Testimony of the U.S. Chamber of Commerce

ON: **The Time is Now for SAFETEA-LU Reauthorization**

TO: **Senate Committee on Environment and Public Works**

FROM: **Thomas J. Donohue, President and CEO**

DATE: **February 16, 2011**

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.

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The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of 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, 71 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 – numbers more than 10,000 members. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 101 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. Currently, some 1,800 business people participate in this process.

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Chairman Boxer, Ranking Member Inhofe, and distinguished Members of the Senate Environment and Public Works Committee: thank you for the opportunity to be here today to explain the urgency and the importance of federal leadership and investment in highways and public transportation. Now is the time to work on a bi-partisan basis to pass the legislation that will maintain, modernize, and expand this critical surface transportation infrastructure: reauthorization of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU reauthorization).

Public and private investment in the economic foundation of the United States is critical for long-term economic prosperity. The United States' global competitiveness is dependent on construction and maintenance of a world class infrastructure. As the President recognized in his State of the Union address, lasting jobs grow where infrastructure is strong.

The needs have been studied to death and quantified by many organizations including the U.S. Chamber. In fact, for years, the U.S. Chamber has been sounding the alarm about our nation's deteriorating and underperforming transportation infrastructure.

We have cited the economic costs of congestion on the ground, in the air, and at our ports. We have underscored the number of lives needlessly lost to poor roadway conditions. We have pointed out the negative impact an aging transportation infrastructure system has on our ability to compete globally.

We have outlined the wide gap between what is needed to fund a modern system and what the U.S. is actually investing. We have emphasized the hundreds of thousands of good-paying jobs that could be created if we modernized our highways, transit systems, airports, seaports, waterways, and rails.

Last year, the Chamber became the first organization ever to measure the performance of the transportation system and to make a direct link between the performance of transportation infrastructure and economic growth.

Is the Transportation System Working for the U.S. Economy?

Last year, using well-respected experts, the Chamber developed a way to measure transportation infrastructure performance nationwide and in each of the 50 states. This project, called the *Transportation Performance Index* (*TPI*) shows how well the U.S. transportation system is serving the needs of businesses and the overall U.S. economy.

To build the *TPI*, we asked businesses, economic development experts, and public sector agencies what mattered most when it came to transportation infrastructure. They gave us feedback that fell into three categories. The first was supply: the availability of infrastructure is a key consideration for businesses when deciding where to locate their facilities. The second was quality of service: is the infrastructure reliable, does it provide predictable service, and is it safe? The third category was utilization: can current assets sustain future growth? Utilization is a key consideration for companies like FedEx and others that look 20 years into the future to inform the decisions and investments they make today.

Based on their input, we identified indicators in each mode of transportation, and then weighted and combined them (much like the *Dow Jones Industrial Index*) to give a picture of the transportation system's performance.

From 1990 to 2008 (that last year for which complete, publicly available data was available), the *TPI* increased about 6 percent overall. In contrast, U.S. population grew 22 percent, passenger travel grew 39 percent, and freight traffic grew 27 percent. Given these facts, it is a testimony to business ingenuity that the national results are not worse. Businesses work around transportation challenges by scheduling deliveries in off-peak hours, implementing flexible employee work policies, and substituting information technology for transportation services. There are also countless stories of transportation infrastructure owners using the engineering equivalent of duct tape to hold infrastructure together and crafting creative operational strategies to enhance throughput.

In contrast, as we projected out to 2015, we estimate that the *TPI* is going to decline at a rate of nearly one point per year. We will observe more traffic congestion, breakdowns of the inland waterway system and delays at airports. We will lose 0.3 percent of Gross Domestic Product (GDP) for every one point decline in the *TPI*, translating to $336 billion based on 2008 GDP.

The Chamber's Transportation Performance Index proves that enhancing the performance of transportation infrastructure is a vital part of creating sustainable, long-term growth…growth our nation desperately needs.

The High Cost of Underperforming Transportation Systems

The TPI tells us that without addressing the transportation problems in this country we will undermine economic growth.

Our national transportation system is critical for long-term economic prosperity, supports Americans' high standards of living that has driven economic expansion, and is the backbone of our business supply chain.

