TESTIMONY OF

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AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ON

PUBLIC TRANSPORTATION, TRANSPORATION INVESTMENT AND TRANSPORTATION EFFICIENCY IN THE CLEAN ENERGY JOBS AND AMERICAN POWER ACT (S. 1733)

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SUBMITTED BY

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The American Public Transportation Association (APTA) is a nonprofit international association of over 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems.

Introduction

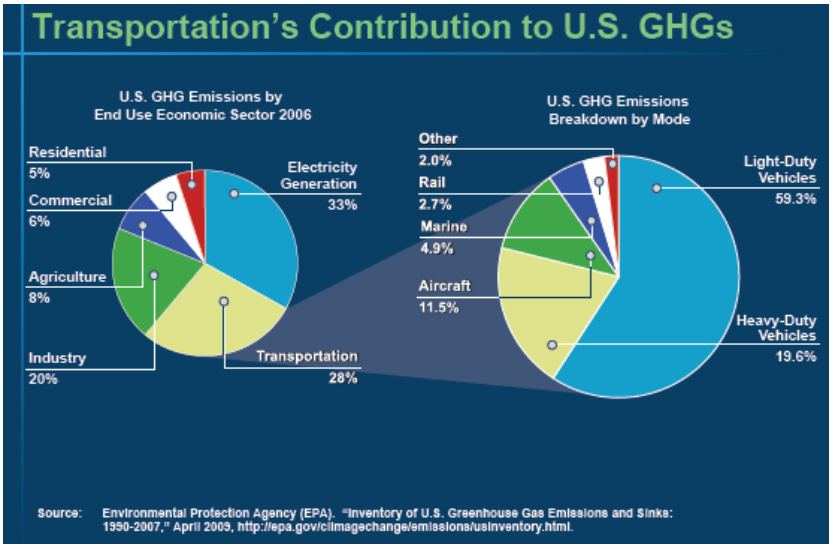
Chairman Boxer and members of the committee, on behalf of the 1,500 member organizations of the American Public Transportation Association (APTA), I thank you for the opportunity to testify today. As this committee examines options for addressing climate change, the transportation sector must be a key consideration. We are very pleased that the legislation being considered by the committee makes a strong commitment to reducing emissions from the transportation sector, but emission reduction is just one of the valuable benefits that the transportation provisions in the bill provides. I believe that the "Clean Energy Jobs and American Power Act" (S.1733) can be a major step forward in the nation's effort to reinvigorate our transportation infrastructure while dramatically reducing its environmental footprint.

The Challenge of Reducing Emissions and Fuel Consumption in the Transportation Sector

While our transportation networks are the arteries of our economy, our current dependence on petroleum-fueled vehicles, strangling congestion, and longer commutes are threatening the health of our planet and diminishing our quality of life. From a pure environmental perspective, as well as the perspectives of economic vitality and livability, climate legislation must do more than make electricity generation and consumption cleaner, it must improve the efficiency of our transportation system and begin to reverse our dependence on imported fuels.

It is useful to review the scale of the challenge regarding transportation-related emissions. According to the Environmental Protection Agency (EPA), 28 percent of all greenhouse gas (GHG) emissions in the U.S. come from transportation, and emissions from transportation are increasing faster than any other sector. Growth in transportation-related emissions represented almost one-half (47 percent) of the increase in total U.S. GHG emissions between 1990 and 2006. In addressing transportation-emissions, I will focus on emissions from cars and trucks. On-road emissions, primarily carbon-dioxide, account for 85 percent of transportation GHGs. When examining the role of transportation in petroleum consumption, the story is very similar. Approximately 70 percent of our petroleum consumption is from transportation. To address emission reduction and reduce fuel use, research clearly shows that we must reexamine how we travel.

Figure 1



A new, first of its kind study, confirms that the single most effective way to address the impact of transportation on climate change is not a singular approach at all. Expanded public transit strategies coordinated with combining travel activity, land use development, and operational efficiencies can significantly reduce greenhouse gases. *Moving Cooler* is a comprehensive analysis sponsored by one of the most diverse groups of transportation interests ever assembled, including Shell Oil, Federal Highway Administration, the Urban Land Institute, the American Public Transportation Association, Environmental Protection Agency, the Natural Resources Defense Council, and many others. The study examined a wide variety of transportation and land use strategies and bundles of these strategies to identify effective combinations of investments and policies that reduce transportation emissions. The study also examined projected future emission levels if transportation patterns are not addressed.

