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Contact: Trina Leonard
301-530-6700
trina@starpower.net

**National Surface
Transportation Policy
and Revenue Study
Commission**

**NATIONAL COMMISSION ON SURFACE TRANSPORTATION
ANNOUNCES PLAN TO MODERNIZE SYSTEM,
RESTRUCTURE PROGRAMS**

Commissioners:

Mary Peters, Chair
Secretary
U.S. Department of Transportation

Jack Schenendorf, Vice Chair
Of Counsel
Covington and Burling, LLP

Frank Busalacchi
Secretary
Wisconsin Department of Transportation

Maria Cino
Former Deputy Secretary
U.S. Department of Transportation

Rick Geddes
Associate Professor
Department of Policy Analysis and
Management
Cornell University

Steve Heminger
Executive Director
Metropolitan Transportation
Commission
San Francisco Bay Area

Frank McArdle
Senior Advisor
General Contractors Association of
New York

Steve Odland,
Chairman and CEO
Office Depot, Inc.

Patrick E. Quinn
Co-Chairman and President
U.S. Xpress Enterprises, Inc.

Matt Rose
Chairman and CEO
Burlington Northern Santa Fe Railroad

Tom Skancke
CEO
The Skancke Company

Paul Weyrich
Chairman and CEO
Free Congress Foundation

1200 New Jersey Avenue, SE
Washington, DC 20590
www.transportationfortomorrow.com

*"Create and sustain the
preeminent surface
transportation system
in the world."*

Susan J. Binder
Executive Director
(202) 366-9208
susan.binder@dot.gov

Report Offers Solutions to Improve the Performance of the
Nation's Transport System

Washington, D.C. -- Calling for a "new beginning" to reform the nation's transportation programs, the bipartisan National Surface Transportation Policy and Revenue Study Commission today unveiled a comprehensive plan to increase investment, expand services, repair infrastructure, demand accountability, and refocus Federal transportation programs, while maintaining a strong Federal role in surface transportation. Policy changes, though necessary, will not be enough on their own to produce the transportation system the Nation needs in the 21st century. Significant new funding also will be needed.

Congress created the twelve-member, bipartisan Commission in 2005 and it not only was charged with examining the condition and operation of the surface transportation system, but also with developing a conceptual plan and specific recommendations to ensure that the surface transportation system serves the needs of the nation now and in the future. After an intensive fact-finding program that included hearings in ten cities across America, the Commission released its Report to Congress, called *Transportation for Tomorrow*, at a news conference at the National Press Club in Washington, D.C.

The Transportation and Infrastructure Committee of the U.S. House of Representatives has scheduled a hearing on the Report on January 17, 2008 and the Senate Committee on the Environment and Public Works has tentatively scheduled a hearing on Wednesday, January 23, 2008. **To read *Transportation for Tomorrow* and for more information on the Commission and its activities, visit www.transportationfortomorrow.com.**

The Commissioners unanimously agree that an efficient surface transportation system will be vital to the future economic growth, international competitiveness, and social well-being of the Nation. They also agree that major overhauls of current Federal surface transportation programs will be essential to achieve such a system. They did not agree, however, on all of the

recommendations to reform and finance our surface transportation programs. Secretary Mary Peters (as Commission Chair), Commissioner Cino, and Commissioner Geddes provided a minority view to the report. Commissioner McArdle and Commissioner Rose each contributed an individual supplemental view.

The key recommendations in *Transportation for Tomorrow* include:

- Significantly increasing investment in surface transportation, including investing at least \$225 billion annually from all sources (Federal, state, local, and private) for the next 50 years to upgrade to an advanced surface transportation system capable of sustaining strong economic growth;
- Accelerating the time between conception and delivery of major transportation projects to reduce costs while still addressing environmental concerns. Many federally-funded projects take between 10-13 years to complete after they are proposed, largely due to lengthy approval processes. Given the high rate of construction inflation, for example, simply reducing the time between conception of projects and delivery could save billions of dollars as well as bringing new facilities online more rapidly.
- Retaining a strong Federal role in transportation, while depoliticizing investment decisions. Keeping the promise to citizens for effective expenditures by building accountability into the new program structure. Money will be spent through outcome based, performance driven programs supported by cost/benefit evaluations rather than political “earmarking”.
- Replacing over 100 current transportation programs with ten programs focused on the national interest. This structure will target infrastructure facilities, crippling congestion, unacceptable safety consequences, missing intercity passenger rail options, underutilized transit options, environment linkages and the synergy between transportation and energy policy. This new structure will address the needs of urban, suburban and exurban areas, small towns and rural areas, (See *descriptions of ten programs below.*)
- Creating a new National Surface Transportation Commission (NASTRAC) to perform two principal planning and financial functions. Modeled after aspects of the Postal Regulatory Commission, the Base Closure and Realignment Commission, and state public utility commissions, the NASTRAC would act as overseer of a stakeholder-rich planning process whose goal would be to develop national strategic plans for each of the program areas. The NASTRAC would establish the cost to finance the plan and recommend a Federal fuel tax or equivalent Federal mechanism to fund the Federal share, subject to Congressional veto.

