



TESTIMONY OF:
Patricia Hendren, Ph.D.,
Executive Director, The Eastern Transportation Coalition

REGARDING
Long-term Solvency of the Highway Trust Fund: Lessons
Learned from the Surface Transportation System Funding
Alternatives Program and Other User-based Revenue Solutions,
and How Funding Uncertainty Affects the Highway Programs

BEFORE THE
Committee on Environment and Public Works
of the United States Senate

ON
Wednesday, April 14, 2021

The Eastern Transportation Coalition
5000 College Avenue, Suite 2200
College Park, MD 20742
www.tetcoalition.org
phendren@tetcoalition.org

*For more information about our research findings, visit:
www.tetcoalitionmbuf.org/findings*

The Importance of the Transportation System

Chairman Carper, Ranking Member Capito, and Members of the Committee: Thank you for the opportunity to testify today. It is an honor to speak with you about how we can bring a sustainable funding model to our transportation system.

We depend on America's highways and bridges to take us to work and school, to provide access to opportunities, and to transport the goods and services our economy needs to thrive. Well maintained transportation infrastructure ensures we get to where we need to go safely. This past year has underscored the necessity of a strong transportation network even more. Without our highways and bridges, we could not keep our grocery stores stocked, have packages delivered to our front doors, or receive the vaccines that will rein in the COVID-19 pandemic.

Unfortunately, the fuel tax model we currently use to fund this transportation system isn't working. I believe that using real-world data is essential to finding a solution that will.

The Eastern Transportation Coalition's Work

My name is Dr. Patricia Hendren and I'm the Executive Director of the Eastern Transportation Coalition (the Coalition), a partnership of 17 states and Washington, D.C. For more than 25 years, the Coalition has brought together transportation agencies to push innovation and bring solutions to the Eastern Seaboard.

As part of the Surface Transportation System Funding Alternatives grant program, we have been investigating the viability of a mileage-based user fee (MBUF). This distanced-based approach is also referred to as a road user charge (RUC) or a vehicle miles travelled (VMT) fee. The cornerstone of our work is multistate pilots, real-world data analysis, and connecting directly with drivers to figure out the feasibility of replacing the fuel tax with a distance-based approach.

We are talking about MBUF today because we have lost the connection between how much a driver uses the road and how much they pay for it. The concept of a user fee was introduced with Oregon's implementation of its state fuel tax in 1919, followed thereafter with fuel tax implementation in the remaining states, and continued with the introduction of the federal fuel tax in 1933. The premise was simple: the more you drove, the more fuel you purchased, and the more you contributed to roads and bridges.

Over the last hundred years, our vehicles have changed dramatically and we have been fortunate to see advancements in fuel efficiency, with vehicles going farther on less fuel and some vehicles not paying for fuel at all. Though this has been great for our wallets and the environment, it has presented a challenge for our roads. As drivers purchase less fuel, the long-term sustainability of the fuel tax system is in jeopardy.

Our work, as well as other pilots and programs across the country, has shown **a mileage-based user fee is a viable alternative**. It would also be a return to the user-based funding mechanism envisioned when the fuel tax was first implemented.

The Coalition has conducted five demonstration pilots, including three multistate passenger vehicle pilots, a multistate truck pilot, and a national truck pilot. These pilots have included over 1,300 passenger vehicles from 14 Eastern states and D.C., as well as 270 trucks. Importantly, our work takes the study of user fees from theory to practice to show how MBUF would function in an actual operating environment and how the fuel tax could transition to MBUF over time.

Our research shows that a successful MBUF implementation strategy must address public education, privacy concerns, the effect on different places and socioeconomic groups, and the unique complexities of the trucking industry.

Public Education

First, addressing public education is key to implementation. By and large, the general public doesn't realize we have an urgent transportation funding problem. About two-thirds of people we surveyed thought funding was stable or increasing, even though it's actually decreasing. Because of this, policymakers may find it challenging to discuss new funding mechanisms without first alerting people to the inability of the fuel tax to keep up with road maintenance needs.