To reduce transportation emissions there are three widely accepted options. First, we can make our cars and trucks more fuel efficient. Second, we can use alternative sources of energy that release fewer greenhouse gases when consumed or produced. Third, we can provide more travel options that allow Americans to leave their cars behind for some or all of their travel needs. While we should undertake all of these options, it is now clear that if we only address vehicle efficiency (corporate average fuel economy standards) and the carbon content of our fuels, we will fall far behind in achieving environmental goals. Future growth in private vehicle travel will overwhelm the benefits of improved vehicle efficiency and new fuels. As documented in *Moving Cooler*, without action to address growth in vehicle travel, greenhouse gas emissions from on-road sources will remain roughly at 2005 levels through 2050.[1] This level of emissions would be far short of a 20 percent reduction target for 2020 (assuming that reduction targets are distributed proportionately across sectors), and it assumes significant improvements in vehicle efficiency will occur, including President Obama's national fuel efficiency standard proposal of 35.5 mpg in 2016.

Public transportation investment, transit-supportive land-use policies and other strategies that promote transportation choices are proven ways to reduce emissions from the transportation sector, and they must be addressed in climate legislation. The transit industry and others who are interested in "green" transportation are very pleased with transportation provisions in the chairman's mark of the "Clean Energy Jobs and American Power Act."

Transportation Provisions in the Chairman's Mark of the "Clean Energy Jobs and American Power Act," S. 1733

The chairman's mark for S. 1733 includes significant provisions that can begin the process of dramatically reducing transportation-related emissions. First, the bill requires the creation of emission reduction targets for the transportation sector that are consistent with national goals the legislation will establish. States and large urban areas will then develop

[1] Cambridge Systematics, Inc., "Moving Cooler: An Analysis of Transportation Strategies for Reducing Greenhouse Gas Emissions." Washington, D.C.: Urban Land Institute, 2009., http://www.movingcooler.info/Library/Documents/Moving%20Cooler%20Executive%20Summary.pdf , pg. 4.

greenhouse gas reduction plans that will be incorporated into the existing transportation planning process. Federal funding for the development of these plans is also included in the bill. These new policies, which have been adopted from the Clean Low-Emissions Affordable New Transportation Equity Act (CLEAN-TEA, S. 575), will help communities evaluate how current transportation investments and land use patterns influence future emission levels. Many communities have already begun examining how to expand mobility for their citizens in a sustainable manner. These provisions will encourage the process, spreading best practices in order to improve outcomes from all transportation investments while strengthening planning activities at state departments of transportation and metropolitan planning organizations.

Next, we strongly endorse the bill's proposed funding to expand and improve public transportation service throughout the country. The chairman's mark provides new funding under the existing urban and rural transit formula programs (Sec. 5307/5340 and Sec. 5311 of Title 49, United States Code). Current transit use already saves 4.2 billion gallons of fuel and 37 million metric tons of carbon emissions per year, while supporting 1.7 million jobs.[2] That level of emission reduction is equivalent to eliminating the emissions from the electricity generated for the use of 4.9 million households or every household in Washington, DC; New York City; Atlanta; Denver; and Los Angeles combined. Americans are also riding transit in record numbers: 10.7 billion trips in 2008, the highest level of ridership in 52 years despite the fact that only 53 percent of Americans have access to any transit service.[3] Direct investment in public transportation expands travel options for more Americans, produceing both near-term and long-term emission savings.

The chairman's mark also creates a competitive, multi-modal program to fund transportation projects identified by new regional and state planning efforts to reduce vehicular emissions. As communities and states develop plans to reduce emissions, funding will be made available to develop the most meritorious combination of projects possibly including freight improvements, pedestrian and bicycle infrastructure, operational investments like Intelligent Transportation System (ITS) projects, and high-speed intercity passenger rail development. With regard to transit and the competitive program, we believe that fixed-guide expansion such as light-rail systems, bus-rapid-transit (BRT) installations, and subway extensions that improve land-use, spur private investment and significantly reduce transportation-related emissions could be an important component of successful applications for funding. I would suggest to the committee that the criteria for the competitive program be expanded to require the Secretary of Transportation to evaluate the ability of investments and strategies in emission reduction plans to produce emission savings and other benefits in years beyond the typical 20-year planning horizon. These benefits should not be overlooked. For example, investments in the Boston and New York subway systems made more than a century ago are still benefiting us.

[2] ICF International, "The Broader Connection between Public Transportation, Energy Conservation and Greenhouse Gas Reductions," February 2008.

