

**STATEMENT OF THE HONORABLE FEDERICO PEÑA
SECRETARY OF TRANSPORTATION
BEFORE THE
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE
SUBCOMMITTEE ON TRANSPORTATION AND
INFRASTRUCTURE**

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REAUTHORIZATION OF ISTEA

Mr. Chairman, I welcome this opportunity to testify. With me today is Rodney Slater, Federal Highway Administrator.

As we approach this important reauthorization, we want to build upon the accomplishments of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). This Committee demonstrated remarkable leadership and vision in crafting ISTEA. It is truly visionary legislation that set the stage for a new era in transportation. Americans are getting more for their transportation dollars because ISTEA provided a strategic investment framework. It did so through stronger planning requirements, through programs such as the National Highway System (NHS) and transit capital investments that focused Federal support on the top national priorities and by strongly supporting the research, development and deployment of emerging technologies including Intelligent Transportation Systems (ITS).

This Committee also had the foresight to create programs, such as the Surface Transportation Program (STP) that has

provided unprecedented flexibility to state and local officials and helped ensure that transportation investments will meet the unique needs of their communities while maintaining a continued focus on safety.

ISTEA emphasized intermodalism and efficiency, essential aspects of transportation that are vital to maintaining our economic prosperity and quality of life. You asked state and local officials to look beyond surface transportation to consider access to major terminals and ports, to enhance passenger and freight movement, and to look at the effect of all transportation projects, both public and private, in metropolitan and rural areas.

In response to ISTEA, we created new entities at the Department -- the Office of Intermodalism, the Bureau of Transportation Statistics (BTS) and the Joint Program Office for Intelligent Transportation Systems (ITS). Continued Federal leadership is essential in all these activities.

ISTEA set the stage for the 1990's. It will be a tough act to follow. It was a revolutionary effort to redefine the Federal, state and local roles in surface transportation. As we reauthorize ISTEA, we must develop similarly forward-looking legislation for the demands of the 21st Century.

Today, you asked that we discuss the roles of Federal, state and local governments in surface transportation. Before doing that, I would like to talk briefly about some of the major

challenges before us -- challenges that will require constructive action at all levels of government and by the private sector. As we engage in this discussion, it is worth reminding ourselves that the stakes -- for all of us -- are very high indeed.

CHALLENGES

If we are to maintain our quality of life and remain competitive in the global marketplace, our strategies and our progress must aggressively meet at least four national challenges: (1) safety; (2) environmental protection; (3) continued growth of traffic and travel and the attendant congestion; and (4) demographic changes.

1. Safety:

We have made great progress in improving safety on our Nation's highways, particularly in the face of increasing travel. After years of steady decline, however, total highway deaths are now up, largely because of the significant increases in the driving-age population and travel. These increases in fatalities began prior to the repeal of speed limit and motorcycle helmet provisions by the National Highway System Designation Act (NHS Act) of 1995.

These deaths are tragic, yet they are only part of the picture; crashes also result in costly injuries, productivity losses, lost travel time and increased congestion, placing a huge burden on our economy -- over \$150 billion annually. The bill for motor vehicle

crashes funded by public revenues costs taxpayers \$13.8 billion in 1994, the equivalent of \$144 in added taxes for each household. Through public programs such as Medicare, Medicaid, and costs for police and emergency response, much of this burden falls directly on the American taxpayer.

Reversing this trend, particularly with continued, steady increases in travel, will be a challenge requiring Federal leadership. For example, the National Minimum Drinking Age Law -- credited with saving more than 10,000 lives in the past ten years -- illustrates the importance of a Federal role. Only a concerted, national effort could have addressed the tragic problem of "blood borders" as young people crossed state lines to drink in states with lower drinking ages but never made it back alive. Plainly, more aggressive and effective countermeasures, greater community involvement, and concerted leadership at the Federal, state and local level are required if we are to prevent further erosions in safety.

