# EIGHT PRINCIPLES FOR A LONG-TERM SURFACE TRANSPORTATION REAUTHORIZATION BILL

The current surface transportation authorization, the Moving Ahead for Progress in the 21st Century Act (MAP-21), expired last fall. Congress has passed an extension bill that is set to expire at the end of May, which means the Highway Trust Fund (HTF) that invests in transit and highway programs faces insolvency again if lawmakers fail to act. It is imperative that Congress act now to pass a robust, multi-year, and bipartisan surface transportation bill. By moving forward on a reauthorization, Congress would put millions back to work in high-road jobs; reduce congestion, commutes, and freight chokepoints; and provide states with the certainty they need to make lasting investments in surface transportation projects.

The most significant and pressing issue that defines the current debate on surface transportation legislation is how to pay for a long-term program that actually meets the nation's growing transit, highway, and bridge investment needs. For over two decades, Congress has ducked this question, instead repeatedly choosing the path of least resistance: passing politically easy, short-term patches that avoided default of the trust fund but leaving highways and transit systems in a state of disrepair and thus in perpetual crisis. Transportation labor calls on Congress and the President to stop evading this challenge and to start working on a bipartisan solution.

Waiting to make tough decisions on financing cannot wait: the HTF will go broke in a few short months – just 10 months removed from the last crisis. While many thoughtful proposals have been put forward to pay for transportation investment – some of which may present long-term solutions for the program – we simply do not have the luxury of building a new revenue system given time constraints. Increasing and indexing the gas tax to inflation is the most viable means of funding surface transportation programs because it raises sufficient funding, maintains a dedicated revenue stream, and can be implemented without significant new operational hurdles. Given the gravity of the funding problem, we endorse raising the federal gas tax by no less than 15 cents over three years and indexing it to inflation. These new revenues will not only shore up the trust fund, but they will put 3.6 million Americans to work over a six-year period.

Public Private Partnerships (P3s or PPPs) and other innovative financing tools have also been promoted as a solution. P3s, when properly designed to be transparent and protect front-line workers and the broader public interest, can play an important role in financing certain transportation projects. However, there are only a limited number of projects for which this financing method are suitable, and it bears repeating that these arrangements are no substitute for a robust and direct federal role in funding. In fact, attracting private capital is dependent on the government serving as a primary source of revenue.

As Congress considers the role of PPPs and other innovative financing instruments, we will insist that 13(c), Davis-Bacon, domestic preferences, and other protections for rail and public sector employees apply. It is critically important that these tools not be used as a means to abrogate collective bargaining agreements, weaken worker protections, lower wages and benefits, or serve as part of a business model to extract savings at the expense of workers and the domestic industries that supply federally funded highway construction projects. Structuring these deals and programs to the detriment of the public or the affected workforce will only serve to undermine their long-term viability.

Some insist that the difficult revenue decisions can be avoided all together by simply ending the federal government's role in transportation all together. Advocates for this so-called "devolution" approach to transportation would dissolve the federal gas tax and leave states and local governments responsible for raising revenue and planning an interstate system. This misguided approach is nothing more than an unfunded mandate on the states. Devolution ignores the realities of a 21st century economy dependent on an interstate and multi-modal system for the movement of people and goods. Put simply, our collective passenger and freight needs cannot be met by an inferior, patchwork system of competing state plans and revenue agendas. These flawed and poorly conceived proposals are not about advancing smart policy reforms – they are about pushing an ideology that is focused on destroying any federal role in the stewardship of our inner-connected transportation network. Congress and the President must reject these dangerous ideas.

Others believe that the transit account be removed from the Highway Trust Fund. Since 1983, public transportation has received a certain percentage of motor fuel tax revenues based on the compromise that a balanced approach to surface transportation serves all users of the system. In particular, expenditures for transit act as a spur for American productivity, providing a safety valve for congested roads and improving freight mobility while more seamlessly moving commuters and helping sustain strong urban, suburban, and rural communities. By breaking this historic balance, transit systems would be subject to the vagaries of the appropriations process, with the almost certain outcome being draconian cuts in service and jobs, more deferred maintenance, and fare hikes on working people. This would harm long-term planning and major projects by making bond financing, the major source of transit capital projects, more expensive. These ideas must be rejected without hesitation.

