STATEMENT OF
POLLY TROTTENBERG
UNDER SECRETARY FOR POLICY
U.S. DEPARTMENT OF TRANSPORTATION
BEFORE THE

COMMITTEE ON THE BUDGET
U.S. SENATE

February 26, 2013

The Impact of Federal Investments on People, Communities, and Long-term Economic Growth

Chairman Murray, Ranking Member Sessions, Members of the Committee:

Thank you for inviting me here today to speak on behalf of the Obama Administration about the importance of transportation investments and their impacts on our Nation's economy, our States and local communities, and the traveling public.

The U.S. boasts a transportation system that is among the strongest and safest in the world and has benefitted from the investments of previous generations of Americans.

From waterways to railroads, highways, airways and transit, our transportation system has been critical to our Nation's economic success, providing remarkable mobility and opportunity to our citizens and their families, and fueling the prosperity of our businesses, factories and farms.

But our transportation system is aging. Much of it was built more than 50 years ago and in some cases more than 100 years ago, and is in need of investment, innovation, and new technologies.

Transportation is one of the largest sectors of the U.S. economy, with transportation-related goods and services including vehicles, fuel, auto insurance, structures, and equipment representing nearly 10 percent of the Nation's gross domestic product (GDP) -- $1.5 trillion out of $15.6 trillion in 2011.

The transportation sector is one of the largest generators of high-paying jobs, accounting for 11.4 million jobs in 2011, according to the Bureau of Labor Statistics, including 2.3 million truck drivers, 144,000 highway maintenance workers, and 87,000 flight attendants.

Beginning with the State of the Union address two weeks ago, and continuing with his proposal released last week, President Obama called for $50 billion in increased infrastructure investment to spur economic growth. The President proposed a "Fix-It-First" Program that would direct $40 billion towards reducing the backlog of deferred maintenance on highways, bridges, transit systems, and airports nationwide and put U.S. workers on the job, along with $10 billion for innovative transportation investments.

President Obama also proposed a Partnership to Rebuild America to attract private capital to upgrade what our businesses need most: efficient roads, rails, mass transit systems, waterways, and ports to move people and goods, and safe, modern energy, and telecommunications systems.

The President's proposals build on the Administration's work over the past four years to strengthen the Nation's transportation infrastructure. The Administration worked with Congress to pass the American Recovery and Reinvestment Act in 2009, the most significant transportation public works program since the New Deal.

The Recovery Act funded major projects all across the country, including the CREATE freight rail project in Chicago, the I-244 Bridge in Tulsa, and rebuilding the Presidio Parkway connecting San Francisco to the Golden Gate bridge. Through the Recovery Act and core infrastructure funds, U.S. workers have improved over 350,000 miles of U.S. roads, and repaired or replaced over 20,000 bridges, including the Milton-Madison Bridge connecting Kentucky and Indiana, and the South Park Bridge in Seattle.

Since the President took office, the Department's investments are helping communities build or improve more than 6,000 miles of intercity rail corridors and 40 train stations, such as Union Station in St. Paul and Moynihan Station in New York, and purchase approximately 260 passenger rail cars and 105 locomotives, and make significant investments in 25 ports across the U.S.

In addition, the Obama Administration has made an unprecedented commitment to strengthen public transportation across the United States, investing in more than 350 miles of new light and heavy rail, streetcars, and bus rapid transit, in cities from Los Angeles to Cleveland to Atlanta, and helping to revitalize the American manufacturing industry by investing in 45,621 buses and 5,545 rail cars.

We are grateful that Congress passed the Moving Ahead for Progress in the 21st Century Act (MAP-21) in June 2012, and provided two years of predictable surface transportation funding for States and localities. Since enactment, MAP-21 has been a major priority for the Department, and I am proud of how quickly we have been able to implement its key provisions and get guidance out to the States, Metropolitan Planning Organizations, local communities and transit agencies.

MAP-21 makes great progress in improving safety, especially in transit, expanding the TIFIA credit program, focusing on freight policy, better planning, and moving us towards a more performance-driven system.

In fact, we consider MAP-21's focus on performance one of the most exciting parts of the legislation. We are working with our stakeholders to develop performance measures in key areas such as safety, pavement and bridge condition, system performance, congestion and freight. Setting these performance measures is an important step in creating a more efficient outcome-based transportation system.

Part of ensuring our nation has the world's best infrastructure, which is essential to our continued economic success, is improving how we deliver transportation projects. The Department is working with states and localities to produce better economic analysis to ensure that every public dollar is well spent.