As the President recognized in the State of the Union address, lasting jobs and economic development grow where infrastructure is strong. The President said, "Students of history will remember that America is the nation that built the transcontinental railroad, brought electricity to rural communities, and constructed the interstate highway system. The permanent jobs created as a result of building the transcontinental railroad or the interstate highway system came from businesses that opened near a town's new train station or a new off-ramp."

Almost 30 percent of the nation's economic output is totally dependent on international trade. As we seek to double exports over the next 5 years by exporting to the 95 percent of the world's population that lives outside of the United States, our transportation system must be up to the task. It will also be critical to our competitive advantage as a nation as competitors invest in their own infrastructure to compete with the United States.

Quality transportation infrastructure unleashes competitive advantage by leading to lower production costs making U.S. businesses more efficient, making the United States a desirable location for new and existing businesses, and also making U.S.-produced goods and services more competitive in the global economy. However, deteriorating infrastructure in the United States may actually be contributing to increased costs and decreased efficiency for American businesses (Cambridge Systematics, 2008). The consequences of an underperforming system are hundreds of billions of dollars annually in wasted fuel, lost productivity, avoidable public health costs, and delayed shipments of manufacturing inputs, consumer goods and other items critical to the underlying growth of our businesses.

Without smart investment the U.S. infrastructure American businesses will to lose ground to major international competitors. Recognizing the benefits of well-developed infrastructure, both less-developed and emerging market competitor countries are preparing their transportation systems to move away from producing low-wage goods to producing the types of products that require the specialization of labor that transportation infrastructure makes possible (Praxis Strategy Group and Kotkin, 2010).

While the United States has maintained its position at the top of the overall World *Competitiveness Yearbook* rankings (IMD, 2010), the U.S. sub-ranking for Basic Infrastructure has degraded since 2005. The World Economic Forum also performs an annual infrastructure ranking in the *Global Competitiveness Report*. The result is similar: U.S. transportation infrastructure is falling behind.

America's entire transportation infrastructure—roads and rails, airports and seaports, inland waterways and airways—the proud legacy of generations past, needs repair and replacement as well as expansion to handle future growth. To head off this future and have a transportation system that supports a 21st century economy, the United States needs a high level of investment targeted at improving performance across all modes and across the country: we cannot just fix a few bottlenecks or address the problems in one city or state.

Congress has an array of legislative opportunities to tackle our transportation challenges. From the analysis of our TPI findings, the Chamber believes that formulating policies, programs and investment strategies, four items should be on top of the to-do list:

- Get transportation infrastructure to a state of good repair.
- Fix congestion today.
- Create capacity for the future by both optimizing of systems and building physical capacity.
- Target last mile infrastructure—in particular intermodal freight access—and bottlenecks.

<u>Highway and Public Transportation Focus: SAFETEA-LU Reauthorization</u>

Of course, today, we are talking about two aspects of the nation's transportation system in particular: the roads and bridges that are an essential aspect of supply chains and personal mobility, and the public transportation networks that move our employees and America's citizens.

In November 2008, the Chamber's board of directors approved a set of recommendations that describe high-level objectives the business community deems necessary for a successful bill.

Below are selected U.S. Chamber recommendations I would like to highlight today (others follow the written testimony):

Congress must ensure federal transportation policy, programs, and resources are oriented around national needs related to U.S. global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense.

> Overall, there is a need to reform and refocus federal transportation policy and programs to better align with national goals and priorities. Over the years, the number of federal aid highway and transit programs has expanded creating 108 different funding categories varying widely in purpose. Programs—even formula programs—have devolved into a political redistribution of federal dollars.

As businesses plan for the future the U.S. government must invest with a purpose. There needs to be a way to make thoughtful investments in regionally and nationally significant projects. Americans need to think strategically as to where these investments go, to create a system that creates a competitive advantage for the U.S. economy. For example, Canada developed and deployed strategies a national approach known as the "Gateways and Corridors Strategy" that is a shared vision of goods movement with the private sector.

The scope of activities supported by the federal programs means that federal dollars can be spent on anything from Interstate bridges to city sidewalks, new transit systems to federal Lands' roads, museums to intermodal facilities. The list goes on and on. While there are many potential uses of federal funding, each with a constituency, now more than ever—especially when the fiscal environment and knowing that new funding is going to be difficult to come by—taxpayers need to have faith that the cents per gallon they pay at the pump are being invested in high priority transportation projects that will produce better transportation system performance and in turn, long-term economic development and growth, and permanent jobs.

