

STATEMENT OF  
SECRETARY OF TRANSPORTATION  
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BEFORE THE  
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS  
UNITED STATES SENATE  
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Chairman Dodd, Ranking Member Shelby, and members of the Committee, it is indeed a pleasure to appear before you today to discuss issues related to reauthorization of the Federal public transportation programs.

As you know, our Federal public transportation programs were reauthorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) which was enacted on August 10, 2005. SAFETEA-LU provides program authorizations through fiscal year 2009. So this hearing is particularly timely if Congress is to act expeditiously to ensure that important surface transportation investments continue uninterrupted.

#### AMERICAN RECOVERY AND REINVESTMENT ACT

Before I discuss authorizing legislation, I believe it is important to spend a few moments on our efforts on recovery and reinvestment. As you know, the American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law by President Obama on Tuesday, February 17, 2009. At the outset, I wish to thank Congress for your support in adopting this important legislation, and in particular for the transportation funding that it provides.

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

Of the \$787 billion of spending and tax law changes in ARRA, over \$48 billion will be invested in transportation infrastructure. Of this amount, the Federal Transit Administration has received \$8.4 billion for three categories of funding: Transit Capital Assistance, Fixed Guideway Modernization grants, and Transit New Starts. I am pleased to report that this money is already being made available to local public transit agencies around the country. On March 5, the Federal Transit Administration published its apportionment of the formula funds included in the ARRA and will shortly publish a Notice announcing the allocation of the New Starts funds.

ARRA specifies that funds are to be used only for capital expenditures. FTA is encouraging grantees to identify projects or expenditures that meet the broader goals of the legislation,

including preserving or creating jobs; contributing to cleaning our environment through green purchases, retrofitting existing facilities, and construction; making additional public transportation opportunities available to more people; and helping to ease fiscal problems at the state and local level. A final, important aspect of this legislative initiative is to get the money into the economy and working as quickly as possible. To foster this imperative, there are certain time limitations to obligate these funds. If funds are not put to work on a timely basis, funds apportioned to an urbanized area or State will be reallocated to areas that have demonstrated the ability to finalize projects and are ready to execute.

This funding will improve our Nation's transit systems and, at the same time, preserve or create thousands of good-paying jobs across America. These funds also represent an important investment in our Nation's ability to ensure mobility and access for our citizens.

## IMPORTANCE OF THE FEDERAL PROGRAM

### **Recent Growth in Transit Ridership**

Recently, transit ridership has grown significantly. In fact, during 2008, ridership was at a 50-year high, amounting to over 10 billion trips. While this increase was attributable in part to the rapid spike in fuel prices, ridership growth was sustained as overall economic activity began to slacken and fuel prices fell.

### **Rail Modernization Study**

In response to the FY 2008 Transportation-HUD Appropriations Act conference report and again requested in a letter dated December 7, 2007, from Sen. Richard Durbin and 11 other senators to former FTA Administrator James Simpson, we have now completed a Rail Modernization Study. We believe our report is fully responsive to the requested content. The report assesses the level of capital investment required to attain and maintain a state of good repair (SGR) for the Nation's seven largest rail transit operators. The study also considers reinvestment needs within the context of past levels of Federal funding support as well as potential reforms to the current Federal program.

The Rail Modernization Study finds that more than one-third of agencies' assets are either in marginal or poor condition, indicating that these assets are near or have already exceeded their expected useful life. In addition, it finds that there is a backlog of unmet recapitalization needs of about \$50 billion at the Nation's seven largest rail transit operators.

The study found that, between 1991 and 2009, although the actual dollar amount of capital funding from federal sources to the seven agencies increased, their share of Fixed Guideway Modernization funds—to the "old rail cities" in particular—actually declined as new fixed guideway systems, such as bus ways and high occupancy vehicle (HOV) lanes, entered the program. Therefore, the report presents several options for Congress to consider in reforming the allocation approach for fixed guideway modernization funding. Finally, the report describes a structured capital asset management process and suggests a number of steps FTA might take to

facilitate improvements to the technical capacity of local transit agencies to manage their capital assets.

## **Impacts of Federal Investments**

Federal capital investments in rail, bus, and other public transportation systems over the last 25 years have been vitally important to the Nation's fastest-growing metropolitan areas, to small- and mid-sized cities, and to rural communities that previously lacked any transit options. These systems create links between home, school, work, recreation areas, and other important destinations. Since 1984, the number of cities with publicly funded passenger rail service has more than doubled. The size of the Nation's transit bus fleet has grown by more than 25%. Nearly every bus in the United States is accessible to people with disabilities and senior citizens. As a result, since the mid-1990s, the Nation's overall public transportation ridership has grown by more than a third. In many of the Nation's largest cities, public transportation carries roughly one-third of all work trips destined for central business districts and is an essential link between these districts and other destinations. A decade ago, two of every five residents in rural small urban communities and tribal areas did not have access to public transportation. Since then, FTA has been instrumental in bringing new public transportation options to dozens of these communities.

Changes in demographics, shifts in land use patterns, and the emergence of new job markets require different approaches to managing mobility, particularly for people who may not be able to use existing transportation services due to age, disability, location, or other factors. Federal funding for public transportation has provided a framework around which eight Federal departments can develop and deliver community-based transportation services. These services, which may be operated by private nonprofit groups and community organizations, offer a lifeline to persons with disabilities, older Americans, and individuals and families who do not possess automobiles.

Federal investments in public transportation contribute to job growth directly, since the transportation-related workforce grows as systems are built or expanded. Indirectly, FTA-funded projects can act as catalysts for new businesses near transit facilities. Transit-oriented, mixed-use development provides an efficient and convenient option for employers, developers, young professionals and families in many large and small cities around the U.S. Many transit-oriented projects are supported by Federal resources through direct funding and technical guidance during the planning stages. This has contributed significantly to the revitalization of downtown districts, fosters walkable neighborhoods, and offers a remedy for urban and suburban sprawl.

Federal public transportation programs also provide for strategic leadership and investments that foster innovative research activities leading to measurable improvements in the connectivity, safety, and efficiency of America's public transportation systems. Federal funding has spurred countless productive applications of new technologies and techniques for modernizing rail and bus systems, improving energy efficiency, reducing emissions, and promulgating voluntary industry-wide standards. These outcomes reflect collaborations with other Federal research entities, university research centers, manufacturers, and transportation advocates. Further, Federal public transportation funding has supported training for thousands of transportation

professionals who are the innovators of tomorrow. This has created a successful cooperative research program that solicits proposals for Federal funding from industry and academia—triggering investments in scores of valuable cutting-edge investigations.

Federal investment in public transportation can also contribute to combating climate change. National averages demonstrate that public transportation can produce significantly less greenhouse gas emissions per passenger-mile than private vehicles, especially those with single occupants. Leading the way is heavy rail transit, such as subways and metros, which produce about 75% less in greenhouse gas emissions per passenger mile than an average single-occupancy vehicle (SOV). Light rail systems produce 57% less and bus transit 32% less. The benefit would not be as great if compared to the somewhat higher current average occupancy rates of passenger vehicles. Transit's GHG emissions savings would be even greater with higher ridership levels. Recent increases in ridership are not captured in these estimates, as the figures rely on 2007 public transportation data, the most recent national dataset available.

Federal investment in public transportation also can reduce greenhouse gas emissions by facilitating higher density development, which conserves land and decreases the distances people need to travel to reach destinations. In many cases, higher density development would be more difficult without the existence of public transportation because more land would need to be devoted to parking and travel lanes. By facilitating higher density development, public transportation can shrink the footprint of an urban area and reduce overall trip lengths. In addition, public transportation supports increased foot traffic, street-level retail, and mixed land uses that enable a shift from driving to walking and biking. Public transportation can also facilitate trip chaining, such as combining dry-cleaning pick-up, shopping, and other errands on the way home from a station. Finally, households living close to public transportation tend to own fewer cars on average, as they may not need a car for commuting and other trips. A reduced number of cars per household can lead to reduced car use, and driving may cease to be the habitual choice for every trip.

## OPPORTUNITIES AND CHALLENGES

### **Livability and Sustainability**

In my confirmation hearing, I outlined four key themes for my tenure as Secretary. In addition to Economic Recovery, which is my primary immediate concern, and Safety, which is always an important part of the mission of the Department, I suggested that Sustainability and Livability would be hallmarks of my policies.

To me, it is clear that our transportation system and the development it enables must be sustainable. Climate change must be acknowledged as a reality. Funding for public transportation must increase to help out here. Sustainability must permeate all we do, from highways and transit to aviation and ports.

I am also committed to a strong focus on people and communities where they live and work. This implies a commitment to the principles that some refer to as livability -- that is, investing in ways that respect the unique character of each community. The era of one-size-fits-all

transportation projects must give way to one where preserving and enhancing unique community characteristics, be they rural or urban, is a primary goal, rather than an afterthought. I intend to make livable communities a big part of reauthorization.

### **Housing/Transportation Relationship**

Clearly the linkage between public transportation and urban development is crucial, particularly when it comes to low income housing. For some time, FTA has been collaborating with the Department of Housing and Urban Development to coordinate housing and transportation planning and investment decisionmaking. For example, in September 2008, FTA and HUD released a report to Congress on *Better Coordination of Transportation and Housing Programs*. This report outlines strategies to continue and expand the coordination of affordable housing and transit policies. Earlier, FTA and HUD conducted a jointly funded research study on *Realizing the Potential: Expanding Housing Opportunities Near Transit*. The report, published in April 2007 by the Center for Transit Oriented Development, included five case studies examining the role of public transportation in the location of affordable housing in corridors in Boston, Charlotte, Denver, Minneapolis-St. Paul, and Portland, Oregon. In addition, FTA and HUD are participating in an interagency working group to continue development of coordinated/integrated strategies, methods and policies to promote the role of public transportation in affordable housing. Finally, FTA and HUD are developing a *Best Practices Manual* – a multi-scenario “how-to” manual for developing mixed-income housing transit oriented development to be published by December 2009. Continuing and expanding on these efforts can be an important feature of the next surface transportation authorization.

### **Highway Trust Fund**

A challenge in addressing the needs I have outlined will be the availability of funding at the Federal level. More details of the Department’s FY 2010 budget will be presented in April. An overarching concern for all surface transportation funding is the status of the Highway Trust Fund. Currently, 2.86 cents of the Federal gasoline and diesel taxes is dedicated to the Mass Transit Account of the Highway Trust Fund, which generates about \$5 billion annually in revenues. However, as you know, the Mass Transit Account, like the Highway Account is projected to become insolvent in the coming years assuming current-law spending and revenues. Clearly, the way in which public transportation is funded on a long-term, sustainable basis will have to be addressed as we move forward.

### **REAUTHORIZATION**

In light of these challenges, restructuring our surface transportation programs will require some bold new approaches. Let me outline for you a few of the themes which we are now considering for our proposal.

### **Economic Recovery and Reinvestment**

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. Congestion exacts a tremendous cost on the Nation’s economy, by some estimates over \$100

billion a year. 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.

## **Safety**

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

## **Livable and Sustainable Communities**

One of my highest priorities is to help promote more livable communities through sustainable surface transportation programs. Actions on many fronts will be required to enhance transportation's contribution to strong and connected communities. First, the range of transportation choices available to American families must be expanded. All segments of the population must have access to transportation services to get to work, housing, medical, educational, shopping, and other essential activities. Just as important is to ensure that our transportation investment decisions are consistent with broader policies to reduce greenhouse gas emissions and slow the pace of climate change.

## **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 have to be put in place to implement performance-based programs. In some cases this may require changes to long-standing ways of doing business. Performance-based programs 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.

## **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. Innovation is not limited to new technologies, however. Innovations in the way we deliver programs will be just as important in our efforts to improve all aspects of transportation system performance.

## CONCLUSION

Thank you again for the opportunity to testify today. I know that there is much work ahead of us. I believe that working together we can craft an improved Federal surface transportation program that helps improve the lives of the American people across the country.