[3] U.S. Census Bureau, American Housing Survey 2007, Table 2-8

It is important to note that the investment in transportation in the chairman's mark is intended to benefit cities of all sizes and rural areas throughout the country. Metropolitan areas with populations greater than 200,000 will be required to complete transportation emission reduction plans, but every state, including all urbanized and rural areas, will receive new transit formula funding. In addition, urbanized areas with smaller populations are eligible to apply for funding under the competitive program if they complete greenhouse gas reduction plans. I would suggest to the committee that the legislation be clarified to specify that transit providers in urbanized area with populations of less than 200,000 can use their formula funds even if their metropolitan region chooses not to develop an emission reduction plan. Transit projects in these cities could instead be included in state emission reduction plans.

Finally, we applaud the eligibility of transit bus manufacturing facilities for funding under the bill's Clean Vehicle Technology Fund. The deployment of new bus rolling stock makes transit fleets more energy efficient. For example, the fuel economy of hybrid buses in operation today is 10 to 40 percent better than conventional diesel buses. This improved efficiency reduces the cost of providing service and minimizes GHG emissions from transit vehicles. The proposed funding for retooling and expansion of manufacturing facilities can help expand the availability of new energy-efficient vehicles, all of which would be manufactured here in the United States. Long-established "Buy America" requirements in federal law for procurements involving federal assistance require that at least 60 percent of a transit vehicle's components, by cost, must be of domestic origin and final assembly of vehicles must take place exclusively in the U.S. The committee should consider making manufacturers of transit rail vehicles also eligible for funding. Manufacturers of rail rolling stock are making innovative vehicle designs, and rail rolling stock is also subject to "Buy America" requirements.

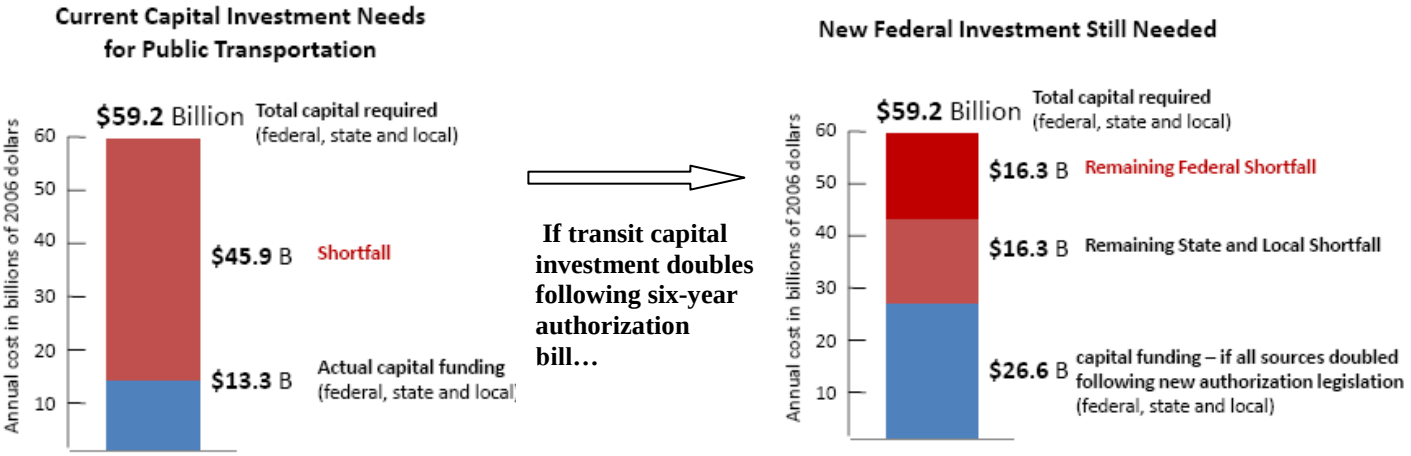
Climate Legislation and Transportation Investment

When discussing the financing of transit and green transportation investment in climate legislation, I have been asked, "isn't transit and transportation investment addressed in the surface transportation bill?" The federal government is an integral partner in transportation financing, but as this committee knows, the resources of the Federal Highway Trust Fund are being exhausted rapidly. We look forward to working with the Congress to quickly pass a new six-year authorization bill, and APTA has recommended an aggressive program for public transportation that provides no less than $123 billion in federal investment over six years and restores the purchasing power of the federal motor fuels tax. **APTA strongly believes that allowance revenue under climate legislation must supplement, not replace, investment in Federal Transit Administration programs from the Highway Trust Fund and the General Fund.**