Federal programs should continue to emphasize safety and maintenance efforts.

Every day on our highways and streets, more than one hundred people are killed by fatal crashes. In 2009, more than 33,000 individuals died on the roadways and another five million were injured. This number can be and must be drastically reduced by making our roads and roadsides safer and more forgiving. According to a study by the American Road and Transportation Builders Association, in 2006, roadway condition is a contributing factor in more than half—52.7 percent—of the nearly 35,000 American deaths resulting from motor vehicle crashes each year and 38 percent of the non-fatal injuries.

There is a clear national interest in ensuring adequate passenger mobility, particularly in large metropolitan areas. Congress should develop federal policy and programs that support congestion mitigation and improved mobility in urban areas by providing incentives for the adoption of strategies and use of technology that maximize the use of existing facilities, supporting public transportation capacity, availability and ridership strategies, and highway capacity where appropriate.

Much of America's economic activity is based in metropolitan areas. The 100 largest metropolitan regions in the United States account for just 12 percent of the land area but contain 65 percent of the population, 69 percent of all jobs, and 70 percent of the nation's GDP. The largest 100 metropolitan areas also serve the majority of our transportation activity, handling 72 percent of all foreign seaport tonnage, 79 percent of all U.S. air cargo tonnage, 92 percent of all air passenger boardings, and 95 percent of all public transit passenger miles traveled.

Traffic congestion is, quite simply, one of most—if not the most—vexing and critical problems to address. The authority on the costs of congestion, the Texas Transportation Institute, just updated its Urban Mobility Report, and the news isn't good. Congestion costs the American public $115 billion a year lost in time and wasted fuel, or $808 dollars out of the pocket of every motorist. There is not a one-size fits all solution to congestion relief. In some places it requires more physical highway capacity. In others, technology and smarter transportation strategies that increase throughput are the answer. Cities in other countries are using innovative management approaches including congestion pricing: this is an option that we are open to as well. And as you well know, investment in public transportation is critical for congestion relief and mobility.

While the U.S. population is increasingly shifting away from rural areas into massive "megaregions," ensuring rural connectivity is a vital to the national interest.

The majority of the United States' natural and agricultural resources are located in rural areas. Further, smaller communities must build and maintain the full range of infrastructure regardless of population size. Congress should ensure improved rural connectivity by providing federal investment in small communities and rural areas to support connectivity to major economic and population centers.

Congress should develop a comprehensive freight program to ensure adequate capacity, reduce congestion, and increase throughput at key highway, rail, waterway, and intermodal choke points.

The federal government currently does not have a comprehensive plan to accommodate existing and forecast freight flow.

When it comes to goods movement, particularly important is the "last mile" infrastructure that links people and products to their final destinations: whether travel is by rail, marine or air transportation, or by roads or public transportation itself, without the last mile no journey is complete.

High priority corridors need attention. For example, the LA-1 corridor is a fragile, two-lane highway and the only artery to America's Energy Port—Port Fourchon. It is the critical link between the land-side support services and America's domestic energy production in the Gulf of Mexico.

Infrastructure investment also plays a role in speeding border crossings. Nearly one-third of all trade on the U.S. Canada border is intra-company delivery of input materials, which means that anytime delayed at the border lowers the competitiveness of our businesses and serves as a tax on the consumer. Furthermore, no one would argue that the current border infrastructure was designed for today's traffic flows. This has a negative impact on the ability of Customs and Border Protection to effectively execute their mission of facilitating legitimate trade, and securing our country.

Given the transportation sector contributes roughly one-third of all carbon emissions and is responsible for the consumption of two-thirds of the nation's petroleum resources, any climate change legislation is bound to have significant down-stream ramifications for transportation users.

The Chamber encourages Congress to consider the preservation of American jobs and the competitiveness of U.S. industry when devising policy. Furthermore, any approach to climate change should be international in scope, should promote the accelerated development and deployment of greenhouse gas reduction technology, should reduce barriers to developing climate-friendly energy sources, and should encourage energy conservation and efficiency.