2. Environment:

Although transportation-related sources still contribute substantially to air pollution, cleaner cars have helped to improve air quality significantly. In 1995, about 64 million people were living in areas that violated the ozone standard, compared with 140 million in 1990. Most areas are now meeting the carbon monoxide standard. Even with this progress, millions of people

live in cities that experience serious air pollution. We must continue efforts to control air pollution in light of the continued rise in vehicle miles traveled and the threat posed by global climate change.

3. Travel Growth:

Traffic congestion in the Nation's 50 largest cities costs travelers more than \$40 billion annually. In addition, rural areas are experiencing congestion, particularly in areas with great economic dependence upon tourism. Delays are likely to increase over the next two decades as travel nationwide increases by some 60 percent -- delays that translate directly into costs to businesses which ultimately are passed along to consumers and which also rob Americans of precious personal time.

4. Demographic Changes:

Mobility for older Americans, as well as those with disabilities, is a critical need. The elderly are the fastest growing component of the U.S. population. More than six million Americans are over 85; that will increase 400 percent by 2050. Most are accustomed to relying on automobiles, and as they grow older, their special transportation needs will require national attention.

At the same time, the predictable rapid growth in the number of young, often inexperienced drivers, further underscores the need for greater emphasis on safety.

Increased suburb to suburb travel and the increase in single-occupancy vehicle use challenge us to be more creative in developing solutions and in better coordinating transportation and land use planning.

THE NATIONAL INTEREST IN TRANSPORTATION

If we are to retain our high standard of living and economic competitive edge, we must have substantial Federal involvement in maintaining and improving transportation. To stay competitive, nations around the world are making huge commitments to transportation infrastructure. Fast-growing Asian economies -- many of them our competitors in the global marketplace -- are planning to invest \$1.2 trillion in infrastructure over the next 10 years, with over \$500 billion in transportation alone. The Europeans and the Japanese are investing a much higher proportion of their Gross Domestic Product (GDP) in infrastructure than we do in the U.S. These countries and regions are pursuing national transportation investment strategies to overcome the fragmented, inefficient transportation they now have. We must do likewise.

It is critical that our intermodal connections across the country -- to ports, airports and other major transportation facilities -- effectively link us to our global partners. We are concerned about the special trade-related transportation needs of certain areas of the country, particularly along the Mexican and

Canadian borders and the North South corridors that serve them, that will facilitate enhanced trade resulting from NAFTA.

DOT's latest report on America's surface transportation infrastructure concludes that we have an annual investment shortfall of at least \$17 billion just to maintain current highway and bridge conditions. We can begin to close the gap by investing in intelligent transportation systems (ITS) technologies and by using innovative financing and encouraging private sector involvement. Specifically, ITS technologies increase the carrying capacity and efficiency of the current infrastructure. A portion of the new capacity needed in our most congested corridors can be provided by such intelligent transportation systems, which also provide safety and environmental benefits.

We can marshal more resources through innovative financing and policies encouraging the private sector to finance, construct and operate transportation systems. The Department's innovative finance initiative was launched in 1994 and already several remarkable projects have emerged. Additionally there are ten states now testing the use of State Infrastructure Banks (SIBs) as a way to help finance transportation projects.

In our budget proposals, the Administration has kept faith with the effort in ISTEA to increase infrastructure investment. Our FY 1997 budget continues this strong record: we proposed \$24.9 billion in new investment -- \$1.8 billion higher than

the FY 1993 level we inherited. Working with Congress, we have increased the transportation infrastructure investment to the highest levels ever -- our average investment is 22 percent higher than that of the previous Administration and 25 percent higher for the surface transportation portion alone.

THE FEDERAL ROLE

America's economic progress and the well being of its people have always been closely linked to advances in transportation. Some of the most dramatic advances in transportation occurred through strong Federal programs and leadership. At the Federal level, our major areas of emphasis are to improve safety, protect our environment, develop new technologies and ensure mobility within our great metropolitan centers and throughout the country.

The transportation trust funds -- highway, transit and aviation -- are an important component of our Federal role. They are more than a vehicle for redistributing user tax revenues among the states. They are a means to fund programs that affect the Nation as a whole and ensure that the various transportation modes operate as an interconnected and integrated system.

Ensuring the safety of the traveling public is a fundamental duty -- one we take very seriously. Any waning in the Federal commitment could erode important safety gains. We have some key activities underway, but more must be done. Last November,

following enactment of the NHS Act, I announced my *Action Plan to Reduce Highway Injuries and Related Costs*. Let me highlight a few items from the plan. After repeal of the National Maximum Speed Limit, I contacted the Governor and legislative leaders in each state, urging them to move cautiously when considering speed limit increases and to review available cost-benefit data.

As part of the *Action Plan*, in July of this year, we awarded almost \$700,000 to states to improve their ability to track motor vehicle crashes, causes and costs. This knowledge is vital to policy makers so they have the necessary information to make sensible decisions about safety policies. In addition, I recently met with representatives of more than 70 national organizations to discuss new approaches to the challenge of improving highway safety. Follow-up discussions are being held around the nation with local and state leaders. These meetings are not only generating exciting ideas but also establishing new networks at the state and local level committed to improving safety.

The President's Zero Tolerance Initiative was an important part of the NHS Act. So far in 1996, ten states have passed Zero Tolerance laws to combat drunk driving. We will be monitoring the effects of the NHS Act's provisions that removed safety requirements for specific categories of medium weight (under 26,000 pounds) truck operators and we are prepared to act swiftly if safety problems emerge. We must guard against

additional piecemeal efforts to grant exemptions. For motor carrier safety, we recognize that a single set of Federal standards ensures that uniform safety rules apply across the country.

Our highway safety program is a textbook example of how a small amount of Federal funding can leverage outcomes, in this case to save many lives. From 1975 to 1994, the strategies we have encouraged -- the use of safety belts, motorcycle helmets, child safety seats, and the minimum drinking age laws have contributed to saving an estimated 90,000 lives. The resulting economic benefits of this reduction in fatalities are about \$70 billion, more than seven times the cost of the National Highway Traffic Safety Administration's highway safety program, including grant programs and the state matching funds from 1966 through 1994.

In addition, other highway-related safety investments have contributed to saving another 93,000 lives. Federal highway safety grants continue to be the principal source of funds for innovative state and local safety programs -- programs that have produced significant reductions in highway deaths and injuries.

With the growth in travel, particularly by young drivers, it is imperative that we continue to invest in education and enforcement programs, as our efforts to date have allowed us to achieve these important goals.

Protecting the environment is a responsibility for all levels of government. Environmental concerns, however, transcend local, state and even regional boundaries. Only with a Federal perspective can we assure that future generations will have a safe, healthy environment.

Although research and technology activities are undertaken at all levels of government and by the private sector, there are some areas where only benefits to the Nation as a whole make it cost effective. For example, with Intelligent Transportation Systems, as with other new and improved technology, we are working to close the gap between what we currently can do and what we know is ultimately possible. Much of this new technology will allow us to use the existing surface transportation system more effectively and avoid costly new construction.

The Partnership for a New Generation of Vehicles (PNGV) is an exciting partnership between the Federal Government and the Big 3 Automakers to strengthen U.S. competitiveness while protecting the environment. A major goal of this program is to develop a vehicle that has up to three times the fuel efficiency of today's comparable midsize sedan. NHTSA has a vital role in ensuring that these vehicles meet both existing and anticipated safety standards. I urge your support for this important program. For FY 1997, Congress has agreed to fund NHTSA's PNGV

activities at \$2.5 million. I hope you will support full funding of future requests for this program.

We recognize that surface transportation needs are great, and will continue to seek appropriate funding levels. We have been successful in securing substantial funding for transportation investment in these times of tight budgets. This has been done through innovative finance programs, active efforts to secure private sector funding, and greater flexibility in the use of funds by recipients. Although Federal spending has increased in this period, we recognize that there is still a substantial gap between the costs of possible transportation improvements and the ability of all levels of government and the private sector to pay for them.

Our primary concern in future budgets and in ISTEA reauthorization will be to maximize the overall level of transportation investment consistent with the President's overall priorities and within the context of a Federal budget that achieves balance early in FY 2002.

OUTREACH ACTIVITIES

We are interested in learning what aspects of ISTEA are working well and what can be improved. As a part of that process, we have been traveling around the country listening to our customers -- the users and providers. To date, the Department has held eleven Regional Forums; two more will take place this month. Members of Congress, state DOT secretaries,

mayors, county officials, metropolitan planning officials and transit providers, shippers and safety advocates and a range of other transportation service providers and consumers have participated. Their views will be considered in formulating the Administration's final proposal. I am delighted that Senators Chafee, Baucus, Wyden and Boxer participated in forums in Providence, Missoula, Portland, Oregon and San Diego respectively.

At our forum on safety, we heard strong support for Federal involvement in safety as well as a consensus that our investment in safety must increase to keep pace with increases in our population and miles driven.

In Philadelphia and New York, we heard how important flexibility is to metropolitan areas in dealing with congestion. There was support for even broader flexibility to fund expanded Amtrak services in the Northeast Corridor. Participants in Chicago, New York and Philadelphia stressed the priority for maintaining existing facilities. Both in Philadelphia and Chicago, participants urged strengthened representation of central cities on their Metropolitan Planning Organizations (MPOs), requiring the inclusion of transit operators, and eliminating state veto powers. In San Diego, public officials and business representatives said how important dedicated funding for border crossing infrastructure is to their growing economy. Officials from Oregon and Washington State told us how critical it is to integrate

transportation and land use to preserve quality of life. Citizens groups and others warmly endorsed the innovative, community-oriented transportation enhancements and Congestion Mitigation and Air Quality (CMAQ) programs. Finally, when I was in Missoula, Montana a few weeks ago we heard a common message from the Western states -- how vital ISTEA investments have been in meeting their rural highway and transit needs and how critical a strong transportation network is to these states. From participants in Huntington, West Virginia, we heard how important highways are to promoting economic development in distressed and often isolated rural areas such as Appalachia. In New England and elsewhere, we heard about the importance of considering our air, water and neighborhoods when making transportation decisions.

Overall, the response to ISTEA is enthusiastic. A Northeastern county executive said: "ISTEA is a whopping success story. Its provisions empowering MPOs and its commitment to clean air should be enhanced not abandoned. Intermodalism and Intelligent Transportation Systems will be even more important in the next decade." A transit official said: "ISTEA is a success . . . landmark legislation that has thoughtfully focused our national transportation policies on mobility instead of modes, on performance instead of facilities...." One constant,

bipartisan refrain is to build on ISTEA -- a Midwestern state DOT head said: "Tune it, don't toss it."

MEETING THE CHALLENGES

We agree with these transportation leaders that the best way to confront our challenges is to build upon the basic ISTEA foundation. The reauthorization of surface transportation must retain the key elements that have made ISTEA such a success in a few short years.

Promote intermodalism

To benefit all users, each mode must complement -- and connect to -- the others. ISTEA brought us closer to that goal. Through CMAQ, for example, we have funded an innovative truck-rail transfer facility in Stark County, Ohio, and projects in Portland, Oregon and Seattle, Washington designed to clean up the air, unsnarl traffic, and improve rail and truck access to the commercial waterfront.

Reauthorization must continue the progress toward intermodalism so modal categories of the early 20th Century do not dictate the transportation system of the future. We're looking at ways to promote projects of national significance -- projects that have benefits extending beyond state and local jurisdictions and including multiple modes and multiple parties. The Alameda Corridor, to be funded through special innovative provisions, is a good example; it will dramatically improve cargo flows between

the ports of Los Angeles and Long Beach and the heartland of America.

Improve planning and public participation

ISTEA brought new players to the table. And a more inclusive process does yield real results in the form of better, more feasible and publicly acceptable plans. The fiscal constraints ISTEA applied to transportation plans means that hard choices must be made based on realistically available funding.

There should be no question of turning back. We must continue to guarantee that investment decisions are the product of an inclusive planning process -- an informed political decision.

Empower state and local officials

ISTEA created flexible programs, such as STP and CMAQ, and increased state and local officials' ability to target funds to projects that make sense for their communities. They responded enthusiastically to increased flexibility; more than \$2.8 billion has been transferred from highway programs to transit programs. And by their own actions, these officials have demonstrated a commitment to even greater flexibility. Wisconsin, New Jersey and Missouri are just three of many states committed to flexible use of grant money for transit and rail projects. The transportation enhancements program has provided substantial community benefits, particularly through bicycle and pedestrian projects.

We must continue to expand this flexibility so that all types of transportation projects -- including perhaps rail and intermodal projects -- can be chosen based on their transportation merit.

Promote innovative financing

We began our Partnership for Transportation Investment program to jump-start the innovative financing effort suggested by ISTEA. In 1994, I issued a challenge to states and localities: if you propose new ways to finance projects, we will waive certain procedural requirements. The response was overwhelming. Barely a year later we had approved more than 74 new projects -- at least \$4.5 billion worth that would have been delayed or never built. Instead, they are getting underway right now, all without spending any new Federal money and with substantial private sector participation.

The new pilot program for State Infrastructure Banks (SIBs), authorized in the NHS Act, builds upon this progress. Earlier this year, DOT announced the ten states selected for the SIB pilot program. Most of these states will have capitalized their state infrastructure banks by the end of this fiscal year. We believe that more states should have the opportunity to establish SIBs.

ISTEA's successor must continue efforts to create new ways of meeting America's transportation needs.

Encourage new technologies

Advanced technology is vital to improving safety, system capacity, efficiency and travel times. We've expanded investment in research and development through increased funding and new private sector partnerships. And with a deployment-oriented strategy, we have focused on closing the gap between state-of-the-art and state-of-the-practice.

The successful ITS and Global Positioning System (GPS) deployments we're seeing today are products of these initiatives. For the consumer and industry, we need national standards and a national approach.

In January, I launched *Operation TimeSaver*, an initiative designed to cut the daily travel time of Americans in congested metropolitan areas by 15 percent over the next ten years. Americans who now commute two hours a day would save almost 80 hours a year, the equivalent of a two-week vacation.

We must continue our commitment to develop and deploy technologies that benefit Americans in their daily lives.

CONCLUSION

ISTEA is visionary legislation. Its central elements -- strategic infrastructure investments, intermodalism, flexibility, intergovernmental partnership, a strong commitment to safety, enhanced planning and the environment -- should be preserved and strengthened.

The forces shaping the debate over the role of government in our society will influence the reauthorization debate. What is the Federal role in surface transportation infrastructure? What has worked under ISTEA and what has not? What can we do to further improve safety? What is the appropriate level of resources to be provided by all levels of government? How can we benefit more from the fiscal resources we have? Should we expand eligibility for Federal funds, for example to rail and intermodal projects?

Most of these questions require further study and discussion. But I am confident that in one case -- the Federal role -- the answer is clear. We need strong Federal leadership. As President Clinton recently stated, the Interstate System brought Americans closer together, connecting region to region, city to city, and family to family in ways that were undreamed of a half-century ago. That same spirit has long been a driving force for government investment in transportation.

Efficient national cargo movement is key to our ability to benefit from expanding trade opportunities. Truckers and other freight operators need access to facilities and national uniformity in regulatory standards to prevent artificial barriers to commerce. We also need national consistency if we are to move forward with deployment of new technology. We cannot achieve other key national priorities -- linking Americans to jobs, health care and

education -- without efficient and safe transportation. And the critical challenges we face in the areas of safety and the environment do not stop at state borders. A strong Federal presence in partnership with state and local governments is essential in these key areas.

I look forward to the continuing debate over the future of our surface transportation programs. The proposals already introduced in Congress -- Step 21, tax turnback, border infrastructure improvements, infrastructure investment -- will help define and guide this debate. I know this Committee and its counterpart in the House will be drafting major legislation next year. The Department also will transmit a proposal early in 1997.

Clearly, we can all agree that investment in our Nation's transportation infrastructure is vital to preserving our competitive advantage throughout the world and maintaining the well being of our citizens.

Mr. Chairman, that concludes my statement. Thank you for the opportunity to testify on these important issues. Administrator Slater and I will be happy to respond to any questions you may have.