

FUTURE OF SURFACE TRANSPORTATION POLICY;

Secretary Department of Transportation Committee on Senate Commerce, Science and Transportation **Subcommittee** on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security

April 28, 2009

Chairman Lautenberg, Ranking Member Thune, and Members of the **Subcommittee**: I appreciate the opportunity to appear before you today to discuss the policies that will guide our federal transportation programs in meeting our nation's economic, safety, social, and environmental goals.

Before I address the question of future policy directions, it is essential that we take account of the very serious economic problems facing the Nation and the efforts underway by the Department to rapidly and efficiently allocate the transportation funds made available under the American Recovery and Reinvestment Act of 2009 (ARRA).

These funds are being used by states and localities to both create and retain jobs and, at the same time, to make important improvements to the national transportation system. Of the \$787 billion of spending and tax law changes in ARRA, over \$48 billion will be invested in transportation infrastructure; a good portion of those funds are already in the hands of recipients and work is underway on hundreds of projects. We are working diligently at the Department of Transportation to ensure these funds are distributed and that project work is started as quickly as possible so that jobs are created, economic growth begins again.

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

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

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

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

Addressing the mobility needs of our citizens, we must keep in mind that an aging population will increasingly challenge our transportation system. The percentage of the

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

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

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

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

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

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

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

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

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

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

Livability is not just an urban idea. The Department is working to improve livability of rural Americans as well. Many rural communities face tough choices as they try to attract economic development. They want to grow and attract new jobs but do not want to lose the unique character of the area. Transportation investments in these communities can be designed in a way to support new development while maintaining the small town character that makes these communities home.

The Obama Administration considers a comprehensive energy plan that will generate clean energy jobs, reduce our reliance on oil, reduce pollution and natural resources impacts, create more livable communities, and attack climate change, a major priority. The President has announced a series of aggressive actions to lower greenhouse gas emissions. These actions

include improving the fuel efficiency of automobiles, intensifying U.S. actions on energy efficiency and renewable energy through the Recovery Act, and asking Congress to pass comprehensive legislation to address carbon pollution. DOT recently issued new fuel economy standards for passenger cars and light trucks for model year 2011 and is coordinating with the Environmental Protection Agency and the Department of Energy to develop standards for 2012-2016.

Sustainability also means that as we plan for transportation and make system improvements that we enhance the natural environment.

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

Accountability, Transparency, and Performance Key tenets of the Obama Administration are accountability, transparency, and performance in Federal programs. Congress demands it, the public demands it, and it is the right thing to do. New processes will be needed to implement performance-based programs. In some cases this may require changes to long-standing procedures.

Performance-based programs cannot be implemented overnight, but when fully implemented they will provide the means to improve investment decisions, improve the performance of our transportation systems, and improve our stewardship of taxpayer dollars. As we recently pointed out in the President's Budget for Fiscal Year 2010, greater use of economic analysis will be needed in transportation planning and project development. When planning begins with an accurate analysis of the benefits and costs of transportation investments, we can ensure that the taxpayer is getting the greatest return on project spending.

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

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

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

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