The Chamber also believes that Congress and the administration can do a great deal more to speed up project delivery.

According to the Federal Highway Administration (FHWA), major highway projects take on average about 13 years to get from project initiation to completion while project development activities under the Federal Transit Administration's (FTA) New Starts program average more than 10 years. Delayed project delivery creates inefficiencies across the systems, translates into increased project costs, and can undermine finance plans. Congress should looking at efforts like the I-35W Bridge reconstruction in Minnesota, which took just over a year from start to finish, as a model.

The federal government should continue to support research, development, and application of improved technologies that improve infrastructure design, construction, maintenance, financing, and operations, and increase safety and enhance the environmental sustainability of the U.S. highway and public transportation systems.

<u>Paying for Highway and Public Transportation Needs</u>

There needs to be a vigorous dialogue on funding and financing, but first we have to agree on the direction we are going. Too many times in the past all of us—elected officials, interests, the media and the American people—have started with the questions of "How much is needed?" "How much do we have to work with?" I commend the committee for starting with "What we need, what can we do, and what are the benefits?" We will get soon enough to "How much will it cost and how will we pay for it."

So my point on paying for it all is that everyone needs to keep an open mind. I am well aware that Members of Congress and the Obama Administration are faced with difficult fiscal circumstances. It is clear that federal budget and appropriations processes appear dominated by discussion of deficit reduction, and Americans expect their leaders to make tough choices just as they have for their own households. However, without proper investment and attention to our infrastructure, the United States' economic stability, potential for job growth, global competitiveness and quality of life are all at risk.

Investments in the nation's highways and public transportation systems are a core federal government responsibility. For the good of our economy Congress must continue to increase investment in our infrastructure: now is the wrong time to cut back.

There should be strong incentives for investment of private sector resources and leveraging of public dollars to the greatest extent possible. Barriers to private investment including regulations and administrative processes that make project delivery take far too long should be removed or reformed. Every state should have laws that not only allow, but welcome, private investment. I know you are well aware, Madam Chairman, of the power that expanding the TIFIA (Transportation Infrastructure Finance and Innovation Act) program holds. It is one of the best deals around: each dollar of federal funds can support up to $10 in TIFIA credit assistance and leverage $30 in transportation infrastructure investment. In fact, I spoke yesterday with Los Angeles Mayor Antonio Villaraigosa about his plan to unlock the gridlock in Los Angeles with accelerated investments in a suite of public transportation projects called 30/10 using TIFIA, and TIFIA could be expanded and applied elsewhere in the country. These ideas are just a few that can help bring private investment and strategy public dollars.

Now, all of that said…public-private partnerships and lower-cost federal credit programs are not substitutes for direct federal investment: they are *financing* and *project delivery* tools.

Although there are many potential tools to provide financing assistance, these tools do not actually generate revenue or support guaranteed funding levels. By guaranteed funding, I mean the predictable, multi-year dollars provided largely by formula to states. This is the bread and butter for maintaining and modernizing our existing highway and transit infrastructure. Investments in the nation's highways and public transportation systems are a core federal government responsibility. Therefore, federal resources provided from the Highway Trust Fund (HTF) to states should provide stable, certain funding over a multi-year period.

Other Transportation Needs

Of course, addressing highways and public needs is not sufficient to improve the performance of the nation's transportation system and prepare for future demands.

If the U.S. is going to double exports—and many of those exports like grain, aggregates, and coal rely on a reliable inland waterway system—we cannot neglect the oldest avenue for goods movement in the U.S.—our waterways. The mouth of the Mississippi River needs dredging: barge companies are losing $640,000 per day while waiting for the Army Corps of Engineers to literally clear a path to the Gulf Coast and to the customers around the world waiting for U.S. exports of grain, aggregate, and energy products. It takes the Army Corps 20 years to do a project, and to make matters worse, Congress dribs and drabs out money. For example, a $158 million flood plain project in West Virginia is getting appropriations at the rate of $1.5 million per year. This approach makes this low-cost form of transportation unreliable and gives our competitors in these low margin products a real edge.

It is past time to prepare for the opening of the Panama Canal in 2014, but there is still tremendous uncertainty over whether the United States will be ready. Intermodal connections at the Port of Norfolk are insufficient for offloading that volume of cargo. The Port of Miami—one of three East Coast ports with federal authorization to dredge deep enough to accommodate Super Post-Panamax ships—must have a federal appropriation to stay on track for dredging and create 33,000 trade-related jobs.

When the economy rebounds, the freight rail industry will go back to experiencing real capacity shortages. It is important to note that America's freight railroads operate almost exclusively over infrastructure that they build and maintain with their own private funds. From 1980 to 2009 they invested more than 40 cents out of every rail revenue dollar to maintain and improve their rail network infrastructure and equipment. The freight railroad industry requires a balanced, common-sense regulatory system so it will continue making record investments in its own capacity. Congress should help build future capacity and deal with today's bottlenecks by enacting a freight rail investment tax credit to encourage private capital investment.

The Chamber is pleased to see attention to investment in aircraft equipage and air traffic control technologies to expedite the transportation to NextGen and add capacity. It will also have the benefits of reducing emissions and increasing safety, and we also have to address aviation needs on the ground.

In short, there is a system of transportation networks, and they all must function well to support competitiveness.

In Conclusion

Today we are not talking about stimulus…we are talking about growing the economy in a fundamental, ongoing way.

Delaying investment will not make transportation problems go away. Instead, conditions and performance will get worse. Materials, labor, and land will get more expensive and our businesses will be less competitive. Opportunities to save lives will be missed. Americans are already paying dearly for inferior transportation, through lost productivity, wasted fuel, and tragically, more crashes.

There should be no further delay on a multi-year authorization of the federal highway and public transportation programs. The Chamber's business members large and small engage in long-term planning that relies on assumptions about the economic foundation of our country. Passage of a strong highway and public transportation authorization proposal with bi-partisan support will help to set the table on which these companies and their employees conduct business.

Madam Chairman and Members of the committee: you understand the urgency and importance of getting to work on SAFETEA-LU reauthorization. For our part, the Chamber and the Americans for Transportation Mobility Coalition is ready to work with you, the AFL-CIO, and anyone else to move forward with investing in America's economy. There is no greater priority than economic growth.

The bottom line is that the U.S. is missing a huge opportunity to ignite economic growth, improve our global competitiveness, and create jobs. This is not just "transportation for transportation's sake." Without more robust economic growth, the U.S. will not create the 20 million jobs needed in the next decade to replace those lost during the recession and to keep up with a growing workforce, will not have the revenue to get the deficit under control, will not have the ability to keep pace with global competitors, and will not be able to provide our children and grandchildren with a better future. As we emerge from the deepest and most painful recession since the Great Depression—and as our recovery limps along—it is necessary to tap into every available source of economic growth available.

U.S. Chamber of Commerce Policy Declaration
Transportation Infrastructure-General

Preamble

It is time to strategically plan and invest in the U.S. transportation system. Transportation infrastructure capacity is more vital than ever to the success of U.S. industries. A well-designed, interconnected transportation network with adequate capacity and efficient management has significant economic and social benefits to the nation's economy. In order to keep pace with transformations of the national and global economies, the U.S. transportation system needs to expand, modernize and adapt to the changing and growing needs for freight movement and passenger mobility. Long term underinvestment in transportation infrastructure is having an increasingly negative effect on the ability of the United States and its industries to compete in the global economy.

Policy Objectives

1. Promote the link between sound transportation infrastructure development programs and our nation's economic productivity, international competitiveness, and quality of life.
2. Promote increased public and private investment in transportation infrastructure in order to maintain and improve economic growth, jobs, safety, mobility, and interconnectivity.
3. Ensure public funding is spent efficiently and effectively at the federal, state and local levels. At the federal level, priority should be given to safety needs, the facilitation of commerce and passenger mobility.
4. Encourage the efficient use of existing transportation infrastructure, promoting polices and new technologies that will maximize freight and passenger mobility, ease congestion, and improve safety.
5. Encourage transportation infrastructure policies consistent with energy, environmental and security policies.