To start a conversation about transportation funding with the public, our work has shown it is essential to first connect quality-of-life benefits – like safe routes to school, work, and recreation – to a strong transportation system.

Additionally, the “pay for what you use” concept resonates broadly. Fifty-eight percent of respondents in our general public surveys said “pay for what you use” would be a reason to support MBUF – an indication that they may be open to an MBUF model.

In collaboration with state efforts, we need federal leadership on a national education campaign to expand the public's knowledge about the importance of transportation and the need for sustainable funding.

Privacy

Second, our data shows that privacy concerns drop when people experience the MBUF concept firsthand and when strong privacy practices are included. In all of our pilots, participants expressed early concerns about privacy and reporting accuracy. These concerns fell significantly over the course of the pilots. For example, in our 2020-2021 multistate passenger vehicle pilot, participants who ranked privacy as a high concern dropped from 49% to 15%. The decrease in privacy concerns can be linked to participants' firsthand interaction with MBUF technology, a deeper understanding of how MBUF works, and having mileage reporting options to choose from as part of the pilot.

Our findings, which are consistent with pilots performed around the country, highlight the value of continuing state- and multistate-led pilots as a means to address the public's very real privacy concerns.

Drivers in Various Geographies

Third, our nation is made of urban, suburban, and vast rural areas – each of which must be considered in any new funding model. For example, we conducted an in-depth analysis of state-specific data that showed rural drivers will generally pay slightly less with MBUF than they do currently with the fuel tax. In other words, rural drivers often fare better with MBUF.

A key aspect of MBUF exploration needs to be the expansion of state-level data analysis to better understand how a change in transportation funding affects individual households as well as different socioeconomic groups.

Bringing Trucks to the Table

Finally, as heavy users and payers, truckers must be brought to the table in transportation funding discussions. Motor carriers help drive the nation's economy, transporting 67% of total domestic freight by weight. We recognize that the trucking industry has concerns about MBUF, given that trucks are heavily regulated, face a range of transportation fees, and have a complicated operating environment.

Our national and multistate truck pilots show that using the same per-mile rate-setting approach for cars and trucks – or even the same approach for all trucks – can end up penalizing fuel-efficient trucks or lead to other unintentional effects. Any rate-setting method should reflect the complexity of the trucking industry and understand that trucks are not big cars.

The Coalition's work with the trucking industry indicates the need for a transparent rate-setting method that is consistently implemented. Notably, senior leadership from the nation's motor carrier associations have publicly expressed support for the Coalition's data-driven work and methodical approach.

We believe any future transportation funding model must address all users and build on the work done to date with the trucking industry.

Conclusion

The Coalition's research has been made possible by the Surface Transportation System Funding Alternatives grant program, which this Committee had the wisdom to create as part of the Fixing America's Surface Transportation (FAST) Act in 2015 in order to add real-world data to the conversation around MBUF. Thank you for your leadership.

Changing from a one-hundred-year-old system to something new will not be easy. However, the research shows an MBUF model is viable. Collaboratively, we can answer remaining questions and implement sustainable transportation funding.

At the Coalition, we have designed our multistate work to address issues, such as regional governance, that will be key to a national approach. The multistate nature of our work has brought key insights about how MBUF would work on a national scale. To figure out a clear path forward, additional research is needed at the state and multistate level to continue testing how MBUF affects actual drivers across a variety of real-world environments. A national approach can build upon this state work and focus on federal-specific issues like system specifications, privacy and data security standards, and a federal MBUF structure.

As we consider the future of transportation funding, we need a balanced strategy that includes the following:

- Federal leadership on a national education campaign to deepen public knowledge about the importance of transportation and sustainable funding
- Multistate- and state-led pilots that address privacy concerns by giving the public greater experience with MBUF technology choices
- Additional state-level data analysis to understand how potential transportation funding changes affect individual households and socioeconomic groups
- A solution that addresses all users, including passenger vehicles and motor carriers

With federal and state governments working together, we can find a permanent solution that sustainably funds our highways and bridges and keeps our country moving and thriving.