To fund the necessary investment, the Commission recommends new revenue strategies, including increasing the Federal gas tax between 25-40 cents (5-8 cents per gallon, per year), with the rate increase indexed and phased in over time. The fuel tax was the primary recommended user fee in the near term since it will continue to be a

viable revenue source for surface transportation for some time to come. The most promising alternative user fee revenue measure is a vehicle miles traveled fee, provided that substantial privacy and collection cost issues can be addressed.

Other user-based fees also should help address the investment shortfall, such as tolling, the deployment of peak-hour “congestion pricing” on Federal-aid highways in major metropolitan areas, a freight fee for freight projects, and ticket taxes for passenger rail improvements. Tax policy also can provide incentives to expand intermodal networks. Governments on all levels should encourage public-private partnerships as a means of attracting additional private investment to the surface transportation system, provided that conditions are included to protect the public interest and the movement of interstate commerce.

Ten Outcome-Based Programs to Replace Over 100 Existing Programs

The report calls for the replacement of over 100 current Federal surface programs with ten comprehensive programs that are outcome (rather than modally) based. For the most part, the U.S. Department of Transportation, in cooperation with State and local governments, multi-State coalitions, transportation system users, and the full range of public and private stakeholders, would develop national performance standards for each applicable program area. State and local performance standards would form the basis for State and metropolitan plans. In combination, these would comprise a national strategic plan and the basis for distribution of Federal funding to implement these plans.

In brief, the streamlined new federal program structure the Commission recommends is:

1. Rebuilding America: A National Asset Management Program

The focus is to put and keep the portions of the Nation’s infrastructure in which there is a strong Federal interest in a state of good repair in the most efficient and cost-effective manner possible, including the costs of technological and safety upgrades.

2. Freight Transportation: A Program to Enhance U.S. Global Competitiveness

This program would provide public investment in crucial, high-cost transportation infrastructure to increase capacity on the Federal-aid highway system significantly affected by national and regional freight movements. It would also include public-private projects that have potential national and regional benefits, including facilitating international trade, intermodal connections near port facilities, to avoid adding time and costs to the supply chain.

3. Congestion Relief: A Program for Improved Metropolitan Mobility

This program would reduce congestion in our largest metropolitan areas (of one million or more in population) by facilitating comprehensive local strategies to manage demand and improve operations. These strategies will include expanded transit systems and additional highway capacity, involve substantial

capital investment and help integrate transportation planning into other urban planning activities.

4. Saving Lives: A National Safe Mobility Program

A national plan for safety both informs investments in all other transportation programs and leads to transportation investments undertaken purely for safety purposes. The Commission recommends that the U.S. Department of Transportation establish national safety standards, beginning with an ambitious but reachable goal to cut surface transportation fatalities in half from current levels by 2025. States and metropolitan areas would develop broad and multifaceted strategies for reaching their specific safety goals.

5. Connecting America: A National Access Program for Smaller Cities and Rural Areas

This program would update the basic backbone of the surface transportation system to take into account those urban, suburban, and rural communities that were not developed when the initial highway and rail infrastructure networks were created. High-performing connections for the movement of freight and people are necessary to link the Nation's population and economic centers that currently do not have such connections.

6. Intercity Passenger Rail: A Program to Serve High-Growth Corridors by Rail

This program will fill a critical missing link in the Nation's surface transportation system. The Commission envisions an intercity passenger rail network that provides competitive, reliable, and frequent passenger service, comparable to world-class systems in other countries. This network would primarily connect regions and population centers within 500 miles of each other.

7. Environmental Stewardship: Transportation Investment Program to Support a Healthy Environment

This consolidated program replaces several existing environmental programs, providing more flexibility to States in their efforts to mitigate the environmental impacts of transportation. These would include smoothing traffic flow, mitigating vehicular congestion related to rail crossing, encouraging use of intermodal freight options, encouraging alternative commute options such as carpooling and transit, scrapping and retrofitting older vehicles, and encouraging more energy-efficient construction and lighting materials in the transportation system, to reduce carbon dioxide and other greenhouse gas emissions.

8. Energy Security: A Program to Accelerate the Development of Environmentally-Friendly Replacement Fuels

This program is a distinct transportation energy research and development program in conjunction with ongoing research programs of the U.S. Department of Energy to address these goals, at a level of \$200 million annually over the next decade. For transportation to make a significant contribution to reducing energy consumption, policies to that end cannot be marginal, but instead must be basic to mobility.

9. Federal Lands: A Program for Providing Public Access

This program fulfills the Federal responsibilities for transportation access to Federal properties that are dealing with new pressures on natural landscapes, including but not limited to increased demand for recreational activities, energy/alternative energy sources, and the need for adequate public transportation access.

10. Research, Development, & Technology: A Coherent Transportation Research Program for the Nation

This program would dedicate funding to monitor the vast scope of research activities underway across the Nation and the world, targeting funds to research gaps. As data collection and performance modeling is necessary to support good transportation decision-making at all levels of government, the Commission believes that there must be robust, predictable Federal investment in this area.

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