Funding

1. Government at all levels should make public investments in infrastructure at levels commensurate with needs.
2. Costs of transportation infrastructure should be borne primarily by the users of the transportation system. However, funding and financing models for transportation infrastructure necessarily will vary among and within modes of transportation.
3. Private investment in transportation infrastructure that promotes economic growth, safety, mobility, and interconnectivity should be encouraged alongside strong, publicly funded programs.
4. Whenever possible, the provision of commercial transportation services (e.g. trucking, freight rail, and air travel and cargo) should be left to private enterprise functioning in a competitive market, and the costs of those services should be borne directly by the customers of the services through market prices.

Revenue Diversion

1. Transportation taxes, revenues, and other user fees should be reinvested in transportation infrastructure and services.
2. Costs of non-transportation objectives should not be imposed on the transportation system, and Federal transportation infrastructure funds should not be conditionally linked to the enforcement of non-transportation infrastructure mandates.
3. Transportation trust funds should be maintained as separate and distinct accounts for budgetary purposes and budgetary firewalls should be maintained.
4. Transportation trust funds should maintain adequate balances to protect against insolvency but should not maintain uncommitted surpluses.

Regulations

1. The need for additional transportation regulations should be balanced with the nation's needs for improved economic productivity, international competitiveness, and quality of life.
2. In implementing environmental, fuel economy, health, safety, and technological feasibility programs that affect transportation, the federal government should ensure that its standards and other regulations are economically practical for industry as well as cost effective to consumers.
3. Government agencies should ensure that regulation does not unnecessarily impede or delay the development and deployment of innovative products or processes that may improve the quality, performance, or durability of our transportation systems.

U.S. Chamber of Commerce
Recommendations to Congress Regarding
SAFETEA-LU Reauthorization

Defining the National Interest and the Federal Role

- The U.S. Chamber of Commerce believes that federal transportation policy, programs, and resources should support U.S. global competitiveness, international trade policies, interstate commerce, interstate passenger travel, emergency preparedness, and national defense, which are compelling national interests.

Policy Objectives

Therefore, the federal government bears significant responsibility to ensure that efforts advancing the following policy objectives are prioritized and funded.

Modernization and Maintenance

- Highway, transit, and intermodal assets identified as being in the national interest should be brought into a state of good repair and modernized. Congress should outline a comprehensive plan involving federal, state, local, and private stakeholders to

    - define and identify highways, transit, and intermodal assets in the national interest,

    - establish performance measures to guide government investment, and

    - incorporate technology and safety upgrades, including open standards-based information technology, into modernization, maintenance and preservation activities to the greatest extent possible.

Safety

- The U.S. Chamber supports a continued federal role in ensuring a comprehensive, results-oriented approach to safety through national safety goals, performance metrics, and complementary plans to guide investment.

- Incentives should be provided for applying best practices and advanced safety technologies and equipment.

Freight Mobility

- A national freight transportation program for identifying and funding federal, state, and metropolitan efforts to ensure adequate capacity, reduce congestion and increase throughput at key highway, rail, waterway and intermodal choke points is needed.

- The program should include a national freight transportation plan built on performance measures and should include a comprehensive survey of key freight corridors and other assets.

- A national freight transportation plan should incorporate the development of new capacity, access routes to major water ports and airports, access routes to border crossings and international gateways, operational strategies to improve utilization of existing assets, and strategic intermodal investments to expedite freight movement.

- The plan should guide government project selection and prioritization.

- The program should not dilute other federal transportation priorities.

Urban Mobility

- Federal policy and programs should support congestion mitigation and improved mobility in urban areas by

    - providing incentives for the adoption of strategies and use of technology that maximize the use of existing facilities,

    - supporting public transportation capacity, availability and ridership strategies where appropriate, and

    - supporting increased highway capacity where appropriate.

Rural Connectivity

- Federal investment in small communities and rural areas should primarily support connectivity to major economic and population centers.

- Investment should be guided by national connectivity goals, population density thresholds, and standardized measures of access.

Environment and Energy

- Our country's energy goals will only be met by a commitment to technology innovation and to *all* types of available energy sources.

- Climate change policy choices have major economic consequences and should not be made without adequate opportunity for debate by lawmakers. Any and all policy decisions relating to the control or reduction of greenhouse gas emissions should be based on a complete understanding of scientific, economic, and social consequences, in order to ensure balanced industrial growth, economic progress, high-quality living standards, and a healthy environment.

- Any and all climate change policy decisions must

  - preserve American jobs and the competitiveness of U.S. industry,

  - provide an international, economy-wide solution, which includes developing nations,

  - promote accelerated development and deployment of greenhouse gas reduction technology,

  - reduce barriers to developing climate-friendly energy sources, and

  - promote energy conservation and efficiency.

- The voluntary use of all forms of public transportation that can be demonstrated to be energy efficient and cost-effective should be encouraged in a way that does not restrict individual choice among competing transportation modes.

- Strategies for improving air quality in regions of the country that do not meet federal standards (e.g., NAAQS nonattainment for a criteria pollutant) must recognize the importance of technological innovation and modernization of the economic base in achieving environmental quality, and must not place an undue burden on economic development.

Methodology

Program Consolidation and Accountability

- Federal programs should be reorganized and consolidated around specific, overarching national objectives to ensure that planning is more comprehensive and projects reflect the federal role.

- Project approval and funding should be linked to economic benefits and performance-based outcomes.

- Performance-based outcomes should be achievable and cost-effective for consumers and economically practical and feasible for industry.

- States and localities should be allowed to pursue solutions that work best locally to meet their unique transportation needs. If those solutions are implemented with federal funding, they should measurably contribute to addressing national interests.

Research and Development

- The federal government should support research, development, and application of improved technologies that
  - improve infrastructure design, construction, maintenance, financing, and operations, and
  - increase safety and enhance the environmental sustainability of the U.S. highway and public transportation systems.

Project Delivery

- The federal government should improve and make consistent the project review and approval process for all modal investments to ensure the completion of transportation infrastructure improvements in a timely and environmentally sound manner.
- The federal government must shorten the time it takes to complete environmental reviews and must support other measures to speed project delivery once they clear environmental review.
- The federal government should encourage private sector involvement to help expedite project delivery.
- Life cycle costs should be utilized in federal-aid projects where appropriate.

Funding

Federal Funding Levels

- Funding levels should be directly tied to fulfilling the federal responsibility in meeting the national interest.
- Current revenue streams are not sufficient to maintain federal-aid highway and transit programs at existing service levels, nor will they be sufficient to meet projected future highway and transit needs.
- Additional revenues are required, and the U.S. Chamber will evaluate funding levels in relation to proposed policies and programs that support the national interest and reflect an appropriate federal role.

Federal Revenue Principles

- A user fee-based trust fund, protected by budgetary firewalls, should be the backbone of federal highway and public transportation investment.

- Funding guarantees, which provide support for stable, long-term capital planning, should be maintained. General funds supporting transit programs should be guaranteed.

- Unobligated revenues should not be allowed to accumulate in the Highway Trust Fund beyond amounts necessary to meet cash flow requirements.

- Revenue mechanisms should be structured to ensure that the purchasing power of revenue sources keeps pace with inflation.

- Congress should develop a road map for a sustainable revenue model that maintains an equitable distribution across all system users, provides adequate and predictable revenue, and is administrable with minimal overhead.

- Funding allocations from the Highway Trust Fund should be strictly assigned only to transportation purposes.

Private Investment and Financing

- The federal government should encourage project financing and delivery approaches that attract private investment.

- The federal government should expand its role as a financing partner and a lender of last resort.

- Congress should lift the cap on private activity bonds for highway and transit infrastructure.

Earmark Reform

- Earmarks can undermine the integrity of federal transportation programs and should be limited if they

    - are not related to, or are only tangentially related to, transportation infrastructure,

    - do not address the goals of federal transportation policy, and

    - have limited or no national benefit.

- Any funds earmarked for specific projects in the next authorization should be obligated during the authorization period.

Conditions for Chamber Support of Increased User Fees

- The U.S. Chamber would support an increase in user fees if Congress advances a reauthorization bill that realistically achieves the following:
  - A refined federal role, oriented to achieve national interests.
  - Significant program reform emphasizing performance management and accountability to ensure that costs are minimized and benefits are maximized.
  - Improvement in the integrity of user fees by limiting earmarks and non-transportation spending.
  - New opportunities to access private sector funding sources.
  - The establishment of a road map for a sustainable revenue