According to the American Association of State Highway and Transportation Officials (AASHTO) Bottom Line report, U.S. transit systems need $59.2 billion a year in capital investment to improve and maintain transit infrastructure at a rate that would allow ridership to continue to grow at the record-breaking pace we have witnessed in recent years. The federal government has traditionally provided approximately 50 percent of the capital investment in transit, indicating that a federal program of at least $30 billion a year is needed, but the present

federal transit program provides about $11 billion annually. In addition, transit operating expenditures, which are covered mostly from fares and state and local revenues, now run at about $34 billion annually. Even if transit investment were doubled following the next six-year authorization bill, our transit systems would still be undercapitalized and would need substantial additional funding for operations. Congress will need to look to new sources of revenue, and given the contributions of public transportation to reducing emissions, climate change legislation should be one source.

Fig. 2



Public transportation investment is also needed in climate legislation to offset increases in energy-related operations costs for public transportation providers under a cap-and-trade program. Fuel and electricity are a significant component of transit agencies' operating budgets, which are funded overwhelmingly (more than 90 percent) from riders and state and local taxpayers. Transit systems are generally exempt from federal motor fuels taxes to ensure that they can provide as much service as possible, and this principle should be extended to a cap-and trade program. Without transit funding from a cap-and-trade system, public transportation systems could be forced to reduce service levels or raise fares, which decreases the emissions reduction benefits of transit. Service reductions also harm those families who rely on public transportation to get to work, shopping and other daily needs.

Finally, APTA is pleased with the investment proposed in the chairman's mark of S. 1733 because the bill ensures that a portion of the revenue from the sale of emission allowances from on-road fuel consumption is returned to the transportation sector to reduce transportation-related emissions and to improve our nation's transportation infrastructure. Under the House-passed "American Clean Energy Security Act," less than 1 percent of allowance revenue is made eligible for transportation investment, the equivalent of less than $600 million annually. Because transportation investment is only an eligible activity in the House legislation, it is likely that many states and regions would offer zero funding for transportation improvements. In contrast, the chairman's mark of S. 1733 guarantees that between 2 and 3 percent of allowances are available for "green" infrastructure investment, including direct investment in transit systems.

Economic and Consumer Benefits of Transit Investment

Beyond the reduction of emissions and fuel savings, transit and transportation investment in the "Clean Energy Jobs and American Power Act" will drive job creation and help consumers reduce their spending on transportation. Although it has been a part of our lives for more than 150 years, public transportation is one of the best investments to create jobs in the new emerging green economy. A recent report prepared by the Economic Development Research Group shows that every $1 billion of federal investment in public transportation yields 30,000 jobs, and two-thirds of the jobs created or supported with capital investment in the public transit industry replace lost blue-collar jobs with "green jobs" in the public transit sector.[4] By this measurement, the transportation investment in the chairman's mark would support more than 390,000 jobs between 2012 and 2020. Transit investment also has economic benefits beyond job creation. The funding in the chairman's marks will bring an immediate economic impact on job creation and business sales, but it also provides the long-term benefit of improving our nation's transportation system, which in turn improves the efficiency of our economy.

New transit investment will also help individuals and families reduce their commuting costs. Every month APTA releases "*The Transit Savings Report"* which calculates how much money an individual in a two-person household can save by taking public transportation and living with one fewer car. This month's report found that individuals who ride public transportation can save on average $755 a month, a total of $9,062 annually. The savings amount is based on the cost of the national averages for parking and driving, as well as, the October 5 national average gas price of $2.46 per gallon for self-serve regular gasoline as reported by AAA. The savings have grown in recent weeks as fuel prices have increased. Taking public transportation provides a safe and affordable way for individuals and families to cut household costs, and these savings can mitigate the modest changes in energy prices experienced by consumers as carbon emissions are reduced.

Conclusion

APTA applauds the attention of this committee to the pressing issue of climate change, and we thank you for considering the contribution of public transportation toward reducing greenhouse gas emissions from the transportation sector. I want to particularly thank you, Chairman Boxer, as well as Senators Cardin, Carper, Specter, Gillibrand, Lautenberg and Merkley for your interest in public transportation investment and your role in the advancement of the CLEAN-TEA legislation. We look forward to working with you to move the "Clean Energy Jobs and American Power Act" ahead quickly.

[4] Glen Weisbrod, Economic Development Research Group, Inc. and Arlee Reno, Cambridge Systematics, Inc., "Economic Impact of Public Transportation Investment," October 2009, http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdfv