



Statement of the U.S. Chamber of Commerce

ON: "ADMINISTRATION'S PROPOSED BUDGET FY 2005
FOR THE FEDERAL TRANSIT ADMINISTRATION"

TO: SENATE COMMITTEE ON BANKING, HOUSING AND
URBAN AFFAIRS

BY: ROLF TH. LUNDBERG, JR.

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The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business—manufacturing, retailing, services, construction, wholesaling, and finance—is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 96 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

Statement on

"Administration's Proposed Budget FY 2005 for the Federal Transit

Administration"

before the Senate Committee on Banking, Housing and Urban Affairs

for the United States Chamber of Commerce

by Rolf Th. Lundberg, Jr.

Senior Vice President of Congressional Affairs and Public Affairs

March 25, 2004

Mr. Chairman, Ranking Member Sarbanes, members of the Committee, thank you for allowing me to appear before you today to discuss the importance of transit in our nation's rural and urban areas. I am Rolf Lundberg, Senior Vice President for Congressional and Public Affairs at the United States Chamber of Commerce. I appear before the Committee on behalf of the United States Chamber of Commerce, the world's largest business federation representing more than three million companies and organizations of every size, sector and region. My testimony will address the Administration's proposed FY2005 budget for public transportation and the importance of a national, seamless transportation network that meets the mobility needs of moving people in urban and rural areas.

The Administration's FY 2005 Budget for Public Transportation

The United States Chamber is disappointed that the Bush Administration's proposed FY2005 budget freezes transit investment at last year's level. For the nation, the importance of investment in our nation's public transportation system is critical to our future economic growth, international competitiveness, quality of life and national security. Public transportation funding is a proven investment that creates jobs and generates economic growth. For every billion dollars invested in transportation infrastructure, 47,500 jobs are created and businesses experience a \$3 billion gain in sales. We applaud the Committee for your hard work to significantly increase investment in public transportation in the transit title of S. 1072, the highway and transit reauthorization bill. With critical TEA-21 set to expire April 30 and infrastructure requirements continuing to mount, now is not the time to flat line investment in our public transportation system!

Importance of Public Transportation Infrastructure

Public transportation is taking on an increasingly important role in America's multimodal transportation network. Americans used public transportation a record 9.5 billion times in 2001, and transit ridership has grown 23 percent since 1995. This represents the highest level in more than 40 years. Over the last six years, transit use has grown faster than population growth. Fourteen million Americans use public transportation every day and 25 million people use transit on a regular basis. Supplementing commuter rail, the passenger and intercity bus industry serves more than 4,000 communities directly with scheduled service.

These ridership gains are directly attributable to the significant federal investments in public transportation. Right now three out of four Americans do not have access to satisfactory public transportation services. In 2001, each American traveling during peak periods wasted on average 60 hours a year—nearly eight full working days—in traffic congestion. Also in that same year, congestion cost America nearly \$70 billion in wasted time and fuel. Without public transportation services, congestion would have increased by 30 percent. American communities nationwide are reaping enormous economic benefits from affordable, modern public transportation through increased property value and more tax revenue.

Across America, investment in public transportation is paying off. Transportation accounts for approximately 17 percent of our Gross Domestic Product, and for American families transportation represents 18 percent of household spending, the second largest household expenditure after housing.

Without the option of providing strong investment in public transportation to state and local governments, we will feel the consequences of a sub par system – congestion, decreased productivity, more accidents and diminished quality of life. The cost of road congestion to the U.S. economy was nearly \$78 billion in 1999—more than triple what it was 20 years ago!

Funding Requirements Not Meeting Demand for Public Transportation

U.S. Department of Transportation (DOT) data show that a minimum \$60 billion per year federal investment is needed to improve and maintain the current physical conditions of the nation's highways and bridges. DOT estimates that \$20.6 billion in capital investment is needed annually just to maintain and improve current public transit services. Inflated to 2003 dollars, and using ridership estimates consistent with current experience, brings that number into the \$30 billion range. Indeed, the American Association of State Highway and Transportation Officials (AASHTO) "Bottom Line" report indicates an annual transit need of \$43.9 billion to improve the transportation system. We currently spend \$7 billion a year. To meet these current challenges, we must invest more of our limited resources in a better, more efficient manner.

S. 1072 Highway and Transit Reauthorization bill

We applaud the work of the Senate Environment & Public Works, Banking, Finance and Commerce Committees for developing a package that significantly increases federal highway and transit authorizations, with appropriate budgetary protections. We firmly believe S. 1072's authorizations of \$255 billion for highways and \$56.5 billion for public transportation, and guaranteed funding levels are the minimum that should be accepted for any six-year TEA-21 reauthorization bill. Many of our state Chambers of Commerce have expressed their belief that there is no legislation that will be taken up this year that will provide critical benefits to all industries, all communities, the American economy more than the reauthorization of the federal highway and transit programs. The Senate investment levels represent the mid-point between the federal share of the nation's documented transportation needs and the current inadequate highway and transit funding levels. The Senate-passed bill does not raise the federal gas tax or user fee, nor does it increase the federal deficit. It continues the important principle of paying for highways, bridges and transit through the Highway Trust Fund. Accordingly, the U.S. Chamber would not support any legislation below the Senate investment number for a six-year bill. As the House prepares to debate a \$275 billion bill, we urge this Committee and the Senate to insist on a \$318 billion funding level in the conference report.

Americans for Transportation Mobility

Three years ago the U.S. Chamber helped launch a new coalition called Americans for Transportation Mobility, or ATM. ATM is a broad-based organization of transportation users and providers, state and local organizations, and state and local government officials. The coalition has more than 400 organizations whose objective is simple: to build public and political support for a safer and more efficient transportation system. We are working to achieve our objective through a two-pronged approach: 1) Ensuring that Congress fully dedicates federal transportation trust fund revenues for their intended purpose, and 2) accelerate the project review process by removing redundancies. All the money in the world will not help if we are not efficient in the planning and approval for much-needed improvement projects.

Through ATM, for the first time, the business and labor communities have joined together in educating lawmakers on the importance of improved mobility and safety to future economic growth. Without meeting the mobility needs for the movement of people and goods, our nation will not achieve the economic success and quality of life it demands. The ATM coalition looks forward to working with this Committee in ensuring adequate investments are made over the next several years in our transportation network.

Conclusion

In closing, the U.S. Chamber will continue to advocate for increased investment in transportation infrastructure. We will play an active and aggressive part in advancing a transportation agenda that strengthens our national transportation system and allows American business to compete in the global marketplace. We will remind the Administration and Congress that infrastructure is not disposable – rather, it is a strategic asset that must be renewed and protected.

The impact of freezing public transit funding at the current levels will increase congestion, decrease safety on our roads, and setback our ability to improve air quality. The U.S. Chamber, chambers of commerce throughout the nation, and the business community look forward to working with Congress and the President to support funding the nation's surface transportation needs, and, at a minimum, support the authorized and guaranteed investment levels in S. 1072 of \$56.5 billion for transit and \$255 billion for highways. This investment in our national transportation system will ensure we provide a quality of life all Americans deserve.