occurring, not because of a Federal Government program but because young people are saying, no, no, I don't want to live in the suburbs, I don't want to have a 4-hour commute every day. I want to live where I work. And there are other factors obviously involved in that. But these are societal changes. And I just don't think we can attempt, rationally, to isolate where Federal taxes come from for a particular program. I think that is a failed strategy, and there are many reasons why but I know I am out of time.

Dr. BUCSHON. OK. Thank you.

I yield back.

Mr. SHUSTER. Only thing, Mr. Hanley, I would say I disagree on is the Federal Government does provide dollars for the highway

system, but it is a user-based system. So if you use it, you pay for it, and that is what Mr. Bucshon, Mr. Hanley, again, we need to look at everything. And, you know, I am a big rider now on the train from Harrisburg to Philadelphia. And the State put in $100 million for Amtrak, and they reduced the time. And, you know, I have said many times in this committee room and many times across this country, every time I get on that train and I look at the ticket price and the figure on the back of the envelope, I should be paying more for it. Prime time, they are not making money. I think they have inched it up some. But when I do the back of the envelope, on gas, tolls, parking, and then my productivity goes from zero in a car to 100 percent productive, you know, sometimes I think we are not looking at that in transit systems. As we said, there are a lot of rich people that are riding—I think Mayor Bloomberg rides the transit system.

Mr. HANLEY. Not really.

Mr. SHUSTER. OK.

Mr. HANLEY. I have been there.

Mr. SHUSTER. I believe you. But I think, you know, we have got to be looking at those kinds of things and how we can make transit systems—look I don't believe they are ever going to pay for themselves, but to get them paying more for themselves so that everybody is going to benefit by it. Because your argument is right, the logic is clear. People that get on trains and transit aren't in their cars. And that would cause us a huge, huge congestion explosion if we did that. So we have just got to be thinking about different ways. And I think Mr. Bucshon is trying to get at that. What do we think about how do we get around it? That is the key to it.

With that, Ms. Edwards is recognized for 5 minutes.

Ms. EDWARDS. Thank you, very much, Mr. Chairman, and thank you to our witnesses today. You know, I have been so intrigued but these conversations about transit riders subsidizing the transit for what we put into gas tax with the roads. Because I can think of a number of public goods that—public good that we get from having transit in place, not the least of which is taking so many people off the highways so that our trucks and commercial vehicles can travel more safely and more efficiently.

I can think of the public good of improving our air and water quality because we are not having all that, you know, sort of oil dripping down into our waterways. And we experience that in Metropolitan Washington. I can think about the contributions to strengthening the quality of life when people can get home to their families, get to their jobs on time, and take away that stress. So if we are going to begin to quantify things, I hope we begin to quantify some of those things when it comes to asking whether transit is a net positive or a negative.

And, frankly, sometimes people in my district and my State ask me why, when we are such a thriving State in a thriving metropolitan region that is contributing a lot to the economy, why we are subsidizing roads out in the middle of nowhere? And I say, you know what? It is because we are Americans, and we make an investment in a national system. And so the folks in the rural areas get their roads, and in our metropolitan area, we get our transit.

So I hadn't planned to go there, but this conversation has just been so fascinating. I listened earlier as well. And thought from the perspective—and I want to ask about this, about workers. Because I think about the workers who work for Caterpillar and other manufacturing companies who are going to be charged with building the equipment that will improve our infrastructure. The workers in communities like Atlanta and here and this region who build the roads, maintain the highways and bridges and maintain and operate our buses, our Metros and our commuter rail. And I am no Mayor Bloomberg, but I have been known to get on our Metro system and get on our buses and, of course, the workers, who ride, drive, and commute.

And so my question really goes to Mayor Reed and to Mr. Hanley asking about wages and benefits and things like transit benefits that go to workers so that they get off the roads. And whether we are paying prevailing wages so that the jobs we are creating actually enable people to take care of themselves and their families and build that kind of thriving economy. And I wonder if you could comment about the importance of those kind of policy initiatives as well when we consider reauthorization.

Mr. REED. Well, I would start by saying that the reauthorization bill is going to help drive construction, which in my community took a 50,000-job hit during the worst of the recession. And the city of Atlanta is one of the biggest actors in the construction space in the region and the State. So we are in the middle of building a $1.2 billion football stadium. We have a $6 billion capital program at the airport. We have $2 billion more to spend in water and sewer——

Ms. EDWARDS. You prevailing wage standards that apply to that, especially of course when——

Mr. REED. We don't have prevailing wage standards that apply to that, but we have initiated a mentor program, and we do provide benefits to businesses that hire locally. So we don't have prevailing wage program. But I will tell you this, I have been mayor of Atlanta now for 4 years. And without any kind of program, I have raised the salary in the city of Atlanta for every single employee to $10 an hour or more. Because I made the decision as the leader of my city that nobody was going to have a full-time job with my city and be in poverty.

Ms. EDWARDS. Could I get a comment from Mr. Hanley before my time runs out?

Thank you, Mayor.

Mr. HANLEY. There are many, many hidden subsidies involved. There are many hidden subsidies involved in highways and cars. And one of the ones Congresswoman Duckworth joined us in pointing out and that is the fact that we have this need for oil, which creates a need for wars, which creates a need to American kids to lose their lives, their limbs, and their heads. And that is something that is never factored into this public discussion about the importance of public transit. And the question was then about wages also?

Ms. EDWARDS. Yes, wages.

Mr. HANLEY. Well, the fact—I recently had a meeting with about 30 new presidents of locals in our union throughout the country

and Canada. And one of them got up from Ohio and said he has members who work full time and work overtime and qualify for food stamps. And that gave me pause. And I said: How many presidents in this room can say the same thing? Every one, except the Canadians, said that they have workers in their union working full time qualifying for food stamps.

Ms. EDWARDS. Let me just, very quickly, because my time has run out. When we reauthorization surface transportation, do you think it is important for us to make sure that we maintain strong prevailing wage standards when it comes to spending Federal dollars?

Mr. HANLEY. It is absolutely vital.

Ms. EDWARDS. Mr. Chairman, if you could, if we could get an answer from the panelists here about the idea of tying tax rates to construction inflation like we do in Maryland in terms of strengthening the Highway Trust Fund. Not raising the gas tax, but tying increases to construction inflation. Florida, Massachusetts, and Maryland are three States that do that. And if we are looking for other revenues to strengthen the Highway Trust Fund, I would just be curious, particularly, you know, from our friend in Caterpillar, if you would respond to that.

Mr. LEVENICK. Well, sure. I think—I think that is a legitimate question to ask. Like I said before, I think there are going to be multiple ways that we fund this. One of the big fallacies with or the big disadvantages with, you know, the 1993 highway bill was that it was never indexed against inflation or fuel efficiency. And I think correcting those gaps in whatever we do going forward will be a big step going forward.

Ms. EDWARDS. Thank you, Mr. Chairman.

Mr. SHUSTER. I thank the gentlelady.

And the gentleman.

With that, Mr. Meadows is recognized for 5 minutes.

Mr. MEADOWS. Thank you, Mr. Chairman.

And thank each of you for your time. I think I am last up, but you are going to get to go home shortly.

Mayor Reed, I just want to compliment you on your bipartisan way, and it has real effect. I live very close to Atlanta. I am probably closer to Atlanta than I am Charlotte. My other favorite mayor is now Secretary of Transportation.

Mr. REED. Good friend of mine.

Mr. MEADOWS. I consider him a great man in the spirit of what you have shared here today. But in a bipartisan way, you have my commitment to work on this.

I want to thank the chairman for being proactive in working on this ahead of time so that we can get truly good policy as it comes forth and we address this particular issue.

Mayor Reed, I would be interested—you serve the Atlanta metropolitan area. And yet much of what you have talked about here today is looking at transportation from a holistic point of view, from the ports, obviously, to the city. How do you sell that to your constituents that will make a decision every 4 years on whether you are going to represent them again?

Mr. REED. I think we sell it because my constituents understand competitiveness. And they understand that in order for me to make

sure that they have the kind of opportunities that allow us to have the fourth largest concentration of Fortune 500 businesses, that we have to have global access and global connectivity and that we have got to be competitive around the world. And so most people in the Metropolitan Atlanta region know someone or related to someone that has a job that is tied to one of our major businesses or major industries. And so that is how we sell it.

Mr. MEADOWS. So putting more of an emphasis just on light rail or MARTA or whatever it might be is only one component of transportation in terms of those that benefit the constituents that you represent.

Mr. REED. You are right. And you have to make the competitiveness argument. And that is really what carries the day for us. That is how you cut through the partisanship.

Mr. MEADOWS. Thank you.

Mr. Hanley, in your testimony, you mentioned a GAO report. And in that report, it also made—that same report made mentions of really the private sector working on public transit. And the benefits. But yet in your testimony, as I have listened, I guess, to some of the question and answer, you don't believe that the private sector really has a strong role, I guess, going back to some of the demise from the 1964—I don't want to misquote you, but I think that characterizes your testimony.

So you agree in part with the GAO study but not in totality.

Mr. HANLEY. Well, that would be fair. But are you asking a question about our views on the private companies and transit generally?

Mr. MEADOWS. Well, I guess my—how do you pick and choose what parts of GAO study you are going to support? You mentioned it in your testimony. So you pick the part that you like. And the part that you don't like, you kind of throw out, so what matrix do you use to qualify what is a good recommendation from the GAO and what is a bad recommendation?

Mr. HANLEY. We don't have a matrix. We just layer our thoughts and views and our knowledge on what we read in the GAO reports. And sometimes they are right, and sometimes they are wrong.

Mr. MEADOWS. But, I mean, guess, how do you make that determination? I mean, for me as a Member here, I am trying to figure out, OK, how do I value that? And so does that come from a personal bias or where does that come from? How——

Mr. HANLEY. Years of experience.

Mr. MEADOWS. OK. Years of experience that the private sector is not the best solution is what you are saying.

Mr. HANLEY. I know what happens. I know what happens when you inject profit into public transit. I know what happens to workers. I gave you the example of a French company run by the social security system.

Mr. MEADOWS. Right.

Mr. HANLEY. Taking away pensions. The problem in a study like what the GAO has is it ignores that. Those facts were not brought up. I would be happy to sit down with the GAO, and they would come out with a much different study if they talked to us.

Mr. MEADOWS. No doubt.

Mr. HANLEY. There are some facts——

Mr. MEADOWS. Here is what I would like each one of you for the record if you could give me three areas that would perhaps be painful to absorb or handle in terms of a—what you most would like not to see happen in a highway bill that is coming up. And what I would like you to do is identify those three areas that are most problematic for each one you. And if you would submit that to the committee for the record, I would appreciate it.

And I yield back, Mr. Chairman.

Mr. SHUSTER. Thank the gentleman.

And with that, Ms. Esty. She has been waiting patiently.

Ms. ESTY. Thank you. It is so nice to be recognized over here. There is a blind spot.

Thank you, Chairman Shuster. And belated happy birthday.

Thank you, Ranking Member Rahall.

And thank you, gentlemen, for—and departed Governor—for being here and joining us today on this very important initiative. And I am glad we are starting these hearings early. This bill, I would agree with several of my colleagues that I think this has the opportunity to be the most important piece of legislation we work on this year, and we need to do it in a bipartisan way, and your assistance in helping us do that is much appreciated.

And look forward to continuing, Mayor Reed, our conversation from last year on these important issues. And how we grapple with the reality that the trust funds are woefully inadequate to meet the needs that we have, even if we were all dedicating those funds to the present needs.

My constituents span the rural to the urban. I have all of that in my district. So I have to make that competitiveness argument, that essential-need argument, each and every day. And they are prepared for and want us to invest in transportation. Just last week, the mayor of my largest city, in Waterbury, Connecticut, announced an initiative to put up money on the local side for a TIGER grant for a greenway, not necessarily what you would think the most important issue is for a former manufacturing center. But they see that as vital to this integration of roads and rail and walkability to address the demographic needs of young people. And I have three of them who want to live in a city and don't want to drive cars, but they want to be in a vibrant city. So we have to do better as a society to the figure out how to integrate these needs. But the same city of Waterbury is hampered by a notoriously congested highway, I–84, which desperately needs to be upgraded and has corrosion and is falling apart and is affectionately known as the Mixmaster, so you get a sense of what those highways look like.

So we need to have a long-term bill. You know it. We need to convince the public and our colleagues of it. That long-term investment is going to be essential to get the sort of partnering of public-private money that clearly we are going to need to leverage to address the needs.

So I would like you to maybe, Mayor Reed, to start with you, to make the case as persuasively as you can as to why these investments are so essential for economic development. You know, unless we turn the curve so we are looking at a growing pie in economic development, we don't get to the real core issue, which is jobs, jobs

now and job in the future. And so if you can expand on the critical role that transportation and the surface transportation in its myriad forms plays in that, that would be helpful.

Mr. REED. I would start by saying that during the worst of times, we had a bill called the American Recovery and Reinvestment Act. So it was a $784 billion bill. And no matter how you feel about it, if you do an analysis of the verifiable jobs that were created, there was about 10 percent of that bill that was spent on transportation and infrastructure. It yielded more than 30 percent of the jobs that could be verified. So no matter how you feel about the overall bill, if you care about jobs, there is no question that transportation and infrastructure is where you create verifiable jobs. That would be number one.

Number two, the long-term bipartisan nature of transportation and infrastructure since President Eisenhower is undeniable. So this is an opportunity that creates jobs for Americans that has historically been bipartisan. So it creates verifiable well-paying bipartisan jobs.

And, lastly, I would say to those folks, if you love America and want it to be first and the leading economy in the world, it has to have world-class infrastructure because the rest of the world gets it, and they are investing in it. And the fact of the matter is, is that we are losing. And the example, my colleague from Caterpillar points that out more sharply than anything else can. The fact that the ports in the United States are so uncompetitive that 40 percent of Caterpillar's traffic is being sent to Canada I think would be persuasive to any person that cares about their own standard of living. So those would be my arguments.

Mr. HANLEY. Well, as I said earlier, there is no question about the direct connection between transit—I am leaving transportation broadly aside; I just want to speak about my issue, I am selfish. But the connection between transit and real estate development and real estate values is absolutely clear and undeniable. And the investment that has occurred as recently as the last few years in New York has shown that when you make the investment, the real estate values go up, the tax base gets better, the whole economy gets better when you do that. And it is impossible again what—to have a short-term bill and long-term planning. There is no way we can deal with the problems your kids have unless we have plans that go out at lest 6 years and probably longer. And, obviously, all of these things end up creating a better economy and a better environment. And they deal with every issue Americans have to deal with today, including jobs and education. Just getting kids to school is becoming harder without funding in transit.

Mr. LEVENICK. I am not sure could I add anything to what the mayor said in very eloquent fashion. But I will take a shot. And that would be that I think everybody probably gets the jobs thing. I didn't realize that statistic on the stimulus plan. But that is a good one. But that is pretty obvious.

I think the one that we have to have an adult conversation about with the citizens of this country is the economic impact on the future of country. In fact, most citizens don't have the advantage that I have of traveling the world and seeing what is going on in other countries and how far beyond we are falling and what that really

means. And I think the incumbent upon all of us in plain English, plain language that people understand what is at stake here. And it really is a standard of living that we have come to expect in this country. And there is no reason we can't do that. It has just traditionally been the role of Federal Government to play a lead roll. There is a role for States. And we have created, I think, a framework here that provides some flexibility. But ultimately, this is about, one, investment in the future, which we are going to get a return on. And all you have to do is look back to the interstate highway days and the Eisenhower program, investments we have made in education and other big national things. It needs to be funded in a way that is fair and flexible and recognizes those who use the resource pay for the resource, and ultimately create a national network that is long term, sustainable, and provides the integration in a network that gives us a global competitive advantage. And for its role, I think it is one that has probably not has been as strong in the past as it is needs to. American business is ready to step up and play a role in telling that story and providing the anecdotes that explain it in plain English to the citizens of the country so we can make some progress.

Mr. SHUSTER. Mr. Levenick, I thank you. Your time has expired.

I appreciate all three of you being here. And again, on those words, I know all of you had a great close there. Appreciate that. As was mentioned, this is our first hearing moving toward the reauthorization. But I want everybody to realize, too, that we have been having stakeholder meetings and other types of meetings getting information from the stakeholders. And all indicate clearly from every meeting we have, and certainly from today, it is about certainty, long-term flexibility, reducing regulatory burden. Trying to move this bill in a bipartisan way I think is important for us to do, being fiscally responsible. And I know you just said it at the end, Mr. Levenick, and the mayor has said it probably several times today, it is going to be important that those of you that are stakeholders, those of us on this committee and Congress, we need to educate, advocate, inform the American people about the importance. Because they don't have the same world view on what is happening to a big city if it is not being connected or the different transit systems around the country. And that is incumbent upon us to make sure we are out there talking. And then as we move closer, making sure we are talking to Members of Congress. Because, again, some Members of Congress aren't clear on how far we are falling behind in the transportation and infrastructure that we have out there.

So, again, thank you all for being here. With that, I ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing and unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included into the record of today's hearing.

Without objection, so ordered. We stand adjourned.

[Whereupon, at 12:31 p.m., the committee was adjourned.]

Statement for the record submitted by Representative Howard Coble – January 14, 2014

Mr. Chairman, I know everyone here today is committed to passing a reliable, multi-year authorization, but we all know that the biggest issue is going to come down to paying for this bill. What to do about the gas tax is understandably going to be a major consideration, but **there are other options out there that would help chip away at wasteful spending while at the same time increasing State and local agencies' buying power by promoting competition and flexibility. We hope the Committee explores all cost-saving proposals as we undertake this historic reauthorization, including proposals like HR 2537 which would modernize the Federal Transit Act?**

Howard Coble

Rep. Steve Daines
Statement for the record
1/14/14 –T&I Hearing
Building the Foundation for Surface Transportation Reauthorization

Mr. Chairman:

I commend you for holding this hearing. Often, discussions about surface transportation concern traffic congestion. But it is also important to the country that we have a good surface transportation system in rural areas, like my state, Montana.

So, I want to take a moment to make clear why Federal investment in Montana highways is in the national interest --

- Highways in Montana serve as a bridge for interstate truck and personal travel between states. To move people and freight between the west coast and the Midwest and east, one has to travel through Montana or similar states;
- Montana highways support exports of agricultural and natural resource products. They also serve the nation's energy extraction and wind power industries, which are located largely in rural areas;
- These highways connect citizens from all over the world

to scenic wonders like Yellowstone and Glacier National Parks; and

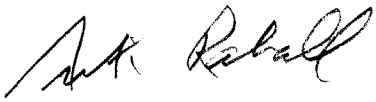
- They are a lifeline for remote and economically challenged citizens, such as those living on tribal reservations.

And Montana has very few people to support its many miles of Federal-aid highways, making the Federal role important.

Federal support for rural transit is also helpful. Senior citizens and people with disabilities, for example, need to get to medical appointments and other necessary destinations.

So, there are many benefits from the program, including benefits to the entire country from Federal transportation investment in a state like Montana.

Thanks again for holding this hearing.



STATEMENT OF
THE HONORABLE NICK J. RAHALL
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
"BUILDING THE FOUNDATION FOR SURFACE TRANSPORTATION REAUTHORIZATION"
JANUARY 14, 2013

Mr. Chairman, thank you for holding this important hearing.

Today, we launch the Committee's work on a surface transportation reauthorization bill.

We have before us a tremendous opportunity as well as a great responsibility: to prudently use the power and the purse of the Federal Government to improve the conditions of our Nation's roads, bridges, and intermodal facilities.

I have served on this Committee through many highway and transit authorization bills.

This bill is not just about extending specific Federal highway, transit, and safety programs – its impact is far greater than that. We are charting a path forward for economic prosperity, growth, and competitiveness.

We are making a down payment on the safe and efficient movement of people and goods well into the future. And we are creating good paying, badly needed, American jobs – right here at home.

Unfortunately, given the current status of the Highway Trust Fund, we will be hard-pressed to do any of those things well. Surely it is no secret that our ability to meet the needs of our highways, bridges, and transit systems has been thrown into neutral in recent years.

According to the Congressional Budget Office, the amount of resources necessary to reimburse states and local governments for highway and transit projects already underway is projected to exceed projected Trust Fund revenues in the near future.

For fiscal year 2015 – which begins just nine months from now – the Trust Fund will be $15 billion in the red.

Hang on to your hats folks, we are to heading toward the cliff. The signs are there, it's well-mapped, but absent a concerted, bipartisan course correction, we are barreling over the edge.

This isn't a game of chicken. This is a real-life Thelma and Louise moment in the making.

We have precious little time to shift the gears and shore up the Trust Fund, if we are to successfully rebuild America. We can no longer ignore the grim reality we face.

We must work at it because weakened bridges will not stay suspended waiting for us to ponder how long we can drag out the status quo.

Transit systems in a state of disrepair cannot bide their time while we delay. Our highways will not keep humming along on hope alone.

Yet we cannot address these challenges as a house divided. I know, Mr. Chairman, that you share my commitment to addressing these problems and the urgency which it requires.

I believe that working together, we can show the Nation that Congress does not need to wait until after a crisis to come together, but that we can actually work together to avoid a crisis.

I look forward to continuing the strong bipartisan relationship fostered on the Committee through our work on WRRDA. I commend you, Mr. Chairman, for your success on that bill and look forward to working with you, and all of my colleagues on the Committee, to enact a strong highway and transit bill before MAP-21 expires.

Thank you, and I look forward to hearing from our witnesses today.

Statement of

The Honorable Mary Fallin, Governor of Oklahoma
&
Chair, National Governors Association

before the

House Transportation and Infrastructure Committee

on

"Building the Foundation for Surface Transportation Reauthorization"

January 14, 2014

Chairman Shuster, Ranking Member Rahall and members of the House Transportation and Infrastructure Committee, thank you for inviting me to testify today on behalf of the nation's governors. As Chair of the National Governors Association (NGA), let me assure you that there is bipartisan support among governors to work jointly with our federal partners to build a foundation for surface transportation reauthorization.

On a personal note, as a T&I alumnus, it is a pleasure to be back at the Committee and to see my former colleagues.

Let me begin with several main points:

- Our nation's multi-modal transportation and related-infrastructure systems support and enhance the economic growth of states and the nation. Together, surface transportation and infrastructure help sustain quality of life and enable the flow of interstate and international commerce that underpins our nation's competitive position in the global economy.

- Over the years, previous surface transportation reauthorizations and their string of legislative extensions created uncertainty at the national level. This triggered necessary and pragmatic actions at the state level to maintain and develop our vital infrastructure, but, governors agree that successful state action does not justify federal disengagement or devolution.

- There is bipartisan support among governors that surface transportation requires both a long-term vision and funding stability to provide for our nation's diverse mobility needs. Surface transportation infrastructure also requires an intergovernmental partnership.

Surface Transportation's Effects on National and State Economies

Our nation's infrastructure systems provide the skeletal structure that promote the flow of commerce in our $14 trillion economy, sustain quality of life and enhance the economic growth of states and the nation.

Thanks to our investment in roads, rails, airports and waterways, Oklahoma is globally competitive.

Oklahoma's strategy for investing and improving our highway system is based on a rolling Eight Year Construction Work Plan that includes an outline of expected progress with respect to state and federal funding projections. The results of previously stagnant investment can be seen across the state in our structurally deficient bridges and highways, but with this aggressive plan Oklahoma is now accelerating improvements to our bridge infrastructure. Carefully created, the state funded modernization project will return our transportation infrastructure to a manageable condition and reverse the toll taken by years of overlooking this important need.

A continued federal investment is necessary to leverage our improvement efforts and create a cohesive transportation system across the nation. States must make efforts to manage federal

structures within individual jurisdictions. However, the burden of maintaining the nation's entire transportation network cannot be left only to the states. Both governments must partner to invest in quality infrastructure and meet our nation's transportation needs.

Well managed dollars committed to infrastructure improvements directly impact our economy and enhance the ability of our industries to transport goods and provide services. Investing today in transportation is investing long term in our economic viability and the safety of our citizens.

I will leave it to economists, business leaders and academics to make their case with numbers and data for the level of sufficient investment in surface transportation infrastructure. But, governors as the "CEOs" of our states understand the fundamental importance of surface transportation to economic competitiveness and job growth because we practice it daily.

Last year, in 32 of the 50 "State of the State" addresses delivered by governors, investing in infrastructure was a central theme, behind only educational reform (90 percent) and job growth (84 percent).[1] What did governors say? Let me offer some examples:

- *Many studies show that you can't build a good economy without good infrastructure. Rhode Island is the second-most densely populated state...and our infrastructure takes a beating. Maintenance of our roads and bridges is critical. Make no mistake: strengthening our infrastructure is an integral part of improving our economic competitiveness.* Rhode Island Gov. Lincoln Chafee [January 16, 2013]

- *I'm also asking the Legislature to pass jobs-creating infrastructure projects...for water systems, roads, and dam repair. These types of projects create immediate jobs to kick-start our economy, while also building the infrastructure necessary for long-term economic development.* New Mexico Gov. Susana Martinez [January 15, 2013]

- *Government is no substitute for the private sector...But government has a role to play in helping our citizens help themselves. That's why we invest and why investing in education and infrastructure – together, through government – is so important to generating private sector growth. But in our schools and in transportation, there is unfinished work.* Massachusetts Gov. Deval Patrick [January 16, 2013]

- *In addition, we provided $18 million over two years to ensure that all Hoosier workers have the skills to find a job in today's economy. And since roads mean jobs, we're investing nearly $347 million in excess reserves on Indiana's roads, bridges, and infrastructure.* Indiana Gov. Mike Pence [January 22, 2013]

Let me also take a moment and commend this Committee for its successful bipartisan work to advance H.R. 3080, the Water Resources Reform and Development Act of 2013. More than five years have passed since Congress enacted the last water infrastructure authorization. WRDA reauthorization remains an NGA priority.

[1] "State of the State" Addresses, Loop Capital Markets, March 2013

Last year, governors recommended guiding principles for WRDA reauthorization to Congress. These principles for federal public works projects include, for instance:

- Ensure long-term certainty and stability;
- Implement more streamlined engagement and direct communications with governors;
- Promote intergovernmental collaboration in the regions and states where federal projects are planned;
- Apply systems-based approach to water resource management; and,
- Allow states to develop and leverage private resources to operate water infrastructure currently considered a federal responsibility only, and ensure that Harbor Maintenance Trust Fund and Inland Waterways Trust Fund receipts are equitably allocated and dedicated for their intended purpose.

Governors believe that responsible stewardship of important water infrastructure resources is vital to the safety, environmental protection and economic development of state and local economies. As the second session of the 113th Congress begins, NGA urges House and Senate conferees to complete their work as soon as possible, and Congress to pass a bipartisan WRDA reauthorization.

Governors recognize that our nation's infrastructure systems are multi-modal and, in many cases, interconnected. Ports and waterways that are "state-of-the-art," however, are hamstrung without a nimble national freight strategy or highways, transit and rail systems that meet a baseline "state-of-good-repair.

A national commitment to bring existing infrastructure into a state-of-good-repair and -- in targeted and strategic places -- construct new infrastructure, advances the ability of the United States to meet basic mobility and service delivery needs. It also advances our nation's global attractiveness and economic competitiveness.

MAP-21 Reauthorization: NGA Policy Priorities

The seeds of a renewed national commitment to surface transportation infrastructure were planted less than two years ago when Congress revised and authorized for 27 months current federal law for highways and transit by passing the Moving Ahead for Progress in the 21st Century Act, or MAP-21.

In advance of MAP-21, governors worked through NGA to inform congressional action. NGA also led an effort among national organizations representing state and local elected officials to develop guiding principles for Congress.

As Congress begins work to reauthorize MAP-21, those principles remain relevant today. They are also the basis of NGA's current surface transportation policy.

- *Funding and Finance*. State and local elected officials support continuing the "user pays" principle to guide transportation funding, and placing all options on the table for evaluation.

- *Certainty and Stability*. State and local elected officials support federal funding mechanisms designed to maintain reliable, long-term funding certainty.

- *Program Reforms.* State and local elected officials support preservation of core federal surface transportation programs but recognize the need for program reforms, and support funding and program flexibility.

- *Project Delivery.* State and local elected officials encourage federal efforts to streamline project delivery.

- *Mobility Needs.* State and local elected officials support a strong federal role in funding equitable transportation solutions for metropolitan and non-metropolitan areas across the country.

- *System Performance.* State and local elected officials support outcome-oriented performance measures developed by states and localities that are clear, measurable and fair.

- *Safety and Security.* All levels of government must cooperate to improve the safety and mobility of the surface transportation system, protect the environment, and ensure the security of transportation assets throughout the country.

Governors appreciate that MAP-21 reflected many of our policy priorities. In particular, governors supported the preservation of innovative financing tools such as public-private partnerships and the expanded capacity of the Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance program. The development of new infrastructure projects will need similar innovative project financing options, stable funding sources, intergovernmental partnerships and multi-state coordination.

States need federal funding stability and certainty to pursue long-term planning and project delivery. Governors also support state flexibility to make investments in infrastructure projects through existing and new self-sustaining financing mechanisms to help mitigate public funding shortfalls.

All funding options must be on the table for ongoing evaluation because existing revenue sources are no longer adequate to support the various federal trust funds that help finance surface transportation and infrastructure.

Infrastructure and Federal Tax Reform

There are risks facing infrastructure on other fronts such as federal tax reform. I am not referring to the gas tax debate, but risks to the well-known and mature $3.7 trillion tax-exempt bond market that helps finance infrastructure. Forty-four states and Puerto Rico issue general obligation or revenue bonds.

Funding infrastructure through taxes, tolls and other alternative mechanisms is different from *financing* infrastructure projects through debt and equity investments. For nearly 200 years, municipal bonds have assisted states, cities and counties in financing their infrastructure needs including roads, bridges, transit systems and other vital projects serving the public good. Since its inception in the early 20th century, the federal tax code included the exclusion from income for

interest earned on municipal bonds. As the tax reform debate continues in Congress, driving factors include lowering tax rates through closing loopholes and reducing tax expenditures.

Ending or capping the federal exclusion from income for municipal bond interest would increase the cost of financing infrastructure projects. This would chill those projects, trigger higher taxes on citizens to cover the increase or some combination of both.

Last November, NGA and the Council of State Governments released a commissioned study prepared by Moody's Analytics that examined the macroeconomic effects from proposals to cap or eliminate the interest exclusion and state and local tax deductibility.

The study analyzed potential effects on jobs, economic growth and investments in infrastructure, and revealed that cap and repeal scenarios run a real risk, if enacted, of unintended consequences:

- **Repealing** federal tax provisions that most affect state and local budgets "would bring a net loss of approximately 417,000 jobs and $71 billion in real GDP" over the next 10 years.

- **Both** the cap and repeal scenarios would trigger higher interest rates for state and local issuers to finance infrastructure projects, raising borrowing costs by increasing the interest rate paid by state and local issuers at least 20 basis points.

The Moody's Analytics study also warned that "arbitrarily reducing the value of the municipal bond market" through either a cap or repeal could set a dangerous precedent, possibly causing permanent uncertainty about interest rates -- opening "a door that cannot be closed" and raising borrowing costs for states and local governments "in perpetuity." The mere discussion about altering the current tax treatment of municipal bonds injects uncertainty into bond markets and raises concern for investors who will demand risk premiums on future bond issues that finance infrastructure projects.

Federal laws and regulations, either directly or indirectly, should not increase the costs states incur to issue municipal bonds, or decrease investor appetite to purchase them.

Conclusion

Federal highway and transit programs and laws expire at the end of September 2014.

Over the years, previous surface transportation reauthorizations and their string of legislative extensions created uncertainty at the national level that triggered action at the state level. States can do a lot, and governors are leading the way, but states and local governments cannot do it all.

State action is not an invitation for federal devolution.

As Congress and the administration move forward to refine the national vision for surface transportation, many credible and influential voices will offer counsel and advocate for particulars. State and local governments, however, are the owners and operators of 97 percent of the nation's interconnected surface transportation systems. We contribute nearly 75 percent of the annual cost to operate and maintain those systems. With our elected partners at the federal level, moreover, state and local elected officials serve the same constituencies.

Infrastructure requires an intergovernmental partnership – and all levels of government have a crucial role to play to achieve overall success. The nation's governors look forward to working with Congress and the administration as work begins to reauthorize MAP-21.

Thank you for the opportunity to testify. I would be happy to answer questions.

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CATERPILLAR®

Testimony of

Stu Levenick
Group President, Caterpillar Inc.

Before the

U.S. House of Representatives Transportation and Infrastructure Committee

January 14, 2014

Chairman Shuster, Ranking Member Rahall, and distinguished members of the committee, thank you very much for the opportunity to testify today about the reauthorization of our surface transportation system, and the importance of our transportation infrastructure to companies like Caterpillar as we do business and compete in the global marketplace.

My name is Stu Levenick, and I am a Group President of Caterpillar Inc., responsible for leading the company's Customer & Dealer Support (C&DS) organization. Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives and rail services; and for over 80 years has been making progress possible on every continent.

My organization brings a strong focus to the Caterpillar brand and customer services, and strives to deliver outstanding dealer development. This organization includes Caterpillar's Parts Distribution & Logistics division which provides integrated supply chain services, transportation and service parts logistics to Cat® dealers and customers worldwide. Caterpillar is one of the largest manufacturing shippers by weight in the world, so in this role we manage the transportation and logistics of over 12 billion pounds of machines, engines and parts globally on an annual basis.

The speed, or velocity with which we can move goods, is one of the most critical factors in our overall success. Caterpillar and our dealers are focused on eliminating cost related to excess inventory in the supply chain. Accordingly, goods must move at a consistent, high rate of velocity if we are to deliver a competitive advantage for our customers. While a number of factors both internally and externally impact this value proposition, the state and condition of the transportation infrastructure supporting our supply chain is exceptionally important.

It's no surprise to this committee that Caterpillar is a big supporter of infrastructure investment – after all we are the leading manufacturer of construction equipment in the world. But for us, it's not just about selling more machines, it's about the drag our poor infrastructure has on the U.S. economy, our ability to efficiently import and export, and consequently the adverse impact it has on U.S. competitiveness. In addition to being a Group President for Caterpillar, I'm also the immediate past Chairman of the American Equipment Manufacturers (AEM) and an Executive Board Member of the U.S. Chamber of Commerce – both organizations that share our deep concern about the state of U.S. infrastructure.

I would like to thank the committee for their continued work and attention on the reauthorization of our surface transportation programs. Caterpillar supported the passage of MAP 21 – Moving Ahead for Progress in the 21st Century – in July 2012, and was very encouraged with the important programmatic reforms and modernization that the bill brought about. But despite the progress that law includes, there remains much to be done to improve the quality and efficiency of our nation's transportation infrastructure.

We look forward to working with the Committee and with Congress in a bipartisan fashion to pass a multi-year reauthorization bill that will help to ensure our nation's competitiveness in the global economy. A long-term bill is critical because it will provide states, contractors and others the certainty they need to promote large capital projects, and the necessary capital investments to support them.

Despite the positive provisions included in MAP-21, the simple fact is this - our infrastructure is falling apart and our economy is falling behind as a result. While our global competitors are making infrastructure investment a centerpiece of their economic agendas, infrastructure has not been a priority in the U.S. for decades. In fact, we have been under-investing for approximately 40 years, which has left us with the outdated and insufficient infrastructure we have today. If we are to continue to grow our economy and increase our exports around the world, we need improvements in our infrastructure so that we can export and compete more efficiently and effectively.

Exports and Economic Expansion

As one of America's leading exporters, we are keenly aware of the importance of exports for both job creation and economic expansion. We also understand how absolutely critical it is to have an effective and seamless supply chain if we are to increase exports and maintain our global leadership as a U.S. manufacturer.

Today, Caterpillar exports to every region in the world. In 2012, Caterpillar exported over $22 billion in products from the U.S. Additionally, the products we make require many manufactured components and a highly integrated global supply chain. As a result, the ability to efficiently import into the U.S. is also extremely important to Caterpillar.

An efficient supply chain takes on added importance as the world rebounds from this global economic recession. This is particularly true for the U.S., with over 95 percent of the world's consumers living outside our borders. Clearly, international trade and exports will play an increasingly crucial role in driving domestic economic growth, creating new jobs, and ensuring continued U.S. leadership in the global economy.

The Federal Highway Administration (FHWA) estimates that the value of freight shipments will more than double between 2010 and 2040 to almost $39.5 trillion. This growth will put enormous pressure on every element of the nation's transportation infrastructure.

But whether the export opportunities are in our hemisphere, or on the other side of the world, the goods we seek to sell must travel through a multi-modal transportation system that includes roads, rail, water and air. The condition and integration of these various modes will have a significant and direct impact on our ability to move these products quickly and efficiently at the lowest possible cost. As the world marketplace expands, and as our nation faces increasing competition from around the world, our ability to move our goods as quickly and efficiently as possible takes on added importance. Nothing short of our global competitiveness is at stake.

Current Condition of the U.S. Transportation System

This growth in international trade and U.S. exports are critical to the long-term economic expansion of the U.S. However, there is mounting concern that U.S. intermodal freight capacity will be unable to keep pace with this expected growth. While other parts of the world are integrating and modernizing their infrastructure to meet the economic challenges of the 21st century, we are failing to act comprehensively and decisively.

Our transportation system is the backbone of our economy. Economic opportunities are directly tied to the efficiency and reliability of this system. But we are relying on investments made decades ago to sustain our growing and changing economy. Our transportation network is aging and underfunded, and we must renew our commitment to this system if we are to ensure our global competitiveness in the 21st century.

The challenges ahead are significant, and will require a renewed national commitment.

Just as freight volume and goods movement will rise significantly in the coming decades, businesses will desire on-demand supply chains, just-in-time inventories, and reduced logistics costs. All of this will place added pressure on the transportation system as a whole, and freight carriers in particular, to increase velocity and reliability, while simultaneously reducing costs. In other words, our roads, water, rail, and air systems will all be increasingly strained simultaneously.

As the committee is no doubt aware, in 2013 the American Society of Civil Engineers (ACSE) released its latest Report Card for America's Infrastructure, and the results are not good. America's cumulative infrastructure grade is a D+ . Aviation scored a D. Bridges a C+. Inland waterways a D-. Ports a C. Rail a C+. And roads a D.

Likewise, the United States is now ranked 15 in the World Infrastructure Ranking by the World Economic Forum in the "Global Competitiveness Report 2012-2013." In 2005 the U.S was rated number one for economic competitiveness, but now we've slipped to fifth. What has happened? We've neglected our infrastructure. Clearly this is unacceptable. We can and should do better.

Let me give you some examples of why U.S. infrastructure is getting such poor marks. According to the American Society of Civil Engineers – 2013 Report Card for America's Infrastructure:

- One in nine of the nation's bridges are rated as structurally deficient. The average age of the nation's 607,380 bridges is currently 42 years.
- Currently, 32% of America's major roads are in poor or mediocre condition, costing U.S. motorists who are traveling on deficient pavement $67 billion a year, or $324 per motorist, in additional repairs and operating costs.

- Forty-two percent of America's major urban highways remain overly congested. Americans wasted 1.9 billion gallons of gasoline and an average of 34 hours in 2010 due to highway congestion. This costs our economy an estimated $101 billion in wasted time and fuel annually.
- And these road problems will only get worse. Vehicle-miles traveled (VMT) on America's highways increased by 39% between 1990 and 2009, so people are driving longer distances on average. However, newly constructed road mileage has only increased by 4% during that same time.

We are all very much aware of the deteriorating state of our infrastructure. The big question is -- what does it mean for American competitiveness? Let me give you some real life examples of how inadequate infrastructure, and other transportation related challenges, impacts a company like Caterpillar.

Roads

Major interstates and highways provide a particular challenge for the movement of Caterpillar products through the U.S. logistics network. Congestion is a main topic of concern with high levels of traffic in major metropolitan areas affecting trucker turn times and on-time performance.

Many interstates within cities only have two lanes and as loads or commodities get larger, more lanes are needed to accommodate their size. With only two lanes, trucks begin to congest the interstate, slowing down travel and increasing transit time. While many states are updating their network, the majority of the time considerations for movement of over-dimensional and overweight loads are not taken into account. This lack of planning leads to more circuitous routing which also leads to additional expense.

Increased truck traffic due to higher numbers of cargo shipments has only added to this congestion. This is especially true in local areas where there are a high percentage of local deliveries, large metropolitan populations, or commuters (such as New York, Los Angeles, or right here in the Washington, D.C. area). Highway capacity at major cross border points is also not well equipped to efficiently meet the increasing demand.

Similar to highway limits, bridges present a comparable problem with inadequate capacity for large loads or traffic flows. Many bridges are either too low or too old. Bridges that were built early in the transportation industry, such as those in the East Coast states present the largest problems with regard to height and age. These restrictions on large loads increase costs and transit times due to shipper avoidance of certain bridges that cannot accommodate their size. These out of route miles can add up to 20% to transit time. Early bridges were also not designed to handle the current traffic flow which can lead to delays.

Restrictions and regulations also provide a hindrance to smooth flow of goods by bridges. Some states require bridge monitors or state police to coordinate with the carrier and meet before crossing. This coordination requires additional time and money.

But, compounding the congestion and deteriorating infrastructure of our roads, bridges and tunnels are the various and often conflicting state regulations and permitting requirements with which we must comply. Lack of uniformity in the regulation and issuance of permits is impeding flows between the states and to U.S. ports. The lengthy and conflicting permitting processes by some states actually force carriers to drive around certain states to make port deliveries.

For example, moving a Caterpillar 797 off highway truck chassis from our Decatur, IL plant to port of exit requires the plant to remove the engine and the transmission from the chassis prior to shipment. The weight of the overall unit cannot be moved through some East Coast states due to different weight restrictions. The unit must then be reassembled, resulting in added cost and delay.

Another ongoing example is of a 3616 series generator set via truck from our Lafayette, Indiana facility to the Norfolk, Virginia seaport which requires a so-called "Super" permit; these can be postponed by more than ten days due to permit delays. The issuance of some of these permits can actually take weeks.

Rail

Our nation's rail network is increasingly seen as an attractive, cost-efficient way to help alleviate growing passenger and freight congestion on our roads. Continued investments in rail infrastructure will be essential to sustaining the tangible benefits we know flow from an efficient, effective, and reliable 21st Century rail network.

The rail network is a vital component of our integrated transportation system. However, current railroad infrastructure limits Caterpillar's transportation options. Many rail lines, bridges, and tunnels cannot accept the physical (height and width) attributes of our products, and accordingly a greater number of rail switching yards and terminals are required, leading to added delays and increased cost.

Freight rail companies are investing record capital in their infrastructure; but the federal government has a role in investing in rail infrastructure, too. The government should be a leading partner when opportunities to advance local, regional and national rail projects of significance are underway, and proven and measurable public benefits are apparent.

Water

Like our road and rail networks, our ports and inland waterways are also posing significant challenges for exporters and logistics professionals. Lack of capacity at U.S. ports and inadequate mode integration are impeding the flow of both imports and exports through the U.S. port system. Capacity constraints at major ports are forcing shippers to disperse their shipments through multiple ports instead of using a single port of entry, or divert shipments altogether through Canadian or Mexican ports. All while the lack of

integration and automation slow thru-put considerably, delaying shipments and raising costs.

Furthermore, access to many U.S. ports is constrained by channel depth, which limits the size of vessels that can call at a port. The largest of the mega-containerships and tankers that are increasingly being used can only be accommodated at a limited number of U.S. ports, and most of these ports must routinely dredge and deepen their harbor channels and pier areas to maintain access

Because of U.S. port capacity constraints, out-dated manual processes and communications, and lack of integration and automation, Caterpillar has come to increasingly utilize Canadian ports for both import and export containers due to improved transit times and costs. Approximately 40 percent of Caterpillar's imports and exports now move through Canadian ports, with 50 percent of our European imports arriving in Halifax.

Our imports from Montreal, Canada arrive in Illinois two to three days faster and more cost-effective than those that arrive from Norfolk, Virginia. And service is also two days faster from Prince Rupert Harbor (north of Vancouver) than going through Long Beach, California.

If ports on the east and Gulf coast are not dredged to accommodate the larger and more cost effective container ships that are coming into the fleet as the Panama Canal is widened, we could be disadvantaged by millions annually to those companies that operate in countries where larger vessels can sail.

Air

Finally, a few words about our aviation system, which was once the envy of the world. Today it is operating with substandard technologies and facing significant capacity constraints. The result is severe congestion at our largest airports that is having a ripple effect throughout our aviation system.

As an example, Caterpillar ships annual about 70 million pounds of mission critical service parts globally through Chicago O'Hare. These parts are typically needed at a customer site within 24 to 48 hours. Last year, the Chicago O'Hare airport overall on time arrival was about 75% - - one in four flights experiencing some sort of delay. This significantly impacts our ability to service our products in the time our customers require.

In sum, our transportation system – roads, rail, water, and air – is aging, inefficient, and in serious need of reinvestment. This reality leads to increased costs and less efficiency, impacting and reducing our competitiveness around the world. Our aging infrastructure and the shipping inefficiencies it creates has added an estimated 3 to 4 days of transit time. We estimate that this alone costs Caterpillar millions in cash flow.

Importantly, we as a nation must do more than just fix this transportation network; we must also transform it into an integrated multi-modal system that will position us well for future leadership in the global economy.

Our competitors in the global economy are not waiting

Meeting the Transportation Challenge Before It's Too Late

With the expected growth in international trade, our global competitors are moving forward to expand and modernize their existing transportation networks with the construction of new integrated multi-modal infrastructure systems to efficiently move freight throughout the world. They recognize the relationship that exists between an efficient, connected transportation system and a strong economy. I see it firsthand whenever I travel around the world.

In Ernst & Young's report entitled, *Infrastructure 2012 – Spotlight on Leadership* they state, "China, India, and Brazil continue to push ahead in building 'from scratch' state-of-the-art new systems, making progress in trying to meet the needs of their expanding economies . . . countries that continue to invest through this challenging economic period are likely to gain global competitive advantage in the long term."

For example, the European Union has established the Trans-European Transport Network (TEN-T) to fund large transportation projects, and as of 2009 has invested $578 billion developing the multi-modal network integrating various modes throughout the EU. China is investing trillions in infrastructure projects, expanding and modernizing its rails, highways, bridges and ports, while connecting these assets throughout the continent linking China to international trade routes running through Central Asia and the Middle East, to markets in Europe. The Indian government is looking to invest an additional $1 trillion in infrastructure by 2018. Canada is spending 4 percent of its GDP on transportation investment and maintenance and China is spending 9 percent. The U.S. is spending only 1.7 percent. (*Building America's Future, Transportation Infrastructure Report 2012*)

As the U.S. Chamber of Commerce has succinctly stated, if we are to retain our global leadership in the world economy we must act now to upgrade and modernize our transportation policies, programs, and resources. Such actions will support our global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense; all of which are compelling national interests.

Conclusion

If we are to be successful in growing our economy and competing successfully in the global marketplace, our intermodal transportation system must be improved dramatically, and begin to work as an effective, modern, and integrated whole. We can no longer view

any transportation mode in isolation, but rather, must look at our system comprehensively, and in its entirety.

As previously stated, our aging infrastructure and the shipping inefficiencies it creates has added an estimated three to four days of transit time to our shipping. We estimate that this alone costs Caterpillar millions in cash flow. Imagine the broader impacts throughout the national economy, and the impact it is having on the ability of the United States to compete in the global economy? America needs a multi-year surface transportation reauthorization so that we can begin to rebuild our infrastructure, and get back on the road to competitiveness.

Thank you Mr. Chairman, Ranking Member Rahall, and members of the Committee for the opportunity to share with you the views of Caterpillar on this crucial topic. Caterpillar stands ready to work with you and your colleagues in Congress to move surface transportation reauthorization forward. I look forward to your questions.

Statement of

Atlanta Mayor Kasim Reed

on behalf of

The United States Conference of Mayors

before the

House Transportation and Infrastructure Committee

hearing on

"Building the Foundation for Surface Transportation Reauthorization"

January 14, 2014

Chairman Shuster, Ranking Member Rahall and Members of this Committee, I am Kasim Reed, Mayor of Atlanta.

I thank you for this opportunity to appear before you and this Committee on behalf of The United States Conference of Mayors, the national, bipartisan organization of mayors, representing the nearly 1,400 U.S. cities with a population of 30,000 or more. I am pleased to speak about the challenges before all of us as we work together to sustain and even expand the nation's commitment to investment in infrastructure, especially investment in our surface transportation infrastructure.

The issues before you today are not unlike what we face each day in our cities. How do we get more value and better performance from our investment of taxpayer dollars, and how do we find additional resources to grow and expand our investments in core assets, like infrastructure, and the other critical services that fuel economic growth and ensure future prosperity for our citizens? These values drive all of us in public service, and represent burdens that we cannot shirk.

Increasingly, our success as a nation in achieving these values depends largely on how we address our transportation and other infrastructure needs in our city and county metropolitan areas. As a leader of the Atlanta region, I can assure you that nothing is more important than investment in the basic infrastructures, especially our water and transportation systems, which underpin all of our prosperity. Going forward, all of us at the local level, in state capitols and in Washington, DC are being challenged to find additional resources so that we invest properly and do our part to secure the future for generations that follow.

Mr. Chairman, Ranking Member Rahall and this Committee, the nation's mayors and the Conference of Mayors will stand with you in this endeavor. It is hard work, which we as mayors especially know. But it is work that must be done.

Our job as mayors is often all about infrastructure. We work most days to keep these vital systems and the services they provide operating smoothly. We work daily to find additional resources to make timely investments in the rehabilitation of these assets. And, we also work to find the resources to expand and modernize these systems to respond to the growing demands of economic expansion.

Every mayor will tell you that we cannot accomplish these outcomes for our taxpayers with constant or flat lined budget commitments. Every mayor will tell you that we will fail completely if we try to do it with declining investment.

As you prepare for renewal of the federal surface transportation law, which expires October 1st, all of us must work together to help find the resources we need to build on and expand our current levels of investment. And, certainly, we must avoid simply flat lining these commitments. Reducing federal commitments is simply not an option; this would only shift the burden to others to do your part in financing the governmental partnership on surface transportation, which has been developed over more than two generations.

I am especially proud to report that mayors and other local governments have stepped forward to do our part in our shared partnership in funding our transportation infrastructure. It is well understood about our rising local commitments to public transportation investment, but our record in providing for increased highway investment is less understood. Since 1998, the year TEA-21 was enacted, cities and counties have more than doubled their new revenue commitments to highway investment, outpacing both federal and state commitments. We have done this with non-user revenues. Despite these sizable efforts, we could never raise enough revenues to offset loss of federal resource commitments to our shared transportation partnership.

There are some certain absolutes about our infrastructure challenges. We must rehabilitate and maintain our systems on pre-determined schedules. And, we must always be ready to make necessary upgrades to expand the capacities of these systems. Our success in these efforts controls the economic output of our regions, and thereby largely shapes the economies of our states and the nation.

We work hard at the local and regional levels to develop capital improvement programs along with the corresponding commitments in our operating budgets to provide for the continuous and reliable delivery of services these infrastructures support, whether highway, transit or other transportation facilities. Nothing is more disruptive than interrupting the flow of resources, an potential outcome this Committee must confront if additional dollars are not found later this year for the transportation trust funds. On behalf of the nation's mayors, I can assure you that we stand ready to support you in any way we can to avert a disruption in the predictable flow of federal transportation resources.

Committee Members here today should recall the disruption that occurred from the relatively brief lapse in funding when the FAA authorization expired. Mayors were perhaps more acutely aware as local construction projects in their communities ground to a halt. Mayors who manage and expand airports were especially affected by this upheaval. As Mayor of Atlanta, I have ultimate responsibility for the management and development of Hartsfield–Jackson Atlanta International Airport, the world's busiest airport. Stability and certainty is everything in the operation of this infrastructure, and there are economic consequences that go well beyond our own region if this one facility, a critical one nationally, does not perform.

In short, we must avert a precipitous drop in the flow of federal funds for any of the modes, an outcome mayors would expect would be avoided at all costs. This scenario is the polar opposite from what we know we should be doing to be successful in transportation – continue improving our planning and project development efforts, and ensure stable and sufficient investment levels.

At the Conference of Mayors, we have been studying city and county metropolitan economies for more than 15 years in partnership with Global Insight. In a July 2012 report, *U.S. Metro Economies: Outlook – Gross Metropolitan Product, and Critical Role of Transportation Infrastructure*, we looked specifically at transportation and population demographics, finding that:

> "Over the next 30 years, the report shows that U.S. metros will grow in population by 32 percent or nearly 84 million people. More specifically, the report predicts that the population will grow by over 50 percent in 59 metro areas, over 75 percent in 21, and will more than double in three. Already, these regions are home to most of the nation's traffic congestion, costing the average American commuter $713 annually."

My region is one of the fastest growing in the nation, with our population projected to grow by 67.8 percent from 2012 – 2042. All of our metro areas – 363 in total throughout the U.S. – will be home to another 84 million residents over the next 30 years. Mr. Chairman, this is more people than the current population of my home state, your State of Pennsylvania as well as Arizona, Indiana, Illinois, Michigan, North Carolina, Tennessee, and Virginia combined.

These areas now house a substantial share of the nation's current economic output and population, and these reports show that a larger share of the nation's future economic growth and population will come from these areas. At the Conference of Mayors, we are in our second decade of studying our metropolitan economies and their current and future role in driving U.S. economic growth.

My own state is almost a microcosm of the nation. Our state's 15 metro areas account for 85.5 percent of all employment in the State of Georgia. All U.S. metro areas account for 85.6 percent of total U.S. employment. Like many states, there are dominant metro areas, like my home region, officially called the Atlanta-Sandy Springs-Marietta metro area. Our region accounts for 59.1 percent of all Georgia jobs. My region's economic output of $294 billion in 2012 exceeded the output of 33 states.

It is hard to fathom how a constant or declining federal resource commitment will ensure that America reaps all of the potential economic growth that can occur in the future. And, as all of the economic data show, the future is increasingly about a competition among U.S. metro areas with other regional economies throughout the world. Our U.S. economy and our state economies will rise and fall based on how well our metro economies perform and compete in this global competition. Mayors have believed for some time that the federal government must continue to be a strong partner in our shared efforts to make our nation's regions more competitive in the future. We know with total certainty that adequate and expanding transportation infrastructure – with smarter investment – is a key element of a successful strategy for future U.S. economic growth.

Mr. Chairman, shifting to specific policy issues before you in the upcoming renewal, I did want to offer our perspectives on the need to give more policy attention to the issues before us in our metropolitan areas.

During deliberations on the last renewal, what came to be known as MAP-21, I know that this Committee and your colleagues in the Senate were guided by the values I talked about earlier in my comments. In the end, MAP-21 sought to embrace these values in policy reforms now set forth in the new law. By consolidating programs, improving project delivery, providing for greater accountability through new performance measures, and assisting project sponsors at the local and state level with more financing options, these changes and others if properly delivered should translate into the more effective use of available federal resources. Importantly, the law affirmed longstanding commitments to public transportation and clean air improvements through the CMAQ program, along with continuing resources for transportation alternatives.

That said, there are still things that were left undone. We have yet to fully address the demands of an increasingly metropolitan American economy and the calls from the thousands of local officials like myself who seek greater empowerment of local officials in deciding how available federal transportation dollars are invested. At the same time, more power was concentrated in state capitols with state transportation bureaucracies, and more resources were directed at a smaller subset of our vast highway network.

In the end, this direction will prove self-defeating. Our taxpayers want the maximum bang for their buck. We know that this can be achieved only by putting as many of our transportation assets and options on the table – modes, networks, and solution sets – if we hope to get for our taxpayers what they want. And, local taxpayers expect their local elected officials to have more say over how available resources are invested in projects affecting their communities and regions.

And, we must continue to strive to get all partners – federal, state, regional, local governments, private entities and the public – to the transportation decision-making table, instead of pretending that concentrating power with state transportation bureaucracies is the solution, especially in a nation which continues to concentrate more of its economic potential and future in its metropolitan areas.

All of us talk about metropolitan mobility and how congestion cuts the production of our mighty city/county metro economies, but this new law did very little to further empower me and my local elected colleagues throughout the Atlanta metropolitan area and others throughout Georgia and across the states. All of us approach these challenges with the goal of making our cities and regions stronger economically and more viable and desirable to investors, businesses, and people, whether existing residents or potential newcomers. But, it is tough to do this if we do not more fully empower local and regional decision-makers who work on these issues daily and are responsible for a range of other systems and policies that are so critical to more effective transportation investment.

In my region, longstanding federal funding commitments under the Surface Transportation Program declined by 2 percent, while the State of Georgia's share of these flexible STP dollars increased by 39 percent.

Let me turn to some specific issues and initiatives in my own city and region to illustrate our vision for more economically-productive investments and show the value of bringing all transportation assets together and to produce greater economic returns and benefits.

The Atlanta Region is one of the largest and fastest growing metropolitan areas in the nation. We have had a long history of thoughtful transportation planning and innovation in the projects and services we deliver to our citizens. Our principal transit system – MARTA – is the ninth largest in the country and serves the core population of the City of Atlanta and two central counties. Suburban and regional bus systems have evolved and now provide service to 11 counties surrounding Atlanta.

Our highway system is one of the best maintained in the nation and we have been innovative in the application of technology and design to achieve more efficiency from the existing system. The Atlanta Olympics, and our partnership with the U.S. Department of Transportation on a state-of-the-art ITS system, gave us a head start in deploying technology in our region, which still pays dividends today. In addition, we have taken steps to reshape the transportation network to place renewed emphasis on transportation demand management, including ride-sharing and bicycle and pedestrian projects especially in major activities centers where most of our jobs are located.

We have even moved to reshape the urban form of our community through such regional programs as the Livable Centers Initiative which rewards communities which choose to develop in a more transportation efficient direction, including emphasis on transit, pedestrian and bicycle facilities as fundamental elements of the transportation system. In addition, our regional rail system, MARTA, is pursuing a vigorous Transit Oriented Development policy to ensure the maximum opportunity for ridership on our existing transit system and to build the kinds of communities our growing population seeks.

Within the City of Atlanta, we are pursuing an innovative and even inspiring project – the Atlanta BeltLine – the redevelopment of a largely abandoned rail corridor for bicycle and pedestrian trails, housing, parks, job opportunities and transit.

In our community there is no dearth of ideas and innovation for dealing with the challenges of growth and transportation. Yet we also continue to have some of the most significant congestion in the nation – largely because of a mismatch of resources to our needs.

The Atlanta Regional Commission just last week released recommendations for an update of our Regional Transportation Plan. The vision outlined in those recommendations would cost $123 billion to the year 2040 – yet we have available only about $59 billion during that period. An overwhelming 71 percent of all available funds will go to the maintenance and optimization of the existing system with only 26 percent of potentially available funds to provide for system expansion.

The consequence of course is that we must target our projects more carefully – and that is appropriate. Emphasis will be placed on travel demand management programs, basic bridge and road maintenance, safety projects and innovation in roadway design. We will prioritize service to major activity centers, addressing freeway bottlenecks and promote active transportation such as bicycles and walking even as we plan valuable and cost effective transit expansions. A major focus of our investments will be on our regional freight network which is now a vital part of our economy and likely to become even more so as international freight increases through the Port of Savannah.

So – as a region, we are doing the right things to make the best use of our funds. But we are also expecting another three million people – people with diverse skills for a changing economy, people with diverse needs for new transportation services and people who will expect a high quality of life rather than wanting to devote an ever increasing proportion of their time to slow and inefficient commutes. We know what the projects are that we need beyond the existing $59 billion plan – and those needs are estimated to be about $64 billion to provide the reliability and safety our citizens deserve in their daily travel. The question is – where will we find those funds? The City continues to believe that the federal government should be a funding partner even as the City shoulders a greater burden to make an investment in the surface transportation infrastructure needs of the City.

Within the City of Atlanta, as all major cities, we have taken stock of our transportation needs. Over the last several years we have completed two major analyses of our transportation infrastructure needs. The first milestone was the adoption of Connect Atlanta – a comprehensive, long-term evaluation of our transportation needs to support our renewed population and employment growth. The key elements of our approach include:

- Building Transit Infrastructure – we have defined and proposed new transit corridors in the City and begun the development of a Streetcar network to provide the last mile connectivity with our existing regional rail network and we are exploring options for inter-city and commuter rail service. This Spring we will open the first 2.7 mile phase of the Atlanta Streetcar – linking the historic Martin Luther King District to Centennial Olympic Park – built with TIGER II funds and in partnership with MARTA and the downtown business community
- Improve Existing Transit Service – we have begun to fundamentally rethink transit routes within the City to ensure they address our changing residential and employment patterns and are moving to diversify the rail and bus fleet to ensure a safe comfortable two-seat ride to most City destinations
- Promote Sustainable Travel Modes – we have a renewed commitment to building and maintaining sidewalks as a legitimate mode of transportation for many neighborhood and activity center trips and are moving aggressively on a system of bicycle facilities and bike-share programs
- Untangle "Hot Spots" – we work regularly with the private development community especially in activity centers to fix localized problems and create alternative travel routes to handle growth and are pursuing a goods movement strategy which will be increasingly important as the economy regenerates
- Achieve a State of Good Repair – we are focusing on fixing our infrastructure fast to ensure timely repair of streets and sidewalks, managing the signal system for the efficient operation of intersections and focusing especially on renewal of deteriorating bridges
- Develop New Funding Sources – we are working with local businesses through self-taxing Community Improvement Districts to leverage private resources, exploring opportunities for viable public-private partnerships and joining with regional partners to develop achievable and sustainable sources of new revenue.

What do we get if we find the courage to invest in these new ways? We get nothing less than a re-shaped community – a vibrant place to live, work and play. We can:

- Improve transit's reach from 70,000 to 500,000 residents within a 10 minute walk of rapid transit – a 600 percent increase
- Improve bike access to greenspace from 1,000 acres to 3,400 acres
- Reduce the average block size in unprepared growth areas by 25% - making alternative transportation more feasible
- Add over 60 miles of new street network
- Add over 300,000 new people who are within a 20 minute commute of our Downtown, Midtown and Buckhead employment districts

- A completely re-timed and functional traffic signal system
- Create 900 miles of new sidewalks
- Ensure that all of our bridges are safe and prepared for long term use
- Create a sustainable menu of revenue sources

In the near term, we are also focusing on the backlog in our transportation infrastructure maintenance. Our second milestone initiative examined this backlog in our State of the City's Infrastructure Report. The findings were disturbing but not surprising. Our existing infrastructure would cost over $3.4 billion to replace (2008) – and therefore must be maintained in a state of good repair. Key elements in need of immediate repair include:

- Paving streets
- Repair or replacement of bridges
- Sidewalks
- Traffic signals
- Street lights and
- School flashers

In all, the infrastructure repair backlog is estimated to be $900 million – with the highest priority items costing about $300 million to bring back to good repair. These are not major enhancements to our community but simply the requirements to have a safe and operable transportation system and to protect the enormous investment local, state and federal resources have provided in the past.

Our hope is that within the next year we will be able to launch an initial bond referendum to begin the first phase of long term infrastructure renewal. Our citizens have participated in examining and setting priorities and are willing to take on this renewed investment. We seek a partnership with the federal government to protect the investments we have made together and to ensure the health of the central city which – like cities all over the country – is the driver of regional economic growth and vitality.

Cities are the country's laboratories for innovation. Cities are where public and private entities collaborate on the ground level to create jobs and build places people want to live. In Atlanta, where transportation is always a regional topic of conversation, we have taken several creative approaches to meet the challenges of the 21st century. One of the most prominent examples of how we have taken a proactive approach to build for the future and attract investment and jobs is the Atlanta BeltLine.

The Atlanta BeltLine is a comprehensive program to improve mobility, create needed park land, catalyze new real estate development and attract jobs to the urban core. At the program's core

is the re-use of 22-miles of mostly abandoned rail corridors that encircle the heart of the city and connect to the regional mass transit system – MARTA.

The Atlanta BeltLine will create 22-miles of new light rail/modern streetcar transit, 33-miles of multi-use trails, 1,300 acres of new and improved parks and is estimated to add $10 to $20 billion to the City's tax base over 25 years. By planning and implementing these elements, together with the help of partners in the public, private and nonprofit sectors, we already are realizing a substantial return on investment. Since the beginning of the Atlanta BeltLine in 2006, we have invested more than $360 million from public and private sources, which has generated more than $1 billion in new private real estate development for a roughly three to one return on investment within the project's tax district boundaries. The City is prepared to make a substantial investment in the Atlanta BeltLine, but continued robust authorization of the Federal Transit Administration (FTA) Capital Investment Grants is necessary as a match to the City's investment. Down the road, the City supports continued and expanded funding for the FTA State of Good Repair program to provide funds to maintain the streetcar system and regional rail system.

On the Eastside of the Atlanta BeltLine, near the birthplace of Dr. Martin Luther King Jr., public and private investments in new parks and transportation infrastructure have catalyzed a once blighted area. The Eastside Trail, the first developed two-mile stretch of the old rail corridor that we opened in 2012, has experienced more than $775 million in new real estate development within a half mile of the project.

Next to the Eastside Trail is the Historic Fourth Ward Park project, which opened in 2011. There is more than $400 million of new real estate development within one block of the park, including Ponce City Market, the largest historical preservation development in the City of Atlanta's history. By building this park with a storm water detention pond as its central feature, we solved a chronic flooding problem that enabled the City to sell the historic Sears and Roebuck building to a private developer, Jamestown Properties. Jamestown is investing $200 million in the new Ponce City Market development, a mixed-use project with retail, commercial and residential components that has already attracted several growing technology companies, such as Athena Health and MailChimp, totaling more than 1,000 full time jobs. In addition, this project has generated more than 500 construction jobs. The building will open later this year.

Most recently, the Atlanta BeltLine was awarded an $18 million TIGER V grant from the US Department of Transportation to build out the southwest segment of the corridor. We also

have a $10 million funding commitment from the private sector for this project, which will have a significant economic impact on the surrounding community.

It is this type of success that we are looking to replicate around the 22-mile Atlanta BeltLine, by using public infrastructure and amenities to spur private development and job creation. Our progress to date has occurred largely during the throes of the Great Recession, which gives us confidence that as the economy continues to improve our success will be even greater.

Public private partnership has been at the heart of our success, with the philanthropic community donating more than $41 million to the Atlanta BeltLine to date. Moving forward we are looking for even more robust partnerships with the private and philanthropic sectors. The private sector recognizes the value in our holistic approach and more than $1 billion in new real estate development to date demonstrate the community's confidence in this vision of our city's future.

I believe the City of Atlanta has been particularly innovative in its approach to its development and transportation future. We have envisioned our city as a vibrant place for education, work and living. We have developed ideas for a supporting transportation system – inclusive of all modes – and connecting to our regional neighbors. We have aggressively sought and responsibly used resources from local, state, federal and private partners to preserve and expand our mobility and access.

Atlanta is not unique though. Other cities throughout the country have their own versions of vision and innovation. Other cities also have challenges in maintaining what they have and building what they need. Other cities are developing partnerships to reshape their communities and transportation systems. I believe the future of solving much of our nation's transportation problems lies within the vision and leadership we find in our cities. I hope you will agree that providing the resources and decision-making authority increasingly to cities and their regions will yield enormous benefits not only to the nation's mobility but to the returning health of our nation's economy.

Mr. Chairman, Ranking Member Rahall and Members of the Committee, I thank you for this opportunity to present the views of The U.S. Conference of Mayors and their members, and to share perspectives from my city and region. Please know that the Conference and the nation's mayors stand with you as you work to strengthen this important partnership with us on surface transportation.

Testimony of the Amalgamated Transit Union

Before the U.S. House Committee on Transportation and Infrastructure

Building the Foundation for Surface Transportation Reauthorization

January 14, 2014

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Introduction

The Amalgamated Transit Union (ATU), the largest union in the United States representing public transit workers (including metropolitan, interstate, and school bus drivers; paratransit, light rail, subway, streetcar, and ferry boat operators; mechanics and other maintenance workers; clerks, baggage handlers, municipal employees, and others) is pleased to present testimony on "Building the Foundation for Surface Transportation Reauthorization" on behalf of our nearly 200,000 members in North America as well as the people who board transit vehicles 35 million times daily, relying on safe, reliable public transportation to carry on their lives.

The federal transit program turns 50 years old in 2014. Created by Congress in an effort to save our cities' crumbling network of private bus operations at a time when our nation was coming apart at the seams due to the inequities in our society, the program has now come full circle.

By the late 1960s, the expansion of highways and explosion in private automobile ownership nearly made buses obsolete, but just ten years later, people were flocking back to transit to beat soaring fuel prices during the energy crisis.

Then in the 1980s, Americans went back to driving and started buying smaller fuel efficient cars to avoid getting stung at the pump again. Transit privatization schemes were initiated all across the nation, and most failed. By the late 1990s, there was a transit renaissance launched by the passage of TEA-21, unprecedented bipartisan legislation which provided transit systems with guaranteed sizeable funding increases well into the new century. Ridership skyrocketed, as people all across the nation started choosing transit like never before.

However, since 2005 the federal transit program, and as a result the American People, have been standing in place. Funding has been basically flat over the course of the past two reauthorization bills, budget guarantees have been repealed, and transit systems are running on fumes. Without a new revenue source for the Highway Trust Fund, Congress has been forced to bail out the program on several occasions in recent years, and the clock is ticking on the next shortfall.

The 2008 fuel crisis pushed people out of their cars and into buses and trains once again, but this time the agencies could not handle the load, as they too were paralyzed by the skyrocketing price of gas. This and the plummeting economy resulted in unprecedented fare hikes, service cuts, outright route eliminations, and a new generation of privateers offering empty promises of better service at lower cost. Transit-dependent people lost their ride and many lost their livelihoods as a result.

Today, as was the case in 1964, **inequities** in our society still exist, especially in the area of transportation. Service for the elderly and people with disabilities is substandard and in many places disgraceful. Intercity bus drivers are falling asleep at the wheel because they don't have the critical protections of the Fair Labor Standards Act (FLSA), and innocent people looking for an inexpensive ride to grandma's house are dying as a result. Transit operators are being assaulted at a record pace, putting passengers, automobile drivers, pedestrians and bikers in harm's way like never before. Even the tax code has a bias for people who use transit, as they receive far less monthly tax free benefits than those who drive to work.

But now, rather than fleeing our cities like in the 1960s, people are moving back in record numbers, and transit systems are struggling to put service on the streets to meet higher demand. Outsourcing is becoming the norm and passengers are paying more and getting far less. America is desperately trying to reduce its dependence on foreign oil, but not enough transit is in place to make a true impact in this fight.

Executive Summary

American cities are busting at the seams, and it is projected that more and more people will move to our urban centers within the next three decades. Without better public transportation, our nation faces total gridlock. Yet, major inequalities still exist in federal transportation law which favor travel by private automobile.

The typical metropolitan resident can reach only about 30% of jobs in their area via transit within 90 minutes. Transit for most people is simply not convenient or practical, so they find transportation alternatives that pollute our air and sustain our dependence on foreign oil. Others who cannot afford a car are likely among the more than 7% of Americans who remain unemployed, because they cannot get to work.

This proposal makes the case for significant increases in federal transit funding to meet our mobility needs, now and into the future. ATU calls for doubling the size of the federal transit program, and we identify sound, progressive revenue streams to pay for the program out of the dwindling Highway Trust Fund. Transit cuts keep coming at systems all across the nation. The proposal calls for local control of transit funds so that transit systems can avoid having to keep brand new buses in the garage while slashing service at the same time.

The centerpiece of the proposal is a major addition to the federal transit program to address the poor quality of service provided to people with special needs. More than 20 years after the passage of the Americans with Disabilities Act (ADA), demand response service has been overrun with problems that seriously impact the quality of life for millions of Americans. The ATU's proposed TREAD program would provide $1 billion annually to address this mobility crisis.

Outsourcing of fixed route bus service has more than doubled in recent years. The result has been deteriorating service and more fare hikes. Lower wages and reduced benefits paid by privateers are leading to dissatisfied workers. This culminates in major turnover issues, resulting in training problems, safety issues, etc. This proposal calls for the rejection of federal policy that provides an advantage for the private sector at the local level.

Passenger safety has become a huge issue in fixed route transit, as we have seen a dramatic increase in the level and intensity of senseless attacks on defenseless operators, putting everyone on the bus at risk. In addition, in too many cities, tight, computer-generated schedules and increased traffic congestion have created shifts in which no time is available to use the restroom,

leading to highly distracted operators. Both of these issues raise major concerns, and ATU proposes common sense solutions to enhance operator and passenger safety.

Safety is also an issue on intercity buses, which are crashing at an alarming rate in recent years as the culture of the industry has changed dramatically. Bus drivers are falling asleep at the wheel because they are working grueling hours at abysmally low wages. And since intercity bus drivers are exempt from the Fair Labor Standards Act's (FLSA) overtime provisions, many drivers are forced to work second jobs during their so-called "rest period" in order to make ends meet. This proposal makes the case to lift the FLSA exemption.

Finally, the public transportation industry, like many service-based sectors in the United States, will be faced with major workforce challenges in the near future. A large percentage of the transit workforce will be retiring within the next few years. This proposal calls for federal funding 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.

Wanted: America's Urban Agenda

America in 30 years: Gridlocked?

More Americans are living in cities now than a decade ago, according to U.S. Census data. In 2010, a total of 80.7% of Americans lived in urban areas. The population of urban areas grew by more than 12%, much faster than the country's growth rate of 9.7% from 2000 to 2010.[1]

This trend is expected to continue. The percentage of Americans living in metropolitan areas is set to grow by roughly a third over the next three decades.[2] Already today, roughly four-fifths of the country lives in large urban areas, and cities like Atlanta, Dallas, Houston and Tampa – none of which have expansive transit systems -- will likely see some of the fastest growth in years to come. Within the next 30 years, the Phoenix-Mesa-Scottsdale area is projected to grow by more than 88%, swelling to more than 8 million people, the equivalent of New York City today. How in the world are the American people -- a huge percentage of whom will be senior citizens by 2044 -- going to navigate around our urban centers without having access to safe, affordable, convenient, and reliable public transit?

Today, we are already wasting 2.9 billion gallons of fuel – enough to fill the New Orleans Superdome four times – at a financial cost of $121 billion per year ($818 per commuter) just

[1] *More Americans move to cities in past decade-Census.* Lisa Lambert, Reuters, March 26, 2012.

[2] *Outlook - Gross Metropolitan Product, and Critical Role of Transportation Infrastructure.* Prepared for the United States Conference of Mayors and the Council on Metro Economies and the New American City by Global Insight, 2012.

sitting in traffic.[3] If trends are not dramatically reversed, our **economy will be paralyzed** in 30 years because people will not be able to get to work or spend their money at local businesses.

Crossroads

The U.S. is in the midst of a boom in domestic oil production, thanks largely to new unconventional reserves in North Dakota and Texas. Lawmakers may assume that we are well on our way to plummeting fuel prices and energy independence. Some have actually called for the end of federal funding for transit, putting the responsibility in the states' hands.

This would be a mammoth mistake. Less dependent on foreign oil does not make us independent. If something happens to disrupt production in a major oil-exporting nation, the price would skyrocket and all the shale oil in North Dakota wouldn't be enough to shield American drivers from even more expensive gas. While U.S. oil production has increased by a little more than 2 million barrels (a 44% increase) since 2007, those additional barrels represent just 2% of the 90 million barrels a day the world is consuming now. No wonder it's had little impact on the price at the pump.[4]

The only way to truly become energy-independent is to use less oil, and public transportation of course plays an important role in reducing the nation's energy use and greenhouse gas emissions. According to the American Public Transportation Association (APTA), on a passenger mile basis, buses use only 84% as much fuel as automobiles, vans, and sports utility vehicles, and most rail transit vehicles and trolleybuses emit little or no pollution since they are electrically propelled. Seeking relief from high fuel prices, people are turning to public transportation in record numbers: transit **ridership in the U.S. is now at its highest level in five decades**, at more than 10 billion annual trips.

Where is our Urban Agenda?

Despite the obvious environmental and economic benefits of public transportation, **more than 95% of Americans still commute to work in private automobiles. Most people believe that they can get to work faster and more efficiently via car, and unfortunately they are correct.** Transit for most people is simply not convenient or practical, so they find transportation alternatives that pollute our air and sustain our dependence on foreign oil. Others who cannot afford a car may be one of the millions of Americans collecting unemployment checks because they simply can't get to work.

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[3] *2012 Urban Mobility Report*, Texas A&M Transportation Institute.

[4] *America's Oil Boom Won't Make It Energy-Independent From Middle East Madness.* Bryan Walsh, Time Magazine, September 5, 2013.

According to a recent groundbreaking study, **the typical metropolitan resident can reach only about 30% of jobs in their area via transit within an hour and a half.** The percentage is even lower for workers in growing low-income suburban communities.[5]

Yet, transit continues to be funded at only a fraction of the highway program, and overall transportation investment is far short of demand. The Federal Transit Administration (FTA) estimates that the nation's transit systems collectively have a state of good repair backlog that exceeds $78 billion. APTA's reauthorization proposal calls for a 13% annual increase for transit. The Obama Administration proposed to double the size of the transit program in a recent budget submission. The bottom line is that transit needs to grow substantially if we are ever going to get people out of their cars, reduce our dependence on foreign oil, and slow down climate change.

We will never move away from our auto-dependent society or get anywhere close to the level of transit ridership seen in Europe if we do not heavily invest in transit, target funds wisely, and allow systems to use those funds as they see fit.

Reasons for Optimism

Trends are on our side. Americans have demonstrated that they are willing to raise their own taxes to pay for expanded green mobility options. Since 2000, more than 70% of public transportation measures on state and local ballots have passed. In addition, recent studies have shown that millennials favor moving back to cities and prefer using public transportation in lieu of private automobiles. In 2011, the percentage of 16-to-24 year olds with driver's licenses dipped to a new low. Just over two-thirds of these young Americans (67%) were licensed to drive in 2011, the lowest percentage since at least 1963.[6]

Innovative Financing and Public Private Partnerships: Proceed with Caution

Meeting our responsibilities to provide infrastructure for our urban centers cannot be done strictly through federal funding. The private sector has always played a robust role in the building of our transportation systems, and will continue to do so. The designing and building of long-term transportation projects may be appropriate for innovative financing, and several bills expanding so-called public-private partnership (PPPs) have already been introduced during the 113th Congress.

The guaranteed and increased funding levels in place under TEA- 21 provided economic security that financial markets demand, spurring massive investment from the private sector. However, SAFETEA-LU and MAP-21 moved away from guaranteed funding, leading innovative finance programs into new directions which are dangerous for transportation policy.

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[5] *Missed Opportunity: Transit and Jobs in Metropolitan America.* Brookings Institution, 2011.

[6] *As Youth Driver Licensing Dips Again, A Focus on the Millennials. Tony Dutzik,* www.DCStreetsblog.org, March 15, 2013.

For example, several of the new innovative finance proposals introduced in this Congress would authorize transit projects to be funded outside of FTA's jurisdiction, **raising the real prospect of fractured transportation systems which do not involve critical planning guidelines -- Long-Range Transportation Plans and short-term Transportation Improvement Programs -- and environmental reviews.**

In addition, these same bills have not included traditional labor protections. Transportation Labor supports new innovative finance mechanisms for transportation projects, such as tax credits and State and National Infrastructure Banks flowing through FTA **on the condition that both the direct recipients of federal dollars through the banks and tax credits <u>and projects funded through subsequent generation</u> banks and tax credit funding comply with basic federal labor standards,** including 49 USC 5333(b) – formerly Section 13(c) of the Federal Transit Act – and Davis-Bacon, providing economic and job security.

ATU SUPPORTS:

- Funding public transportation at $119 billion over the next six years, more than doubling the commitment to transit in SAFETEA-LU, as called for in President Obama's surface transportation reauthorization proposal released prior to MAP-21 (FY 2012 Budget).

FUNDING SOURCES:

Gas Tax

- H.R. 3636, the *Update, Promote, and Develop America's Transportation Essentials Act of 2013*, which would phase in a 15 cent/gallon tax increase over the next three years on gasoline and diesel.

Robin Hood Tax

- H.R. 1579, the *Inclusive Prosperity Act* to impose a tax on certain financial transactions to strengthen our financial security, reduce market volatility, expand opportunity, and stop shrinking the middle class. This proposal, also known as the "Robin Hood Tax," could generate billions of dollars for transportation infrastructure.

National Infrastructure Bank

- H.R. 2553, the *National Infrastructure Development Bank Act*, to **responsibly** create and fund a public bank to leverage public and private dollars for meritorious infrastructure projects of national or regional significance.

No End in Sight for Transit Cuts

Due to shortages in state and local revenues, U.S. public transit systems carried out some of the steepest fare increases and deepest service cuts in history during the first two years of the recession. 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 cut rush hour service, 62% slashed off-peak service, and 40% reported reductions in geographic coverage.[7]

Policymakers who believe that the economy is back on track and the transit crisis is over should travel to Gettysburg, PA. Ironically, the site of one of the best-known and important Presidential speeches in American history on the issue of human equality lost Freedom Transit on December 30, 2013. The transit company, operated by Rabbittransit, eliminated fixed-route service on its Blue, Gray and Lincoln lines and Freedom Transit's express shuttle to Harrisburg will be terminated June 30, 2014. Without local matching funds, local officials made the difficult choice to cut off critical service in this rural area.[8]

Facing a $75 million funding shortfall, King County Metro in Washington is dealing with a mobility crisis. **If a stable funding source is not identified in the near future, 74 of Metro's 214 routes will be eliminated, while 107 routes would be reduced or revised.** According to Metro in Seattle, if the funding is not found and the agency is forced to cut the services, it would be the loss of an unprecedented 14 million rides annually, and would revert Metro's service to levels not seen since 1997.

Seniors and adolescents in Boston, MA stung by the staggering 23% fare increases in 2012 are speaking out and urging lawmakers to roll them back, as transit-dependent passengers with fixed income have been left to choose between travel and other necessities. The fare hikes increased rates disproportionately for seniors.

Should elderly people who have lived through the Great Depression of the 1930s and World War Two be required to spend precious moments during their final years on Earth publicly begging lawmakers to keep transit fares to a reasonable level? That is how 89-year old Ann Stewart, the former president of the Massachusetts Senior Action Council, spends her time. "It is not affordable for those who need it now and those of us who might need it tomorrow," she said at a recent public hearing.[9]

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[7] *Impacts of the Recession on Public Transportation Agencies.* Survey Results, March 2010. APTA.
[8] *Freedom Transit cuts service.* The Evening Sun (Hanover, Pennsylvania), December 5, 2013.
[9] *Transit fares irk seniors, youths.* Lowell Sun (Massachusetts), November 2, 2013.

Where is Our Agenda to Help the Poor?

From coast to coast, it is our nation's poorest residents that continue to bear the brunt of transit service cuts and fare increases. In Palm Beach County, FL, over bitter objections from riders, officials voted unanimously in August of 2013 to increase fares -- with the largest percentage increase going to the poorest riders. Fares were last raised as recently as 2008, and those **who buy monthly passes will see the largest percentage increase. For a rider whose income is 75% of the federal poverty level -- someone who makes about $8,250 a year -- the monthly pass increased by 50%, from $10 to $15 a month.** By comparison, the fare for most riders is increasing by 33%.[10]

Transit Benefits Should be Made Permanent

As if cutting routes was not enough, the federal government added insult to injury on January 1, 2014 and cut tax-free transit benefits, reaching into the pockets of transit riders and pulling out a wad of cash as a penalty for riding the bus or train.

The monthly cap on federal tax-free transit benefits, which allows riders to set aside wages in an account used exclusively for paying public transportation costs, was reduced from $245 to $130. At the same time, a similar credit allowed motorists for parking will **increase** to $250 per month. We are encouraging people to drive to work and increasing transit riders' costs by as much as $1,380 per year.[11]

The average American family devotes nearly 20% of its income to transportation – second only to housing. A two-person household can achieve an average annual savings of more than $9,700 by living with one less car and taking public transportation instead of driving. A permanent increase in this benefit means transit commuters have one less expense to worry about, and in today's economy, every dollar counts.

ATU SUPPORTS:

- Authorizing transit systems to use their federal funding for operating assistance when needed to avoid service cuts, route eliminations, or fare increases.
- Allowing fuel to be classified as a capital expense.
- Eliminating the federal tax code's bias against people taking public transportation through inclusion of H.R. 2288, the *Commuter Parity Act of 2013,* to establish permanent tax credit parity between the parking and transit portions of the transportation fringe benefit.

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[10] *County's neediest hit hard by bus fare hikes; County commissioners vote unanimously for first increase since 2008.* Palm Beach Post (Florida), August 14, 2013.

[11] APTA

Paratransit: Fulfill the Promise of ADA

Nearly a quarter century after the passage of the historic Americans with Disabilities Act (ADA) of 1990, transportation for people with major mobility issues remains a national disgrace. A U.S. Bureau of Transportation Statistics study found that 6 million people living with disabilities had difficulties accessing needed transportation.[12]

The ADA provided that it shall be considered discrimination for a public entity that operates a fixed-route transit system to fail to offer on-demand service, also known as paratransit or dial-a-ride, to people of any age with serious disabilities that is comparable to services provided to those without disabilities. Such service must be comparable and parallel to the fixed route service -- offered on the same days and same times fixed route service is offered. In addition, at a minimum, paratransit must serve all areas within a corridor which extends ¾ of a mile on each side of each route served by the fixed route system.[13] The idea of the bill was to remove the barriers that were preventing people with disabilities from living every aspect of their lives to the fullest extent.

Unfortunately, despite the ADA, transportation options are still extremely limited for elderly and disabled Americans, leading to isolation and diminished health.

People with Disabilities: Deserving of Safe, Affordable, Dependable Transportation

ADA paratransit services are incredibly expensive to operate. The U.S. spent over $3.6 billion in 2011 to provide ADA paratransit services, an almost 200% increase from 1999, even though ridership only went up 49%. An average ADA one-way paratransit trip cost $34.59 in 2011, up from $16.09 in 1999 (not adjusted for inflation).[14] The average cost of providing an ADA paratransit trip is an estimated three and a half times more expensive than the average cost of a fixed-route trip."[15] Paratransit ridership makes up 2% of public transit ridership nationwide but 13% of operating costs.[16]

With costs soaring and nowhere to turn, transit systems have over the years outsourced more and more paratransit work. Today, nearly 80% of the nation's paratransit service is contracted out by U.S. transit systems to private, usually foreign transit companies which too often bid too low to realistically meet the standards set forth in the request for proposal from the transit system in

[12] *Advocating For Transportation Systems Change; The State Independent Living Council and Independent Living Centers Push for Changes in Transportation.* PR Newswire, April 15, 2013.

[13] *Riders' Guide to Public Transit for People with Disabilities.* Meeting the Challenge Inc. and FTA, CO268001 (Cooperative Agreement).

[14] *GUEST COLUMN* (submitted by the Innovation in Infrastructure Program at the Urban Institute); *Roadblocks ahead for senior mobility.* The Atlanta Journal-Constitution, June 18, 2013.

[15] *ADA Paratransit Services; Demand Has Increased, but Little is Known about Compliance.* Government Accountability Office, 2012.

[16] Cities' paratransit services face cutbacks, fare increases. USA Today, April 9, 2009.

order to secure the service. In addition to cost, transit systems readily admit that contracting ADA paratransit allows agencies to remove themselves from the day-to-day operations and reduces the risk and liability associated with operational responsibility.[17]

Is that consistent with the legislative intent and true spirit of the ADA?

Service Quality Issues

Demand response service nationwide has been overrun with problems that seriously impact the quality of life for millions of Americans. Horror stories are common for frail, elderly, blind, paraplegic, and other disabled citizens, including veterans. Quality of service issues in paratransit are mind numbing, and anyone who is related to a senior citizen, wounded veteran, or other person with disabilities knows this all too well.

On-time performance is a major problem, caused by poor planning and unrealistic schedules. Trips are often scheduled too close together, and drivers say their schedules are impossible to keep. Pick up times are too often far ahead of the needed arrival time at the destination, leaving customers waiting outside and unprotected in varying types of weather conditions. In many locations, when customers are delivered late to their destination, no accommodation is made to pick them up at a later time.

Many customers report that reservation agents do not ensure that their address is correct, resulting in the driver going to the wrong address and documenting the customer as a "no-show." Moreover, persons with disabilities nationwide complain that the reservation process takes too long. Some disabled riders say the problem is not just on-time pickups – it is being stuck in a paratransit van for hours while other riders are picked up and dropped off. In some cases, people with very special needs are literally being held hostage for hours.

And while transit agencies make every effort to push elderly and disabled persons onto fixed route buses, unfortunately individuals often encounter poor maintenance of the accessibility equipment and inadequate wheelchair securements.

Turnover = Poor Service Quality

The most important reason for the poor quality of service in paratransit is turnover, and this is of course tied directly to wages and benefits. According to the most recent national study, the average starting wage for ADA paratransit vehicle operators employed by private contractors ranges from $7 to just over $14.00 per hour and averaged $10.47. Vehicle operators employed by public agencies that provide services in-house are paid from $9.50 to $15.77, with the average starting wage being $12.06. Only 75% of private contractors offer individual health care

[17] *Public Transit: Transit Agencies' Use of Contracting to Provide Service.* Government Accountability Office, September 2013.

coverage to full-time operators, and only 68% provide family coverage. Only 19% of companies offer health benefits to part-time vehicle operators. On average, full-time vehicle operators are required to pay 33% of individual coverage and 50% of family coverage, a cost that is often out-of-reach given the hourly wages.

A 2008 FTA compliance review conducted of the Metropolitan Transit System (MTS) in San Diego indicated an **82% annual turnover rate** among ADA paratransit vehicle operators. The report states that "This high turnover rate results in a high percentage of relatively inexperienced operators and may affect service efficiency and service quality." An FTA review of Pierce Transit in Lakewood, Washington, in 2007 indicated that the major private contractor, which provided about 74% of the service, was **experiencing an 80% turnover rate** among operators. Meanwhile, the portion of Pierce Transit's in-house paratransit service reported almost no vehicle operator turnover -- their average public sector ADA paratransit operator has an average tenure of 14 years.

The same study found a statistically significant relationship between compensation and turnover. The level of starting wages was shown to account for 21% of the turnover reported, **and turnover can be lowered by 3.5% to 5.1% for every $1 increase in starting wage.**[18]

Problems Will Only Grow

It is expected that the proportion of older Americans to the total population will be much higher in the future years. According to the U.S. Census "in 2050, the number of Americans aged 65 and older is projected to be 88.5 million, more than double the approximate population of 40.2 million in 2010"[19]. Most of the increase is linked with the baby boomers that entered into this category in 2011. This growth will have huge implications on public transit since one in five Americans 65 and older do not drive.[20]

Summary – A Mobility Nightmare for People with Special Needs

Paratransit customers living on fixed income cannot afford to pay higher fares. Transit systems which are making tough decisions every day, balancing the needs of fixed route services, cannot afford the huge costs associated with transit for people with special needs, so they outsource the work and hope for the best. Private contractors making lofty promises that cannot possibly be honored are locking cities into multi-year contracts and failing miserably, providing awful service that is not fit for anyone, especially frail and vulnerable people. Contractors deliberately use small vans and taxi services on a regular basis, raising serious health and safety issues as

[18] *Vehicle Operator Recruitment, Retention, and Performance in ADA Complementary Paratransit Operations.* Transit Cooperative Research Program (TCRP) Report #132, 2010.

[19] *THE NEXT FOUR DECADES: The Older Population in the United States: 2010 to 2050 Population Estimates and Projections*, U.S. Census Bureau, 2010.

[20] *Aging Americans: Stranded Without Options.* Linda Bailey, Surface Transportation Policy Project, 2004.

drug and alcohol testing requirements and other regulations applicable to fixed route and paratransit operators in larger vehicles do not apply.

If a person with special needs lives within ¾ of a mile of a bus line, they can get access to this substandard service. If not, no legal obligation exists to serve their basic mobility needs, and transit systems are walking away from them due to financial constraints.

People with disabilities, including wounded veterans and seniors, deserve transit that is respectful, equitable, accessible and dependable.

Transit

Respectful

Equitable

Accessible

Dependable

ATU proposes a new funding stream known as the **TREAD** Program.

TREAD Overview

- **Funding:** ADA has been an unfunded mandate since 1990. It is time for a separate, substantial funding stream dedicated toward the provision of first class paratransit service. As noted above, we spend nearly $4 billion annually to provide ADA paratransit services, but FTA is authorized only to grant a few hundred million per year (Section 5310) – and most transit systems see little if any of this money. TREAD should be funded at a minimum of **$1 billion annually** on a formula basis, and increase substantially as our population ages. Eligible grant recipients should include transit systems of all sizes, and such recipients should be authorized to use such funds as they see fit to meet the needs of people with special needs – capital, operations, or maintenance. Operating assistance requirements applicable to fixed route should not apply. **A person with disabilities living in a rural area has the same special needs as a person residing in the big city.**

- **Training:** Transit agencies report that a major reason for contracting is that ADA paratransit requires specialized training and equipment that can be difficult to provide because agencies may lack staff, expertise, or resources needed to train workers. TREAD would authorize funding for these activities.

- **Delaying Service Cuts:** The astounding service cuts and outright elimination of routes on fixed routes has wreaked havoc for people with disabilities, especially those using paratransit within ¾ of a mile of the slashed routes. Under the TREAD program, if a transit system cuts a fixed route bus line, they would not be authorized to cut paratransit service to any person in that service area for a period of at least two years. People with special needs and their families need more time to adjust to these changes.

- **Coordinating:** TREAD should not in any way impact the current Section 5310 program which allows private nonprofit groups to provide critical mobility options in rural areas. TREAD and 5310 should in fact be integrated to the greatest extent possible with the Federal Coordinating Council on Access and Mobility (CCAM), which coordinates over 60 federal programs that fund services for transportation-challenged populations.

- **Closing the Van Safety Gap:** Commercial drivers' license requirements – including drug and alcohol testing – and physical exam mandates should be mandated for all paratransit van operators, regardless of vehicle size. Persons with disabilities travelling in vans with less than 9 - 15 passengers have the same special needs as those in larger vehicles.

ATU SUPPORTS:

- Creation of the TREAD Program to finally provide people with special needs riding paratransit the same mobility options as people who rely on fixed route public transportation services.

- Meeting our commitments to veterans and military families by providing access to transportation options that facilitate community integration and participation.

Safety and Security

An Epidemic of Assaults on Operators

Passengers lucky enough to still have some level of fixed route service have been forced to dig deeper into their own pockets. These fare hikes -- which have occurred almost everywhere -- are essentially tax increases, and of course, the individuals responsible for the collection of these taxes are bus operators, the members of our union who serve as the face of hundreds of the transit systems across the nation. People don't like paying more for inferior service, so quite often they take out their frustrations on the drivers. In the past five years, we have seen a dramatic increase in the level and intensity of senseless attacks on defenseless operators. Drivers

have been punched, slapped, stabbed, shot, and have had bodily fluids thrown upon them. And they are confronting all of this while trying to safely steer their vehicles through traffic, protecting the lives of passengers, pedestrians, and other drivers who are seriously distracted by today's hand-held gadgets.

Transit workers are at higher risk for violence than are workers in many other occupations. According to the Bureau of Labor Statistics and the National Institute for Occupational Safety and Health, there is an increased risk of workplace violence for workers who have direct contact with the public, have mobile workplaces or deliver services, work in community settings, deliver passengers, handle money, and work in small numbers.[21]

When a passenger assaults a bus operator while he or she is driving the vehicle, transit riders, auto drivers and pedestrians are placed at risk. In California, an Omnitrans bus operator was stabbed in 2010 while operating a bus. After he was attacked, the bus veered off the road and crashed into a tree. The operator, a 15-year veteran, died, leaving behind a wife and eight children.[22]

Lack of Restroom Breaks a Huge Health and Safety Issue

In addition, in too many cities, tight computer-generated schedules and increased traffic congestion have created shifts in which no time is available to use the restroom. As a result, bus operators restrict their fluid intake, starving internal organs, leading to a whole host of health problems, including urinary tract infections, kidney problems, etc. Though they do not like to talk about it publicly, drivers who do not resort to relieving themselves in cups wind up staining driver seats through involuntary urination. Women, who make up a growing segment of our membership, cannot simply urinate out the back doors of the bus like their male counterparts are forced to do. Paratransit operators often have no designated breaks whatsoever because dispatch tends to build those routes while the vehicles are still on the road, and the drivers of course may not leave elderly and disabled passengers alone.

Furthermore, while the focus of policy makers at all levels of government in recent years has been on distracted driving caused by cell phone use or driving while impaired, recent studies indicate that driving while 'holding it in' is just as dangerous. The discomfort and stress of holding it in make it more difficult to operate a vehicle safely and effectively. Operators report being distracted and driving faster when under this kind of pressure. One laboratory study found that not responding to an extreme urge to urinate affected attention and thinking. The effect was equal to that of staying awake for 24 hours or having a blood alcohol level (BAC) of 0.05%. For comparison, a commercial driver would be disqualified at a BAC of 0.04%.[23]

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[21] *Practices to Protect Bus Operators from Passenger Assault.* TCRP Synthesis #93, 2011.

[22] TCRP Synthesis Report #93.

[23] *The Effect of Acute Increase in Urge to Void on Cognitive Function in Healthy Adults,* Neurourology and Urodynamics 30:183–187 (2011).

A few years ago, a TriMet (Portland, OR) bus operator was in a hurry to take a restroom break when she was crushed to death by her own bus. She was six minutes late when she pulled her bus into a transit center, left the vehicle running in forward gear and failed to properly set the parking brake. The 27-year veteran hurriedly walked in front of the bus, reached in the driver's window to pull a lever to close the doors, and then walked back across the front of the bus on her way to the restroom. When she closed the door, the brakes were released after a one-and-a-half-second delay, and the bus struck her, pinned her to a bus stop sign and killed her instantly.

The health and safety issues confronting our members and the riding public due to the lack of clear and sensible policies at transit systems across the U.S. are staggering.

ATU SUPPORTS:

- Requiring newly manufactured vehicles to include workstation changes to protect operators. While airplane cockpits and train locomotives are completely off limits to passengers, transit buses are wide open. Driver shields, drivers' side doors and other ideas must be on the table, as should retrofitting of existing vehicles. Research is now ongoing to determine the best options.

- Mandating that transit agency (bus and rail) comprehensive safety plans address assault and restroom break matters. No safety plan should be eligible for FTA certification unless it receives the official approval of represented employees of the grantee. Such a process will ensure a credible and enforceable plan that addresses the real safety concerns of all involved.

Transit Privatization: Riders First

If it is not our members being punched in the gut by the funding shortages, it is the passengers, who have been hit with an onslaught of failed transit privatization experiments around every corner. Between 1998 and 2009, privately contracted service for fixed route bus service more than doubled.[24] The poor economy is a breeding ground for the profit-seeking transit contractors to make their case to local officials that they can somehow deliver better service at lower cost. Despite this, MAP-21 included language that mandated a GAO study to identify impediments to outsourcing. Other provisions were also included to provide private sector transit operators -- largely foreign corporations -- with an unfair advantage.

The result has been deteriorating service, more fare hikes, and serious safety issues. When transit systems privatize operations, they lose control of their ability to respond to riders' concerns about quality of service issues, even as foreign companies drive service into the ground. Lower

[24] *Doing More With Less: Competitive Contracting Changes in SAFETEA-LU Reauthorization.* The "Affordable Commuting Coalition."

wages and reduced benefits are the open game plan of private transit providers, leading to dissatisfied workers. This culminates in major turnover issues, resulting in training problems, safety issues, etc. These companies are motivated only by profit rather than the provision of quality, affordable service for people who rely on transit.

False Promises

Transit privatization is based on questionable and at times false assumptions regarding competition, cost, and the mechanisms used to calculate these and other matters. No one in private sector would contract out a crucial internal operation without knowing the full scope of management issues. The public sector deserves the same respect. Private firms don't typically contract out work that involves their core customer base directly nor do they give control of their capital equipment to outsiders. For contracting out to work in public transit, that is precisely what is required.

In the 1980s, private transit providers, promising that competition would drive up efficiency, often cited assumptions about so-called public sector "monopolies" and the lack of incentives for public sector workers to perform at a high level. However, over time, due to the unique nature of the transit industry, the multiple private companies involved in transit have shrunk to just a handful as huge foreign corporations have absorbed many small private providers. As a result, ironically, it is now these private companies that have a monopoly on transit outsourcing, and they have in fact lost the incentive to provide high quality service. They enter into long term contracts with no accountability, cutting corners wherever possible, leading to major service, maintenance, and safety issues.

Hidden Costs

According to a study of data from the National Transit Database, privatized systems pay drivers far less, and offer fewer benefits than public agencies. By offering reduced benefits and wages, private transit operators claim to offer higher labor efficiency – the same level of service at a lower cost. However, contracted transit workers work more **overtime** than publicly employed transit workers, which can undercut much of the labor savings. Moreover, private contractors have **higher insurance and training costs** in part because they have significantly higher turnover rates.[25]

Monitoring the contractors is also a significant hidden cost of privatization. For example, in March 2013, the Washington Metropolitan Area Transit Authority signed a contract with a private company to oversee the performance of the three transit contractors that operate its ADA paratransit services -- a contract to monitor the contractors![26]

[25] *Transit and Contracts: What's Best for Drivers?* Access, Songju Kim and Martin Wachs, 2006.

[26] *Public Transit: Transit Agencies' Use of Contracting to Provide Service.* Government Accountability Office, September 2013.

The most efficient way to guard against these hidden costs is to require transit grant recipients to use the "Avoidable Cost Model" of accounting to determine the actual cost of providing a service.[27] This model acts to properly include costs such as public management oversight of the private provider and other transaction costs including the loss of in-house expertise, severance payments to end existing public service, and increased insurance and training costs associated with high turnover. The *Avoidable Cost Model* can better identify potential savings from variable costs while properly quantifying fixed costs between the public and private alternatives. It is the most accurate method to analyze the full costs of specific transit privatization schemes. To ensure that public dollars are spent wisely and efficiently, policymakers need to establish parameters that will measure the broadest costs of an alternate privatization scheme to a public service.

Outsourcing Conclusions

The federal government should not intrude on local decision making in transit. Mandated or minimum provisions on competitive bidding without appropriate standards for decision making serves to reduce the standard of living for workers and diminish the transportation service provided to communities. It can also result in turnover, safety, and security issues. Careful scrutiny is needed.

The incredibly open and honest private companies' selling point to cities is to provide savings by paying workers less, eliminating pensions and offering fewer benefits, deterring employees from remaining at transit agencies long enough to reach the top of the pay scale. This is about taking a professional workforce and turning it into a part time job, not appropriate for an industry where employees are driving massive vehicles and entrusted with the lives of millions of passengers each day. Policymakers need to take a close look at what these private companies are doing to our transit systems and the impact that these arrangements are having on working families. We need to ensure that transportation in our communities is not further diminished.

ATU SUPPORTS:

- Repealing provisions of current law that provide an unfair advantage to private contractors, including those that basically require FTA to become a marketing arm of the private sector.
- Requiring use of the *Avoidable Cost Model* in determining whether to outsource public transit services.
- Ensuring that the methodology and criteria for service selection and final decisions must continue to be left to local decision makers, consistent with applicable laws, collective bargaining agreements, and other pertinent agreements.

[27] Elliott Sclar, Director of the Center for Sustainable Urban Development and Professor of Urban Planning and International Affairs, Columbia University.

Transit Labor Protections

Preserve Section 13(c) Transit Employee Labor Protections

The U.S. public transportation industry has experienced remarkable labor relations stability during the 50 years of the federal transit program. This has allowed transit employees to go about the business of their most important role: **Moving America Safely**.

The basis for five decades of labor-management cooperation is Section 5333 (b) of Title 49 of the United States Code (formerly Section 13(c) of the Federal Transit Act), which states that when federal funds, most recently authorized under MAP-21, are used to acquire, improve or operate a transit system, there must be arrangements to protect the rights of affected transit employees.

The crucial so-called Section 13(c) provisions ensure the continuation of collective bargaining rights and benefits for nearly 360,000 urban, suburban and rural transit employees under existing collective bargaining agreements. The statute protects transit workers from adverse effects that may arise when federal dollars are invested in their local transit systems. This sensible, balanced system fosters **unmatched labor-management stability**, ensuring a **highly trained, experienced, safe and professional workforce**, allowing for the development of significant technological, structural, and productivity improvements.

Federal reports concerning Section 13(c) have found that the provision has functioned exactly as intended, and has not interfered with the efficient provision of transit services, clearly substantiating the ATU's long-standing position that Section 13(c), while providing important collective bargaining and job protection, has helped to improve working relationships between management and labor.

No Obstacle to Contracting Out

Historically, one of the major issues raised by Section 13(c) critics has been that it impairs the ability of transit agencies to contract out for transit services. This is absolutely not true. As stated in a 2013 GAO report on contracting out (mandated by MAP-21), "According to officials at DOL, after a search of their records and to the best of their knowledge, **there has never been an instance where a transit agency has been unable to contract out** public transit operations and other services because doing so would jeopardize Section 13(c) certification from DOL."[28]

[28] *Public Transit: Transit Agencies' Use of Contracting to Provide Service.* Government Accountability Office, September 2013.

ATU SUPPORTS:

- Continuation of the critical transit employee labor protections provided by Section 13(c) of the Federal Transit Act.
- Application of Section 13(c) protections to *any* new federal transit programs or innovative financing mechanisms created through MAP-21's reauthorization.

SUDDEN DEATH OVERTIME: A COMMON SENSE BUS SAFETY PROPOSAL

In response to a recent spike in fatal intercity bus accidents, the U.S. Department of Transportation (DOT) in December of 2013 announced a national crackdown to take unscrupulous bus operators off the road. Regulatory authorities had taken similar measures in 2011 after a string of fatal bus crashes.

While it is appropriate for law enforcement to continue the crackdown to protect the safety of over-the-road bus passengers, these steps do not even begin to address the core issue which is at the root of intercity 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 **driver fatigue**.

Three times as many killed on buses than airplanes

When a commercial airplane crashes it is a major news story and most media outlets will cover the event 24-7. When a fatal bus accident occurs it is usually a one-day story that receives minimal media attention. The 2009 Colgan Air accident in Buffalo, which took 50 lives, and the San Francisco Asiana Airlines crash of 2013 in which three died are the only major airline crashes in the last few years. Meanwhile there have been numerous bus accidents including the horrific Bronx accident that killed 15, the Virginia crash killing 4 and countless others. In fact, over the last decade three times as many people were killed as a result of intercity bus accidents as compared to commercial airline crashes.

Low Wages, Extreme Fatigue

When an intercity bus crashes, especially when no other vehicles are involved in the accident, there is a high likelihood that the driver of that bus fell asleep at the wheel. Hundreds of non-

union intercity bus companies – usually 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. Unsuspecting customers simply do not know that they are riding with drivers who are falling asleep because they never rest.

According to the National Transportation Safety Board (NTSB), driver related problems are responsible for 60% of the fatalities occurring in crashes, while **the condition of the vehicle accounts for only 20% of the fatalities. Driver fatigue is responsible for a staggering 36% of the fatalities. It is the number one cause of fatal accidents**, far above road conditions (2%) and inattention (6%).[29]

Fair Labor Standards Act Exemption

Under the FLSA, covered nonexempt employees must receive overtime pay for hours worked over 40 per workweek at a rate not less than one and one-half times the regular rate of pay. But Section 13(b) (1) of the FLSA provides an exemption from the overtime pay requirements for "Any employee with respect to whom the Secretary of Transportation has power to establish qualifications and maximum hours of service pursuant to the provisions of section 204 of the Motor Carrier Act, 1935 (recodified at 49 U.S.C. 31502)." This exemption is applicable to drivers, helpers, loaders, or mechanics whose duties affect the safety of operation of commercial motor vehicles in transportation on public highways in interstate commerce.

Congress apparently created this exemption to eliminate any conflict between the jurisdiction exercised by the Department of Labor over the FLSA and the mutually exclusive jurisdiction exercised by the Department of Transportation over hours of service issues. However, there is no necessary inconsistency between enforcing rigid maximum hours of service for safety purposes and at the same time, within those limitations, requiring compliance with the increased rates of pay for overtime work. In fact, both issues are paramount to safety, and they are clearly linked. When drivers are not paid well, including appropriate overtime rates, they are going to be pushed to make a living elsewhere, providing them little time to rest and turning them into weary operators. But only a 10% higher driver base pay rate leads to a staggering 34% lower probability of a crash.[30]

MAP-21: Ensuring that Corpses are Strapped in

MAP-21 required motorcoaches to be installed with safety seat belts, advanced glazing in each portal to prevent passenger ejection, and stability enhancing technology to reduce the number

[29] *U.S. DOT Motorcoach Safety Action Plan*, November, 2009.

[30] *Paying for Safety: An Economic Analysis of the Effect of Compensation on Truck Driver Safety*, Michael H. Belzer, 2002.

and frequency of rollover crashes, among other requirements. With its focus on seatbelts, vehicle structural integrity, and keeping unsafe bus owners out of business, the bill had good intentions, including many overdue provisions.

Unfortunately, the bill still leaves passengers vulnerable because it ignores the key issue at the heart of intercity bus crashes: driver fatigue. Common sense tells us that while maintaining the structural integrity of a bus is critically important, **if a 40,000 pound vehicle traveling at a high rate of speed overturns and smashes into a bridge or falls over a cliff, the lives of the occupants are going to be in grave danger, even if they are strapped in and the vehicle has the strength of a tank.**

The real problem is that bus drivers are falling asleep at the wheel because they are working grueling hours at abysmally low wages. And since intercity bus drivers are exempt from the FLSA's overtime provisions, many drivers are forced to work second jobs during their so-called "rest period" in order to make ends meet.

The *Driver Fatigue Prevention Act* (S. 487) would apply FLSA's overtime provisions – which for decades have covered the majority of American workers – to intercity bus drivers. Coach operators would get paid fairly for the work they put in above 40 hours per week, making them less inclined to work other jobs while pushing their bodies to the limit.

While FLSA's overtime provisions cover 85% of the U.S. workforce, intercity bus drivers are exempt.

Hours of Service and Enforcement Ineffective

Federal Motor Carrier Safety Administration (FMCSA) hours of service regulations that have been in existence for decades are routinely ignored, especially by fly-by-night, non-union bus companies. The state police in general do not perform random checks of passenger buses the way they do on cargo-hauling trucks because of the dissatisfaction expressed by passengers when their bus gets pulled out of commission and no replacement vehicle arrives for hours. Moreover, even if police actively seek out so-called discount bus carriers, there are not nearly enough law enforcement officers to even begin the process of ridding the highways of unsafe buses. While periodic stings pull large numbers of vehicles off the road and generate significant press coverage, it is back to business as usual once the headlines die down. Far too often, the families of innocent people find out that "business as usual" in the intercity bus industry means that they will be attending a funeral instead of a family reunion.

Rest: A Common Sense Approach to Safety

Doesn't it make sense to create economic conditions whereby drivers are fairly compensated for their work which exceeds 40 hours per week, making it less likely that they will have to resort to

doctoring log books, working other jobs, and wearily reporting for duty with a giant cup of coffee? By doing so, fewer collisions will ultimately occur.

ATU SUPPORTS:

- S. 487, *The Driver Fatigue Prevention Act,* which would apply FLSA overtime provisions – which for decades have covered about 85% of American workers – to intercity bus drivers. Coach operators would get paid fairly for the work they put in above 40 hours per week, making them less inclined to work other jobs while pushing their bodies to the limit.

- Stronger enforcement of hours of service regulations.

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.

Approximately 80% of transit employees are:

- Bus and train operators
- Bus mechanics
- Rail car technicians
- Signals technicians and traction power electricians
- Facilities maintainers

Yet, the **industry focus is heavily skewed to white collar needs.** The U.S. Department of Transportation workforce funding is focused on university programs and university transportation centers, but many agencies find their biggest need is skilled blue collar technicians, electricians, and in signals.

Until 2012, 80% of FTA's limited workforce funds went to white collar – 16 times more per employee than blue collar. The National Transit Institute (NTI) is **funded at $5 million per year, almost exclusively for white collar transit workforce training. At the same time, there is $0 for ongoing support for the frontline workforce.** The equivalent of 88% of today's

transit workforce will have to be hired and trained in the next 10 years, but the transit industry and agencies lack the capacity to train the next generation of blue collar technicians.

ATU SUPPORTS:

- Providing support for a national frontline workforce training center, on an equal footing with NTI. We need to support effective standards-based training for the blue collar 80% of transit's workforce.

- Ending the human capital investment inequality at FTA. Include human capital as an ordinary part of capital grants.

Conclusion

ATU is now engaged in an unprecedented effort to build coalitions with the millions of people who rely on fixed route and ADA paratransit service each day to commute to work, buy groceries, get to school, visit the doctor, and attend to life's other necessities. Two years ago, ATU created a 501(c) (3) organization known as American's for Transit (A4T) to strengthen, create, and unite grassroots transit rider organizations across the United States. We aim to create a big-tent coalition of transit riders and supporters to address the pressing transit funding crisis in America. Through A4T's efforts, there are now more than 90 transit rider groups all across the U.S., partnering with labor, chambers of commerce, faith-based groups, environmentalists, and others in an effort to expand and improve transit options for Americans.

Transit riders and other stakeholders across the United States, who have already made themselves heard at the ballot box, **raising their own taxes in support of transit measures** that have poured millions of dollars into their communities, are now developing their voices just in time for the reauthorization debate in Washington, and within the next year, Members of Congress will be hearing from our partners outside the Beltway with a message that is plain and clear: the American people want expanded, high quality, and safe public transportation.

Congress now has the opportunity to put partisan issues aside and provide America with an economic boost through a strong, well-planned federal transit program that puts the interests of riders above those of private, foreign corporations. If policy makers do not approve a massive increase in transit funding and adopt policies that allow transit systems to use their funds more wisely, we will continue to stand in place and our urban centers will be paralyzed within decades.

Above all else, Congress has an obligation to ensure that **passenger safety is paramount** in both intracity as well as intercity bus transportation, and ensuring the well-being of the operator is key to that objective. Unfortunately, current policies are not achieving that goal, and immediate change is necessary to protect the riding public.

ATU looks forward to working with Congress, as we have since 1964, in support of a new bill that will address our nation's mobility needs for another 50 years, and beyond.

Appendix: Summary of ATU Positions

INCREASED FUNDING

ATU SUPPORTS:

- Funding public transportation at $119 billion over the next six years, more than doubling the commitment to transit in SAFETEA-LU, as called for in President Obama's surface transportation reauthorization proposal released prior to MAP-21 (FY 2012 Budget).

FUNDING SOURCES:

Gas Tax

- H.R. 3636, the *Update, Promote, and Develop America's Transportation Essentials Act of 2013*, which would phase in a 15 cent/gallon tax increase over the next three years on gasoline and diesel.

Robin Hood Tax

- H.R. 1579, the *Inclusive Prosperity Act* to impose a tax on certain financial transactions to strengthen our financial security, reduce market volatility, expand opportunity, and stop shrinking the middle class. This proposal, also known as the "Robin Hood Tax," could generate billions of dollars for transportation infrastructure.

National Infrastructure Bank

- H.R. 2553, the *National Infrastructure Development Bank Act*, to **responsibly** create and fund a public bank to leverage public and private dollars for meritorious infrastructure projects of national or regional significance.

NO MORE CUTS

ATU SUPPORTS:

- Authorizing transit systems to use their federal funding for operating assistance when needed to avoid service cuts, route eliminations, or fare increases.
- Allowing fuel to be classified as a capital expense.

- Eliminating the federal tax code's bias against people taking public transportation through inclusion of H.R. 2288, the *Commuter Parity Act of 2013*, to establish permanent tax credit parity between the parking and transit portions of the transportation fringe benefit.

FULFILL THE PROMISE OF THE ADA

ATU SUPPORTS:

- Creation of the TREAD Program to finally provide people with special needs riding paratransit the same mobility options as people who rely on fixed route public transportation services.
- Meeting our commitments to veterans and military families by providing access to transportation options that facilitate community integration and participation.

ENHANCE TRANSIT HEALTH AND SAFETY

ATU SUPPORTS:

- Requiring newly manufactured vehicles to include workstation changes to protect operators. While airplane cockpits and train locomotives are completely off limits to passengers, transit buses are wide open. Driver shields, drivers' side doors and other ideas must be on the table, as should retrofitting of existing vehicles. Research is now ongoing to determine the best options.

- Mandating that transit agency (bus and rail) comprehensive safety plans address assault and restroom break matters. No safety plan should be eligible for FTA certification unless it receives the official approval of represented employees of the grantee. Such a process will ensure a credible and enforceable plan that addresses the real safety concerns of all involved.

REJECT PRIVATIZATION

ATU SUPPORTS:

- Repealing provisions of current law that provide an unfair advantage to private contractors, including those that basically require FTA to become a marketing arm of the private sector.

- Requiring use of the *Avoidable Cost Model* in determining whether to outsource public transit services.

- Ensuring that the methodology and criteria for service selection and final decisions must continue to be left to local decision makers, consistent with applicable laws, collective bargaining agreements, and other pertinent agreements.

PRESERVE TRANSIT LABOR PROTECTIONS

ATU SUPPORTS:

- Continuation of the critical transit employee labor protections provided by Section 13(c) of the Federal Transit Act.

- Application of Section 13(c) protections to *any* new federal transit programs or innovative financing mechanisms created through MAP-21's reauthorization.

ADDRESS INTERCITY BUS DRIVER FATIGUE

ATU SUPPORTS:

- S. 487, *The Driver Fatigue Prevention Act,* which would apply FLSA overtime provisions – which for decades have covered about 85% of American workers – to intercity bus drivers. Coach operators would get paid fairly for the work they put in above 40 hours per week, making them less inclined to work other jobs while pushing their bodies to the limit.

- Stronger enforcement of hours of service regulations.

SUPPORT WORKFORCE DEVELOPMENT

ATU SUPPORTS:

- Providing support for a national frontline workforce training center, on an equal footing with NTI. We need to support effective standards-based training for the blue collar 80% of transit's workforce.

- Ending the human capital investment inequality at FTA. Include human capital as an ordinary part of capital grants.

Committee on Transportation and Infrastructure
U.S. House of Representatives

January 14, 2014

"Building the Foundation for Surface Transportation Reauthorization"

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ATFI ALLIANCE FOR TOLL-FREE INTERSTATES

Testimony Submitted for the Record
Transportation and Infrastructure Committee
U.S. House of Representatives

January 14, 2014

Introduction

The Alliance for Toll-Free Interstates (ATFI) is pleased to submit the following testimony for the Record of the Transportation and Infrastructure Committee's hearing on the January 14, 2014.

ATFI is a broad coalition of businesses, associations, and individuals who believe that existing interstate lanes should remain toll-free. Our membership spans the restaurant, trucking, distribution, warehousing, logistics, moving, truck & car rental, travel, manufacturing and heavy equipment industries.

We appreciate the challenge of identifying sustainable revenue sources for America's transportation infrastructure. Fortunately, it is a challenge that has been met successfully in the past, and we have confidence that the Transportation and Infrastructure Committee will be able to find ways of meeting our nation's highway construction and maintenance needs moving forward.

The spectrum of funding mechanisms for consideration by the committee is wide, and ATFI believes that different state and regional circumstances call for different infrastructure funding approaches. Occasionally, tolls may even be a viable choice for funding new construction. However, we strongly believe that allowing new tolls on existing interstate capacity it is inappropriate under all circumstances.

Tolls are Inefficient

Decades of data shows that toll infrastructure is inherently inefficient and takes many years to generate any net income. According to the Transportation Research Board of the National Academy of Sciences, the administrative, collection and enforcement costs of a typical toll facility are 33.5% of the revenue generated.[i] Compare this to the Board's finding that the administrative cost of the federal fuel tax is about 1% of revenue.[ii]

Even though electronic toll collection can make tolling more efficient, it creates a series of new problems and is still relatively costly. For example, in 2003, researchers in New Jersey calculated the annual cost of electronic toll collection on the Garden State Parkway to be $46.9 million—or about 92% of what it cost the federal government to collect federal fuel taxes in all 50 states during that year.[iii]

Furthermore, tolls can be evaded by going through an electronic toll plaza without a transponder, using a transponder with an outdated account, having an outdated mailing address attached to a vehicle with no transponder, or simply by choosing to take an alternate, non-tolled route. According to the North Texas Tollway Authority (NTTA), in 2012, over 7% of the total revenue generated by NTTA was never recovered due to evasion and other collection problems.[iv] By contrast, funding mechanisms like the fuel tax and the sales tax are more difficult to evade.

Tolls are Taxes

Taxes built our interstates and fuel taxes continue to pay to maintain them. New tolls would tax users twice. Since the inception of the Federal Interstate Highway System, the federal fuel tax has always been the primary source of revenue for the construction and maintenance of federal interstate lanes. Revenue generated from the fuel tax funds ongoing construction and maintenance of the interstate system throughout the country. A new toll on an existing interstate forces a motorist to pay two taxes for that same road: a fuel tax and a toll tax.

Some states, like Virginia, require that road maintenance take priority over construction. The Code of Virginia mandates that transportation revenue first be distributed into the maintenance fund before money is allocated to construction projects. This includes the maintenance of the federal interstates located in Virginia.[v] Fuel tax collections are often more than sufficient to cover road maintenance costs. For example, in 2007, Pennsylvania trucks and cars paid an estimated $130 million in fuel taxes and user fees for the miles driven on I-80, while maintenance and operation of I-80 cost the Pennsylvania Department of Transportation an average of $80 million per year at that time.[vi]

Tolls Cause Traffic Diversion

Traffic diversion creates congestion on the local and secondary roads near toll facilities. This congestion delays response times for emergency personnel who rely on these secondary routes to quickly get to and from accidents and emergencies. A recent study on the effects of tolls in North Carolina predicted that tolls would divert up to 36% of traffic to alternate routes, contributing to delays, traffic accidents, and wear and tear on smaller secondary roads that were not built to handle high traffic levels.[vii]

Local roads deteriorate when they must accommodate traffic volumes that they were not built to handle. When these roads need to be fixed, the onus of payment falls to local communities and states. This diversion also hurts local businesses that depend on

interstate drivers for their customers. A 2013 Economic Assessment of I-95 in North Carolina estimated that between 2014 and 2050, diversion from tolls on I-95 would cost approximately $1.1 billion dollars in revenue to businesses within a mile of the I-95 corridor in North Carolina.[viii]

Conclusion

Since its creation, the Interstate System has been financed under the philosophy that roads should be funded primarily through fuel taxes not tolls, and tolling (other than on interstate segments that pre-date the establishment of the Interstate System in 1956) is limited to the reconstruction or replacement of interstate bridges and tunnels, and special use lanes such as High Occupancy Vehicle (HOV) lanes. Allowing new tolls on existing interstate lanes would be a violation of the public trust. In 1998, Congress authorized three toll pilot projects, in three separate states, on the Interstate System. To date, none of the three projects has been implemented, and two of the states have since passed legislation that makes tolling more difficult, sending a clear signal that they do not want tolls on existing interstates.

ATFI recognizes the difficulty of meeting all the nation's transportation infrastructure funding needs in the 21st century, and that a variety of revenue generation sources should be considered. However, ATFI submits that some revenue sources are more worthy of consideration than others, and allowing new tolls on existing interstates would be the worst policy to enact.

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[i] Transportation Research Board, National Cooperative Highway Research Program, 2011. *Cost of Alternative Revenue-Generating Systems*: p72-74.

[ii] Transportation Research Board, National Cooperative Highway Research Program, 2011. *Cost of Alternative Revenue-Generating Systems*: p62.

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Testimony of Kurt J. Nagle

President and CEO
American Association of Port Authorities

Before the
United States House of Representatives
Committee on Transportation and Infrastructure

Hearing on
"Building the Foundation for Surface Transportation Reauthorization"

January 14, 2014

Thank you for the opportunity to submit this written testimony for the record. Founded in 1912, the American Association of Port Authorities is a trade association that represents leading deep draft public port authorities in the Western Hemisphere. Our testimony today reflects the views of our U.S. members.

To be competitive in the global economy, America needs to implement and sustain surface transportation programs that support movement of freight throughout our country. Increasing exports of American-made goods and the importation of raw materials used to create those goods will result in the strengthening of our economy and increasing our rate of job growth.

From the earliest days of our nation, there has been a clear national interest in developing and maintaining the multimodal nature of our country's freight movement system. In particular there has been a long-standing and consistent federal role in maintaining the landside and waterside connections to America's seaports and other freight gateways to our country. Strengthening America's port infrastructure and intermodal connections as parts of a National Freight Network, within a larger freight strategy, are critical to continuing America's long-term prosperity.

Port-related infrastructure connecting U.S. farmers, manufacturers, and consumers to the world marketplace should necessarily be a top priority in any national freight strategy in order to enhance America's international competitiveness.

More than a quarter of the U.S. Gross Domestic Product is accounted for by international trade. More than 99 percent of all American overseas trade moves through seaports. Freight movement through America's seaports supports the employment of 13.3 million American workers, and seaport-related jobs account for $649 billion in annual personal income. For every $1 billion in exports shipped through seaports, 15,000 jobs are created.

In a recent member survey, AAPA found that public ports and their private sector marine terminal partners plan to invest more than $46 billion through 2016 in capital improvement projects to meet growing demand.

The renewed focus the House Transportation and Infrastructure Committee has made on freight movement during the 113th Congress is encouraging. Many AAPA and port industry recommendations were adopted in the recent report released by the T&I Panel on 21st Century Freight Transportation. We have been dismayed in recent years that the federal government has prioritized neither maintaining nor enhancing port-related infrastructure projects. The Panel's conclusions demonstrated the role that our government can play in improving America's freight movement system.

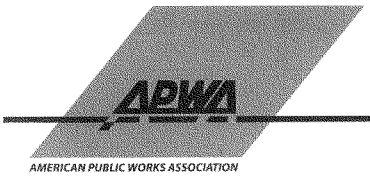
Last year, the American Society of Civil Engineers (ASCE) released a report on the impacts of under-investing in America's infrastructure. The marine ports and inland waterways section shows that an additional $15.8 billion investment per year through 2020 (just one-tenth of the report's cumulative total) will protect nearly $700 billion in U.S. GDP, $270 billion in U.S. exports, 738,000 jobs, and $770 per year in household costs. Overall, ASCE projects America could see as much as a $4 trillion loss to its GDP by 2040 if we ignore U.S. transportation infrastructure needs.

The ASCE report notes that land and water connections that affect ports' ability to move freight into and out of the country are often insufficient and outdated. The resulting congestion and delays cause the goods we import to become more expensive, and the goods we export overseas to be less competitive in world markets. Because international trade is central to our economic well-being and seaports connect us with the rest of the world, keeping them modern, navigable, secure, and properly supported are core priorities for AAPA – and they must be for the nation as well.

To remain globally competitive, to secure our domestic economy, and to sustain America's job growth, it is vital that our national freight strategy takes a comprehensive view of every mode of freight transportation, whether on the surface of our country or on the water, by highways and railways through the heartland or marine highways along the coasts.

At AAPA, we're hopeful that this year's reauthorization of surface transportation programs will build upon the groundwork that has already been laid, by focusing our country's attention on the critical importance of freight movement, and also by broadening our country's perspective to realize the significance of all modes of transportation within our freight movement system. American-made products must efficiently move along our country's freight system, out to the global marketplace, so that we remain competitive around the globe, American manufacturers and consumers pay lower prices for the goods that they need, and American jobs are sustained and created here at home.

Thank you again for the opportunity to include this testimony as part of this hearing's written record. Attached to this statement is a copy of AAPA's policy position paper regarding the next surface transportation reauthorization.



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Building the Foundation for Surface Transportation Reauthorization

Statement of
Edward A. Gottko, PWLF
President
American Public Works Association

For the Hearing of the
House Committee on Transportation and Infrastructure

January 14, 2014

Chairman Shuster, Ranking Member Rahall and members of the Transportation and Infrastructure Committee, thank you for the opportunity to submit testimony for this hearing on Building the Foundation for Surface Transportation Reauthorization.

I am Ed Gottko, President of the American Public Works Association (APWA). I submit this statement on behalf of our members.

APWA is an organization dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, our 28,500 members and nearly 2,000 public agencies plan, design, build, operate and maintain our transportation, water supply, stormwater, wastewater treatment, waste and refuse disposal systems, public buildings and grounds and other structures and facilities essential to our economy and quality of life.

Local governments own about three-quarters of the nearly four million-mile roadway network and half of the nation's bridges (nearly 300,000 bridges under local control) and manage about 90 percent of the transit systems. This extensive network is vital to connecting communities, supporting jobs and strengthening our economy. Nearly every trip begins and ends on a local road, street or sidewalk.

I thank you for your leadership and the hard work that led to enactment of MAP-21. This law, which expires in less than nine months, provides needed short-term investments in our road, bridge and public transportation systems and creates a performance-based, streamlined, multimodal transportation program. However, due to increasing vehicle fuel efficiency and other factors, the Highway Trust Fund is going broke and will be unable to sustain needed investment levels after MAP-21 expires.

We therefore call on Congress to act before MAP-21 expires and pass a new, well-funded, multi-year surface transportation authorization that provides a sustainable funding source for the future, strengthens local decision-making authority, directs resources to local priorities and streamlines the project delivery process. The need to make our transportation system more "complete" and safer for all users (motorists, pedestrians and bicyclists alike) is also a top priority for local officials.

Like many others, we recognize the critical need for increased investment at the national level to build and maintain our nation's transportation network. With so much at stake, we have taken a serious look at the upcoming transportation financing challenges. We see two overriding goals toward a solution:

Goal 1: Clearly identify and dedicate revenue sources to provide long-term sustainable and reliable funding for the full costs of construction, operation, maintenance, preservation and reconstruction of national and regional multimodal surface transportation systems to effectively move people and goods to serve our economy, in a safe and environmentally sustainable manner.

Goal 2: Increase federal and state funding support to local government agencies for costs these agencies incur in providing the local network that provides people and businesses access from their neighborhoods to the regional and national transportation systems.

There is no question a funding and financing crisis exists, and we must act accordingly. With the gap between transportation needs and motor fuel tax revenues growing, we urge that gas taxes be adjusted upward to close this gap and that motor fuel tax revenues be used for purely transportation purposes. Moreover, we support firewalls, guaranteed funding and avoiding diversions of transportation funds to non-transportation programs.

A continued federal role in funding our national, regional and local transportation systems is critical to job-creation, economic health, safety and the welfare of our nation. Investment in transportation projects (maintenance and new capacity) is a proven way to boost the economy. It creates direct and induced jobs during the construction cycle, and the improved infrastructure provides more efficient access to jobs, labor, materials and other activities over the entire life of the improvements. Our nation cannot remain economically competitive with the rest of the world if our transportation system is left inadequate and crumbling. Investment to improve and repair our deteriorating surface transportation network will build the foundation for long-term and sustained economic growth.

FINANCING RECOMMENDATIONS

We call to your attention the following financing recommendations for reauthorizing our surface transportation system:

Increase and Index the Federal Motor Fuel Tax
We recommend that the current federal motor fuel tax rate be raised to at least restore the purchasing power lost to inflation since its last increase in 1993 (the increased costs of highway construction have reduced the effective purchasing power of the federal fuel tax), and then index it to automatically adjust for inflation on a timely interval using an appropriate index, such as the Consumer Price Index.

This position is supported by three national commissions, each of which recommended an increase in the federal fuel tax, not only to improve our transportation infrastructure, but also to increase jobs and support our economy:

- *National Surface Transportation Infrastructure Financing Commission (2009)*: 10 cents gas tax increase, plus 15 cents for diesel and index
- *National Surface Transportation Policy and Revenue Study Commission (2007)*: 25 cents gas tax increase over five years and index
- *National Commission on Fiscal Responsibility and Reform (2010)*: 15 cents gas tax increase

Transition to Vehicle Mileage Traveled (VMT) Fees
The purchasing power of federal fuel tax revenues is declining as electric vehicles, hybrids and other more energy-efficient vehicles increase. We support incentives to develop new concepts to offset revenue losses caused by more fuel-efficient vehicles. One such concept is the vehicle-miles driven approach in addition to gas taxes or in lieu of gas taxes. This is a technology-driven application that records vehicle miles driven to allow equitable payment of a fee to the state or federal government, based upon an established rate per vehicle-mile driven. A certain level of capital investment will be required to implement a vehicle miles traveled program. We encourage the federal government to support a transition to a vehicle miles traveled (VMT) fee as a more stable, long-term replacement for the fuel tax, which would serve as a more appropriate "user fee" and encourage more efficient use of our nation's transportation system.

Expand Access to Innovative Financing Tools
We recommend further expansion of the use of financing mechanisms such as Public Private Partnerships (P3), tolling, congestion pricing, and "pass through financing." Cities and counties are stepping up to design, construct and fund highway improvements in urban areas, using revenue bonds backed by guaranteed revenue streams. By doing so, these cities and counties are also guaranteeing their own revenue streams to help ensure low interest rate financing of these specific projects.

Utility System/Enterprise Funds Model
We recommend that the federal government look at transportation funding in the same way that cities look at utility systems and enterprise funds. The essence of this approach would be for the federal government to create an independent entity that would be given the authority to oversee an ongoing revenue stream, to include periodic increases in the gasoline tax, tolls or vehicle mileage fees, to fund transportation needs without the requirement for Congressional action, but with Congressional oversight. This would also be similar to the mechanism used to finance local water or sewer systems, storm drainage utilities or municipal utility districts. A portion of that steady revenue stream could be used to finance bonds for needed improvements or expansions of the assets of the "Transportation Enterprise," while the remainder could be used to finance investments over time.

Encourage Local Governments to Increase Participation in Transportation Projects
We understand that improving our transportation system should be a partnership of local, state and federal efforts. We believe that partnership must be continued and even expanded. We support federal incentives for state and local agencies to increase the use of voter-approved sales taxes, local option gas taxes, bond programs, transportation impact fees and other dedicated tax revenues to advance or accelerate implementation of critical projects. In addition to financial participation, local agencies should be encouraged to assist by providing rights-of-way, assisting with the environmental review process and performing any other local activity that expedites and reduces the cost of the project. To the extent possible, federal programs should remove or minimize any legislative or regulatory obstacles to local use of alternative financial tools for participation in critical transportation projects.

RECOMMENDED PRIORITIES FOR FEDERAL INVESTMENT

We recommend the following priorities for federal investment:

System Protection and Preservation
Protection and preservation of the existing system should be the highest priority of MAP-21 reauthorization. We recognize the preeminent importance of capital reinvestment in transportation infrastructure. Maintaining and improving road and bridge conditions and roadway operations will reduce congestion, improve safety, protect the environment and promote economic development.

In addition to increased investment in roadway maintenance, we support increased investment for local agency bridges to address the 28 percent of the nation's off-system highway bridges rated by the Federal Highway Administration (FHWA) as deficient. We support increasing the minimum set aside for off-system bridges and creating a set aside for local agency bridges off the National Highway System (NHS) to assist communities with meeting the enormous need for bridge maintenance and repair.

Flexibility
To best meet national, state and local transportation needs, we urge increased flexibility to use federal funds on a range of transportation alternatives, as well as more flexibility in allowing for contingencies in the planning and funding processes. Without latitude for local flexibility in determining funding sources and amending plans, communities lose the ability to move to the next project in line if an unforeseeable problem develops with a particular project. We encourage Congress and the US Department of Transportation (USDOT) to retain and expand flexibility for state and local governments through value added processes, less prescriptive regulations and more timely coordination between federal agencies that implement federal transportation and environmental legislation.

Freight
Increasing national exports is critical to the nation's economy and will require an efficient intermodal network capable of supporting growing freight movement. The successor to MAP-21 should provide investments to ensure the effective functioning of a National Highway System that supports intercity, interstate and commercial goods movement corridors. Support of goods movement is critical to local, regional and national economic development and job creation.

The national freight system is multi-modal and the connections between the modes (port-rail, port-highway, and highway-rail) must be enhanced to support growth. Strategies should include a focus on additional capacity, safety improvements to minimize intermodal conflicts or delays, efficiency improvements to reduce supply chain costs and environmental impacts and regulatory changes to deliver projects faster. As more internet commerce is conducted, freight and light-duty commercial vehicle trips increase to bring those purchases to the delivery point. Federal funding needs to reflect this growing need for infrastructure to support the movement of goods throughout and outside of our nation.

Safety
Our members are committed to improving the safety of users of our nation's roadways. We support a national strategy on highway safety where the federal government takes a leadership role in setting and maintaining the highest safety standards and fosters cooperation and leadership among stakeholder agencies and groups. This national strategy should be based on data-driven decisions, identify and seek to infuse American culture with a new safety ethic, using a multi-disciplinary approach that cuts across federal, state and local governmental agencies, private stakeholders (e.g., automobile and related industries), professional associations and highway safety advocacy groups and addresses all aspects of traffic safety, including vehicle safety, road user behavior and highway infrastructure and operations.

We support increased safety investment through a strong core safety program aimed at improving road and bridge conditions and roadway operations on all public roads and publicly-owned bicycle and pedestrian trails and pathways in order to reduce motorist, pedestrian and bicyclist injuries and fatalities. We support requirements for Strategic Highway Safety Plans and that they be developed in consultation with local officials, and that they include all significant safety-related aspects of roadway design, construction and operation. We support requirements that funding decisions and project priorities be data-driven and based on strategic and performance-based goals. We also support improvements in data collection and sharing, increased safety workforce development and increased investment in research.

While MAP-21 no longer establishes set-asides for High Risk Rural Roads and Safe Routes to Schools, APWA continues to support increased funding for these program areas. Rural roads, where the majority of traffic fatalities (approximately 57 percent) occur annually, have significant safety improvement needs. Investments continue to be needed for construction and operational improvements on the nation's high-risk rural roads. Financial assistance to state and local agencies also continues to be needed to provide safe pedestrian and bicycle routes to schools for our nation's children.

Multimodal Solutions to Urban Congestion Problems
Our members have witnessed an increase in the level of congestion in most urban areas over the past ten years, caused primarily by the increase in travel and vehicles on highways and streets in urban areas, while new or expanded roadways have not kept pace with demands. This trend is continuing without much relief in sight, resulting in increased delay during peak traffic periods, extended peak periods, longer travel times to and from work and greater risks for collisions while traveling on the roadways in urban areas.

Researchers at the Texas Transportation Institute indicate that:

- Total amount of delay was 5.5 billion hours in 2011
- Over 2.9 billion gallons of fuel were wasted in 2011, due to engines idling in traffic jams

- Annual congestion costs (in 2011 dollars) for our nation have increased from $24 billion in 1982 to $121 billion in 2011 $342 to $818 per traveler)

Our members struggle daily to facilitate traffic flow in their communities. Funding is needed for programs which relieve traffic congestion by maximizing highway and city arterial street construction, providing facilities for biking and walking and public transportation in urban areas.

Support Sustainable Transportation Policies
We urge support for sustainable transportation policies, including:

- Continuation of programs that promote multimodal transportation, such as the Congestion Mitigation and Air Quality Improvement Program and the Transportation Alternatives Program

- Continued funding for the creation of an electric vehicle charging network

- Promotion of the usage of sustainable and recycled materials in transportation projects

There are many benefits to a more sustainable transportation system. Transit, rail, bicycle and pedestrian facilities are cost-effective ways to move people and reduce greenhouse gas emissions that contribute to climate change. In addition, the investment in passenger rail, in particular, can have important cross benefits for freight movement via our national rail systems. Alternative modes, as well as electric and alternative fueled vehicles, will also reduce our dependence on foreign oil.

APWA supports the consolidation of funding into the Transportation Alternatives program and supports a substantial increase in the program's funding to address our growing needs to support sustainability goals with bicycle and pedestrian travel. We further urge that the funds be fully distributed by formula to regional agencies rather than via the new sub-allocations or statewide competition. The new division of funds significantly disadvantages smaller cities by requiring a statewide competition in which their projects are compared with larger urbanized areas. The resources required to prepare applications as well as the lack of certainty is expected to result in fewer of these air quality beneficial projects in the small and medium-sized regions.

Streamline Regulations and Processes
We support and strongly encourage continued Congressional and USDOT actions to streamline project delivery through improved processes and providing incentives for states to streamline their processes in the use of federal transportation funds at the local level. In addition, we support implementation of proven technologies and use of alternative methods of project delivery and applaud the Federal Highway Administration's "Every Day Counts" initiatives to streamline project delivery.

While important progress has been made under MAP-21, federal and state oversight should be further streamlined to ensure the most efficient use of limited federal, state and local resources. More still needs to be done to further address the problem of project delays and rapidly escalating costs associated with regulatory requirements from the numerous federal regulations and agencies. We support Congressional action to streamline project delivery by allowing federal participation and approval of alternative neutral activities prior to completion of NEPA. For projects that can demonstrate no alternative impact, right-of-way acquisition should be an eligible activity prior to NEPA. We strongly support statutory timelines for project reviews and findings by federal and state regulatory agencies for all transportation improvement projects, which would dramatically reduce the overall time to move a transportation project through design to construction. We also support exempting federal regulations for the non-traditional transportation programs, e.g., Scenic Byway, Transportation Alternatives, Safe Routes to Schools and other programs/projects that are beneficial to the environment.

We urge Congress and the US Department of Transportation (USDOT) to fully implement statutory and regulatory actions which exempt state and local projects which receive or may receive less than $5,000,000 or 25 percent, whichever is greater, of the total project funding from federal sources from federal laws and regulations, provided such projects follow all applicable state and local laws and regulations, including laws and regulations applicable to protection of the environment and right-of-way acquisition.

We also urge USDOT issuance of clarification that state and local projects not become subject to federal laws and regulations ("federalized") until such time as the applicable USDOT agency notifies the affected State Transportation Department or governmental agency that the project has been approved to receive federal funding.

CONCLUSION

We urge Congress to enhance the federal investment in our nation's transportation infrastructure. Building the infrastructure needed to support our economic health, welfare and safety takes several years, even decades to implement. Action is needed now to identify new revenue sources to sustain the highway trust fund and to enable federal, state and local improvements to the nation's surface transportation network to occur in a timely and beneficial manner.

We thank you for holding this hearing and are grateful for the opportunity to submit this statement. We look forward to working with you as you complete work on a multi-year surface transportation authorization that repairs, rebuilds and modernizes our transportation system, and strengthens our economy and creates jobs.

TESTIMONY SUBMITTED FOR THE RECORD

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

JANUARY 14, 2014

INTERNATIONAL BRIDGE, TUNNEL AND TURNPIKE ASSOCIATION

"BUILDING THE FOUNDATION FOR SURFACE TRANSPORTATION REAUTHORIZATION"

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Testimony Submitted for the Record
Committee on Transportation and Infrastructure
U.S. House of Representatives
January 14, 2014

"Building the Foundation for Surface Transportation Reauthorization"

Introduction

On behalf of the International Bridge, Tunnel and Turnpike Association (IBTTA), we welcome the opportunity to submit comments for the Record of today's hearing. IBTTA is the worldwide association for the owners and operators of toll facilities and service providers to the toll industry. Our mission is to advance toll financed transportation. Founded in 1932, IBTTA has more than 60 toll agency members in the United States and hundreds more in 20 countries on six continents.

We are very appreciative of the Committee on Transportation and Infrastructure's (Committee) timely approach to developing a successor to the Moving Ahead for Progress in the 21st Century Act (MAP-21). While MAP-21 made effective improvements to the administration and operation of the federal-aid highway program, it was, regrettably, unable to provide a long-term answer to the question of funding the federal transportation program at an adequate level to meet the nation's needs.

We appreciate the difficult task before the members of this Committee. We are heartened by the very thoughtful work on advancing the Water Resources Reform and Development Act, which gives us great hope that Congress can also move the highway authorization in an equally bipartisan manner.

For many years, IBTTA and its members have participated in the nationwide discussion related to improving and funding the federal-aid highway program. We recognize that securing support for additional funding – whether from an existing source or from a new funding method – will be difficult.

As part of this discussion, IBTTA would ask that states be given maximum flexibility to meet their individual transportation funding challenges – including through the use of tolling on existing Interstate System routes.

The United States has a rich history with regard to the use of tolling. Throughout the country, tolling has proven to be a viable, proven and increasingly popular tool to fund major surface transportation infrastructure projects.

Most of the 62 U.S. toll agency members of IBTTA receive no federal or state funds to support their day-to-day operations – yet, on an annual basis, they generate more than $10 billion in tolls. That is equal to nearly one-third of the federal gas tax revenues collected each year.

Today's toll agencies are extremely productive and efficient in 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.

The use of tolls is a central component to this nation's transportation funding system. Tolls establish 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.

IBTTA recognizes that tolling is not the only solution to fund surface transportation. We are not suggesting that tolls and pricing are appropriate for all transportation projects. There are systems and roadways in the United States with too little traffic or demand to support a pricing mechanism that could effectively recover the cost of operation. But tolls can be an important solution in certain states for certain projects.

In the past decade, we have seen a resurgence in toll financing to support new construction projects sponsored by state, county and local governments. 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.

Remove barriers to tolling and pricing.

While MAP-21 allows for the tolling of new Interstate System capacity, IBTTA strongly encourages the committee to consider allowing the expansion of this funding tool to include existing mileage on the Interstate System. At a time of constrained resources at all levels of government, it is important to provide states and local governments with as many funding options as possible to meet this nation's growing infrastructure investment challenges.

Granting states the ability to consider tolling of the existing Interstate System is even more critical now when federal and state revenues remain limited and major highway, bridge and tunnel infrastructure is in need of repair.

The original Interstate System included several thousand miles of tolled highways. Tolling was also seriously considered as the primary Interstate System funding mechanism before the determination was made to rely on the federal fuel tax.

IBTTA believes relaxing federal constraints related to tolling of the existing Interstate System 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 strengthen the economy.

We are very aware of the concerns of some Members about allowing tolling on the Interstates. However, eliminating the Title 23 restrictions would add another tool to the funding toolbox that states, counties and localities desperately need. Eliminating the federal restrictions is unlikely to result in any immediate increase in Interstate tolling since the question of toll financing is every bit as difficult a political question for state and local governments as it is for the Congress. As we saw last year in Virginia – even a strong gubernatorial interest in pursuing tolling on I-95 was seriously blunted, and even abandoned, in the face of strong in-state opposition. But simply having tolling as part of the public debate helped to build support for a state fuel tax modification that resulted in greater revenues available for the state's road program.

We would suggest that the tolling option provides both a viable tool to improve infrastructure, as well as a means to help frame and advance the debate over other funding options. If states are allowed to consider Interstate tolling, some states might advance the concept. But successfully implementing it would happen only after serious public and political debate.

We encourage you to make these flexible, innovative financing tools available as part of the overall financing toolbox of state, county and local governments.

Technological advances have made and continue to make tolling much more convenient to drivers. Electronic toll collection (ETC) has been in use for 25 years and is now well-established and well-received by our customers. ETC has enabled open road tolling, where motorists pay their tolls at highway speeds, unhindered by stops or toll plaza congestion. Additionally, toll agencies can manage congestion through variable pricing. As traffic congestion increases, tolls increase to manage volume and ensure smooth, reliable trip times. As traffic tapers off during non-peak travel, tolls are then reduced. Advances in tolling technology have allowed agencies to manage facilities more efficiently by increasing the capacity of existing assets.

Conclusion

Funding today's transportation system requires many solutions. Everything should be on the table for states and local governments to decide the optimum funding solutions. Federal transportation partners need a toolbox of funding options and the flexibility to craft those options specifically to meet local needs. IBTTA is committed to working with this committee and the entire Congress to move forward in addressing the transportation needs of this nation.

Thank you for the opportunity to present the views of IBTTA members and the tolling community.

Statement for the Record

Submitted to:

House of Representatives Committee on Transportation and Infrastructure
January 14th, 2014 Hearing on:

"Building the Foundation for Surface Transportation Reauthorization"

Chairman Schuster, Ranking Member Rahall, and members of the Committee: We appreciate the opportunity to submit this statement for the record to express our priorities for the surface transportation reauthorization. Our organizations are members of and/or allied with the Transportation Equity Caucus, which is formed by the nation's leading civil rights, community development, social justice, economic justice, faith-based, health, housing, disability, labor, tribal, women's groups and transportation organizations. We are focused on driving transportation policies that advance economic and social equity in America.

Transportation is a critical link to opportunity—connecting us to jobs, schools, housing, health care, and grocery stores. We are pleased that the Committee recognizes the importance of providing affordable and accessible transportation choices for all. We look forward to working with the Committee to develop a surface transportation authorization that is driven by that objective.

In addition, our organizations want to bring the following information to your attention:

- ***Millions of American families lack necessary access to reliable, affordable transportation options:***

  - 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[1]; another 25 percent live in areas with below-average transit services[2], and many of these areas lack sufficient safe pedestrian facilities.[3]

  - Nearly one in five Americans has a disability[4] and relies on accessible transportation infrastructure (i.e. curb ramps, wheelchair-accessible subways and buses, elevators, etc.), to contribute and remain active participants in their communities.

  - Nearly 20 percent of African-American households, 14 percent of Latino households, and 13 percent of Asian households live without a car.[5] Fifteen percent of Native Americans must travel more than 100 miles to access basic services, such as banks and financial institutions.[6]

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[1] American Public Transportation Association.
[2] *Id.*
[3] Rails to Trails Conservancy, *Active Transportation Beyond Urban Centers*, 2012
[4] US Census Bureau, 2005.
[5] Brookings Institution and UC-Berkeley, *Socioeconomic Differences in Household Automobile Ownership Rates*.

- Three-quarters of low- and middle-skill jobs cannot be accessed by a one-way, 90-minute transit commute.[7]

- 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.[8]

- In recent years, 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 these.[9]

- ***All Americans are not sharing the economic and social benefits of our transportation investments.***

  - According to the U.S. Department of Treasury, transportation expenses for households in the bottom 90 percent income bracket are twice that of those in the top 10 percent income bracket.

  - While transportation represents a significant sector of our workforce—one in 10 civilian jobs is transportation-related—women, communities of color, low-income people, and people with disabilities are not significant beneficiaries of the jobs and contracting opportunities in the industry.

  - Only 33 percent of working-age people with disabilities are employed, compared to 73 percent of working-age people without disabilities.[10]

  - 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.[11]

  - Latinos often occupy the lowest-wage jobs in the transportation and construction sectors, such as laborers, where 43.1 percent of workers are Latino.[12]

  - Limited sidewalks, crosswalks, and minimal traffic enforcement created safety hazards for pedestrians, and these risks are particularly acute for communities of color. The pedestrian death rate for Hispanics is 62 percent higher than non-Hispanic whites, and the rate for

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[6] U.S. Department of the treasury, Community Development Financial Institutions Fund. *Report of the Native American Lending Study*, 2001. Downloaded from: http://www.cdfifund.gov/docs/2001_nacta_lending_study.pdf

[7] Brookings Institution, *Missed Opportunity: Transit and Jobs in Metropolitan America*, 2011.

[8] U.S. Census Bureau, *American Community Survey*, Public Use Microdata Sample, 3-Year Estimates 2007-2009.

[9] American Public Transportation Association.

[10] US Census Bureau, 2012 American Community Survey

[11] Bureau of Labor Statistics 2008.

[12] 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).

African Americans is 73 percent higher than non-Hispanic whites.[13]

It does not have to be this way. Strategic federal investments in transportation can transform struggling communities, unleash untapped human potential, and promote local economic development to allow all people to thrive. To that end, we encourage the Committee to consider the following policy ideas for the next surface transportation authorization:

1) ***Preserve and expand existing programs that fund essential transportation options.*** Investments in bicycling, pedestrian, and public transportation infrastructure promote economic prosperity and expand opportunity. These investments are also a lifeline for people who depend on these options, including people with disabilities, older adults, people in rural areas, and low-income households. The recently reformed New Starts and Small Starts programs, which leverage federal transit investments to spur new private sector activity (i.e., commercial revitalization, housing and community development), hold great promise for fostering economic and social inclusion. Strategic investments in sidewalks and bicycle facilities, particularly in low-income communities and communities of color, hold promise for providing much-needed travel options within a neighborhood, as well as "last-mile" connections to local or regional buses and trains.[14] These investments also provide greater opportunity for people to be physically active. In addition, transit operating assistance allows transit providers to maintain service in these fiscally-challenging times, ensuring that Americans can affordably travel to key destinations each day. Moreover, these investments are good for the economy. For example, each $1 invested in public transportation, yields $4 in economic return.[15]

2) ***Leverage data collection and performance measures to ensure transportation projects benefit all.*** MAP-21 set a framework for states and regions to collect data and establish performance measures that would align federal funding to specific outcomes. Moving forward, it is critical that the next authorization focus on outcomes such as: enhanced mobility for people and goods; reduced household transportation and housing costs; access to jobs for those without vehicles; and improved health and safety for bicyclists and pedestrians. Such an approach holds promise for erasing barriers to economic inclusion for low-income people, communities of color and people with disabilities. Also, performance measures should be developed through a meaningful community engagement process in order to foster greater accountability and transparency. Moreover, the authorization should encourage continued collaboration between the U.S. Department of Transportation (USDOT) and other federal agencies in order to ensure that transportation investments advance performance measures related to local/regional economic development, affordable housing, and access to quality schools and employment.

3) ***Expand access to transportation jobs for lower-income people, women, people with disabilities, and communities of color.*** According to a 2013 poll by the Rockefeller Foundation,[16] more than 7 in 10 Americans support a policy agenda designed to reduce racial and ethnic inequality

[13] Transportation for America. *Dangerous by Design*, 2011.
[14] According to the report *Active Transportations for America*, issued by Rails to Trails Conservancy in 2008, one quarter of trips in America are within a 20-minute walk and half are within a 20-minute bicycle ride.
[15] American Public Transportation Association.
[16] Rockefeller Foundation, PolicyLink and The Center for American Progress, *Building an All-In Nation: A View from the American Public*, 2013. Downloaded from: http://www.americanprogress.org/issues/race/report/2013/10/22/77665/building-an-all-in-nation/

through investments in areas like education, job training, and infrastructure improvement. The surface transportation authorization can create the conditions for everyone to participate in the economy. Establishing a construction careers workforce development program[17] at USDOT would help disadvantaged workers have better access to construction employment in the transportation sector, and increase the workforce available to efficiently complete transportation projects. In addition, allowing states to implement local hiring provisions on transportation projects, similar to the U.S. Department of Housing and Urban Development, would bring greater benefits to communities where transportation projects are planned or underway.

Our organizations recognize that identifying an approach to funding our transportation needs over the long term is a critical component of advancing surface transportation legislation. We ask you to ensure that any mechanisms used to finance our nation's transportation system do not disproportionately burden low-income people. Further, regardless of the overall level of funding, we urge this Committee to prioritize transportation investments that expand and improve mobility and access for underserved communities.

We urge the House Committee on Transportation and Infrastructure to advance a robust transportation bill that helps to move us toward the aforementioned vision, and to this end, we stand ready to work with you.

This testimony is endorsed by the following organizations:

1. Alliance for Biking & Walking
2. Amalgamated Transit Union, AFL-CIO
3. America Walks
4. American Public Health Association
5. Americans for Transit
6. Association of Pedestrian and Bicycle Professionals (APBP)
7. Association of Programs for Rural Independent Living (APRIL)
8. Campaign for Community Change
9. Center for Law and Social Policy
10. Center for Social Inclusion
11. Center for the Study of Social Policy
12. Central Florida Jobs with Justice
13. Green for All
14. Independent Living Center of the Hudson Valley Inc.
15. Kirwan Institute for the Study of Race and Ethnicity
16. League of American Bicyclists
17. Legal Momentum
18. Local Initiatives Support Corporation (LISC)
19. Low Income Investment Fund
20. Madison Area Bus Advocates
21. Memphis Bus Riders Union

[17] A construction careers proposal was introduced by Representative Steve Cohen (D-TN) at the markup of the American Energy and Infrastructure Act of 2012 (H.R. 7).

22. Mid-South Peace and Justice Center
23. NAACP
24. National Alliance of Community Economic Development Associations
25. National Association of County and City Health Officials
26. National Association of Social Workers
27. National Community Land Trust Network
28. National Congress of American Indians
29. National Council of La Raza
30. National Disability Rights Network
31. National Fair Housing Alliance
32. National Housing Conference
33. National Housing Trust
34. National Urban League
35. National Women's Law Center
36. New York Association on Independent Living
37. Partnership for Southern Equity
38. PolicyLink
39. Poverty & Race Research Action Council
40. Public Advocates
41. Rails-to-Trails Conservancy
42. Safe Routes to School National Partnership
43. Sierra Club
44. The Leadership Conference on Civil and Human Rights
45. The National Council on Independent Living
46. The Partnership for Working Families
47. Trust for America's Health
48. United Spinal Association
49. Urban Habitat
50. WE ACT for Environmental Justice
51. Wider Opportunities for Women

For more information, please contact the co-chairs of the Transportation Equity Caucus: Anita Hairston, PolicyLink, 202.906.8034, anita@policylink.org or Lexer Quamie, The Leadership Conference on Civil and Human Rights, 202-466-3648, quamie@civilrights.org.

What it takes to drive your business.

January 17, 2014

The Honorable Bill Shuster
Chairman, House Transportation and Infrastructure Committee
2209 Rayburn HOB
Washington, D.C. 20515

The Honorable Nick Rahall
Ranking Member, House Transportation and Infrastructure Committee
2307 Rayburn HOB
Washington, DC 20515

Dear Chairman Shuster and Ranking Member Rahall:

On January 14, 2014, the Amalgamated Transit Union (ATU) submitted written testimony to the U.S. House Committee on Transportation and Infrastructure mischaracterizing the private intercity bus and motorcoach industry. Although the ATU failed to support their characterizations with facts, the United Motorcoach Association (UMA) believes it is important that facts underpin the policies of this Committee.

Every day millions of Americans step on a motorcoach to go to work, school, seek health care, or pursue leisure travel. They do so with the knowledge that their professional driver and motorcoach are a remarkably safe form of transportation. In 2012, the National Highway Traffic Safety Administration recorded over 34,000 fatalities on our nation's roadways; yet on average the intercity motorcoach industry accounts for only 21 of those fatalities. While the industry feels even one fatality is one too many, this number represents .06% of the annual fatality rate.

In the last surface transportation reauthorization bill, UMA worked tirelessly with Congress and supported legislation that will continue to assure the nation's traveling public that conveyance by motorcoach is safe. UMA most recently supported rulemaking that will require lap/shoulder belts at every seating position. NHTSA estimates that this requirement will reduce the number of fatalities in accidents involving large buses from 1.7 to 9.2 lives annually. UMA supports NHTSA's continued Congressional mandated research that could result in further safety enhancements.

In 2011, the North American motorcoach industry conducted 694.1 million passenger trips, 76.1 billion passenger miles, over 2.2 billion miles.

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The nation's intercity motorcoach industry delivers exceptional value to the taxpayer as well. From 2000-2009 annual subsidies per passenger trip reveal private sector commercial bus passengers received $0.10 per trip compared with Amtrak - $57.04 per trip, private sector commercial air passengers received $6.35 per trip, and mass transit riders received $0.95 per trip. Private bus operators routinely supplement public transportation service and provide efficiencies, quality service and cost savings.

It was suggested by ATU that the exemption from the Fair Labor Standards Act somehow contributes to fatigue; however, for over 50 years this exemption has stood inasmuch as the U.S. Department of Transportation regulates the number of hours a driver may drive and be on duty both daily and weekly. While sleepiness and sleep deprivation can be a factor in all modes of transportation, only skilled management rooted in science will mitigate these effects and reduce the likelihood of accidents; not baseless irresponsible comments submitted to public record. Congress deserves better.

The United Motorcoach Association applauds the efforts out nation's bus and motorcoach drivers' and their companies demonstrate very day to assure every passenger arrives safely. We will continue to engage legislators, regulators and safety professionals to improve safe operations through proven, science tested methods while delivering the nation's most effective economical and environmentally friendly form of transportation.

Warmest regards,

Victor S. Parra
President & CEO

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