

**STATEMENT OF
THE HONORABLE MARY E. PETERS
SECRETARY OF TRANSPORTATION
BEFORE THE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE
FEBRUARY 6, 2008**

Chairman Boxer, Ranking Member Inhofe and Members of the Committee, I appreciate your courtesy in allowing me to testify this morning.

Let me begin by saying, over the last 20 months, the Policy and Revenue Commission met on numerous occasions and engaged in wide ranging discussions to address the Nation's current and future transportation needs. I believe this time has been well spent, and I value and appreciate the contributions by all of my fellow Commissioners. Although I fundamentally disagree with a number of central elements of the Commission's Report, that disagreement in no way detracts from my respect for my colleagues on the Commission. They are to be commended for their hard work and dedication.

This week, the Administration released its Fiscal Year 2009 budget, which funds the final year of the \$286.4 billion SAFETEA-LU authorization. It's clear that we are crawling across the finish line, with the Highway Trust Fund's short term future unclear and its long term future in serious jeopardy. This highlights the significant limitations in our current policies and it demands a new direction. It is shortsighted to continue reliance on an excise tax increasingly battered by such factors as increased fuel efficiency, higher air quality standards, and fluctuating foreign oil prices.

Given the severity of our transportation challenges and the effect on our economy and quality of life, it is imperative that we strive to reach a bipartisan consensus on the nature of these challenges. While we all may not be able to reach complete agreement on the appropriate solutions to our surface transportation problems, we must come together and agree on a common definition of the problem, recognizing that fundamental change is required.

I have spent many years working in this field, and I have concluded that the central problem in transportation is not how much we pay for infrastructure, but how we go about paying for it. Our current transportation policies provide the wrong incentives and signals to both users and owners of the system. In fact, I believe that the chronic revenue shortfalls we face are more a symptom of the problems than the cause.

Americans overwhelmingly oppose gasoline tax increases because real world experience tells them they are ineffective. Over the past 25 years, despite substantial increases in Federal, State, and local transportation spending -- much of it from fuel taxes -- we have witnessed a rapid growth in highway congestion. In the last 25 years, highway funding has increased 100%, yet congestion over the same period has increased 300%. This systemic failure is impacting our families, our businesses, and our environment.

Americans have become increasingly disgruntled about the declining performance of their transportation systems, but they are also unwilling to support transportation-related tax increases. Some in the transportation field argue that we have simply failed to communicate the importance of transportation to the average American. To me and various other observers, this split represents a collapse in public confidence in traditional approaches. Public opinion surveys confirm this view. A recently released survey out of Washington State found that voters preferred high speed variable tolling to gas tax increases by 77 to 17 percent. This survey is consistent with a number of others conducted across the United States that have found deteriorating support for gas taxes and a growing support for direct charges.

I agree with those who call for greater Federal leadership, as the Commission Report does. I do not concede, however, that Federal leadership simply implies substantially greater Federal spending and dramatically higher fuel taxes. In fact, it is far more critical that the Federal government establish clear policies, providing appropriate incentives and allocating resources more efficiently than it is for substantial increases in total Federal spending. It is essential that we on the Federal level work together and demonstrate this type of leadership.

I truly believe that there has never been a more exciting time in the history of surface transportation. We are at a point where meaningful change is not only conceivable, but is actually being implemented in various parts of the United States. In the past three years, scores of localities from every corner of the country have approached the Department seeking assistance with the development of innovative financing and operational strategies. In just the past 18 months, the majority of large U.S. cities have submitted proposals to DOT to reduce congestion by integrating technology, transit and variable tolling.

A major reform movement is now underway at the State and local level, and in order to ensure that the pace and scale of this movement increases, Federal transportation programs should be re-focused on two basic objectives. First, we should reward, not constrain, State and local leaders who are willing to stand up, acknowledge the limitations of our current policies and pursue fundamentally different strategies to financing and managing their transportation systems. The Federal government should be a partner, not an obstacle. Second, the Federal government's investment strategy should be completely re-written to emphasize the interstate system and other truly nationally significant priorities--including the escalating urban congestion that is choking our metropolitan areas--based on clear, quantitative parameters, not politically contrived ones.

Congress has before it a tremendous opportunity to reverse the substantial performance declines in the Nation's surface transportation infrastructure to the benefit of the hundreds of millions of Americans that depend on that infrastructure every day. In fact, Congressional recognition of the changing nature of our challenges should be the cornerstone of any reform effort. This will require us to be candid about our current circumstances, put aside special interest considerations and come to grips with the unsustainability of our current path.

Again, I thank this Committee for allowing me to testify and I look forward to working with you to address America's transportation challenges.