We are working with our sister agencies to reduce the Federal permitting review process timeline by 50 percent for project sponsors, giving them tremendous savings of time and money. We are also encouraging cost-effective innovation and creative new approaches to construction, operations and project delivery.

MAP-21 also provided DOT with unprecedented opportunities to improve freight movement throughout our nation. This is an area where we have already made great progress.

Last summer, Secretary LaHood announced the creation of our Freight Policy Council. The Council, which is chaired by Deputy Secretary Porcari, brings together senior leadership, modal administrators, as well as policy, budget, economic and research experts -- to oversee the implementation of MAP-21's freight provisions, including development of the National Freight Strategic Plan.

And last week, the Department announced the establishment of the National Freight Advisory Committee to engage a variety of public and private sector stakeholders in the implementation of the MAP-21 freight provisions. As the Federal Register notice outlines, the Department is accepting nominations for committee members until March 21.

On the aviation side, the Federal Aviation Administration (FAA) is moving forward aggressively with the NextGen satellite navigation program, which will provide tremendous economic returns by improving the safety, efficiency, and capacity of air travel. NextGen will ultimately save hundreds of dollars per flight for our Nation's airlines, and millions of hours of travel time for the public.

In 2009, the FAA estimated airline operations alone generated $300 billion in economic output to the GDP and supplied more than two million jobs. Making air travel more convenient, dependable, safe, and efficient has far-reaching implications for the nation's economy.

MAP-21 and NextGen are important first steps to rebuilding our transportation system, but the demands on our Nation's transportation infrastructure will only increase. By 2050, the U.S. population is expected to grow by approximately 100 million people, with many of them projected to live in already congested metropolitan areas.

In 2008, Federal, State, and local governments spent approximately a combined $182 billion in total on highways and bridges, of which $91 billion was spent on capital improvements. However, the 2010 Conditions and Performance Report, which DOT publishes biennially, estimated that maintaining the Nation's highway system, and improving it to meet future demand, requires that all levels of government combined increase capital investments from $91 billion currently spent to $170 billion annually over a 20-year period.

On the transit side, Federal, State, and local governments spent a total of about $52.5 billion, of which $11 billion was spent on capital improvements. Yet the same 2010 report estimates that achieving a state of good repair for the nation's transit systems, while accommodating future ridership growth over a 20-year period, requires an annual increase in capital investments from $11 billion to between $21 billion and $25 billion.

Both of these investment need estimates do not take into account operations and maintenance costs, and are based on 2008 data. The Department is currently preparing a new Conditions and Performance report which will contain updated investment need figures.

Moving people will not be the only challenge. Currently, the U.S. freight system moves 57 tons of freight per person per year. The addition of approximately 100 million people will result in nearly six billion tons of additional freight that the Nation will need to move through our often congested roadways, rails, airports and ports. We have to find ways to move those goods more efficiently.

Last year, the Highway Trust Fund (HTF) collected only $40 billion in revenue, but spent close to $50 billion. This is not a new problem. The HTF has had a funding shortfall every year for the past five years.

By the end of MAP-21 in 2014, Congress will have transferred almost $54 billion in General Funds into the HTF to keep the surface transportation program afloat, which is of growing concern as we seek to address our Nation's fiscal challenges.

As Federal dollars have grown scarcer, many States and localities have attempted to make up the shortfall, often by taking on significant debt. The Federal Highway Administration reported that, in 2010, States owed a combined $154 billion in road bond debt, nearly triple the $56 billion they owed in 1995. On the transit side, local transit agencies also amassed tens of billions of dollars in debt, in some cases threatening their ability to fund annual maintenance and capital needs.

Meanwhile, our economic competitors in Europe and Asia continue to invest significantly more in maintaining, modernizing, and expanding their transportation networks. In 2012, the World Economic Forum rated the competitiveness of U.S. infrastructure as 14th in the world, below Canada, the United Arab Emirates, Spain, and Korea.

But we also need political consensus on how to sustainably fund surface transportation in this time of severe budgetary challenges so that States and localities can plan for and build long-term projects. The President has proposed to pay for our investments in surface transportation through the savings from winding down our contingency operations overseas. We believe this is the right course because it would allow us to move forward with critical investments in our transportation infrastructure now while working together to consider the fiscal challenges the Highway Trust Fund faces. Others may have different proposals. I know that is one of the many important issues that the leaders on this Committee and throughout Congress will be grappling with in the months to come and the Administration looks forward to seeking a shared solution.

We owe it to future generations of Americans to provide them with a transportation system as remarkable, safe, and productive as the one our parents and grandparents built for us.

Thank you and I am happy to answer any questions you may have.