For public transit, the economic recovery has yet to arrive. Despite record high ridership numbers, the lack of federal investment and continued strain on state and local budgets have conspired to impede transit agencies from meeting demand. Seeking to capitalize on these hard times is a cottage industry of corporations – often based overseas – that habitually promise baseless cost savings and efficiencies to municipalities if they would only sell-off public transit service. Not content to exploit local market conditions, these companies have also sought to make inroads at the federal level. In MAP-21, while Congress rejected the more radical aspects of their agenda such as heavy-handed cost-share incentives to privatize service, the final bill did include language that undermines decades of federal neutrality on transit privatization by requiring the U.S. Department of Transportation (DOT) to promote the interests of the private sector. These historic firewalls existed for two compelling reasons: 1) the primary goal of urban transportation policy should be to improve the speed, safety, and convenience of metropolitan travel for all citizens, not just deliver profits; and 2) these decisions were better left to local government decision-makers.

Proponents of privatization argue that private entities provide greater discipline and service efficiency though the distribution of risk, superior expertise, and tighter oversight. However, these assumptions do not hold. To the contrary, the private sector rarely assumes significant risk in these deals because of reliance on public subsidies and oversight from public agencies is often limited. Where the private sector is currently performing the transit operation and maintenance functions, the need for a return on their investment often creates perverse incentives to short-change safety, reliable service, and workplace conditions. To this point, the Government Accountability Office (GAO) noted in a September 2013 study of transit contracting out practices that both the quality of safety and service are frequently compromised by private operations. The GAO report also countered the notion of private sector superiority, pointing out that private operators derive their cost savings from "lower wages and fewer benefits," not through promised service efficiencies and market discipline. Given the lack of demonstrated utility for promoting private transit providers, we believe it is incumbent upon Congress to restore the federal government's long-held neutrality on transit privatization.

Transit safety reforms must also be a part of any surface transportation reauthorization. In MAP-21, Congress made historic steps to improve safety by empowering the FTA to establish and enforce federal safety standards for public transportation. The FTA has launched elements of the safety plan but thus far those efforts speak only to rail transit operations, not bus service. While we applaud the administration's foresight in creating the safety plan and moving forward with its implementation, these measures are insufficient to meet the needs of bus drivers who face unique workplace hazards every day.

For this reason, in the fall of 2013 TTD's Executive Committee urged the federal government to address the growing health and safety problems – including workplace violence and the absence of predictable schedules for bathroom breaks – that threaten the safety of drivers, riders, pedestrians, and other vehicles on the road. A variety of solutions have been put forward, including partitions, left side egress doors, and requiring basic restroom scheduling procedures, all of which we endorse. However, while the unions and some agencies have worked diligently at the local level – including through the collective bargaining process – to improve these conditions, we reject leaving issues of safety to an incremental, contract-by-contract approach that will leave thousands of workers and systems behind. Accordingly, we urge Congress to amend the federal safety plan to ensure a safer work environment for bus drivers and the traveling public.

Many of these problems in mass transit arise out of budget crises that are forcing agencies to needlessly cut service, reduce routes and lay off workers. To help sustain service, public transportation systems should be given the flexibility to use their federal capital funds mostly reserved for new bus purchases for operating purposes beyond preventative maintenance – a position TTD's Executive Committee endorsed in the winter of 2009. Current law prohibits systems in major metropolitan areas – where the vast majority of ridership is concentrated – from using their federal funds for operations, forcing them to rely on unstable state and local revenue streams that are sensitive to economic conditions and place transit funding on perilous footing. By updating federal policy to meet local needs, Congress would help provide a safety valve to transit systems that are needlessly struggling.

The next reauthorization must also make robust investments to repair and expand our aging highway and bridge network. Our nation's roads, stretching more than 4 million miles, carry roughly 3 trillion vehicle miles a year and serve as the arteries of our multimodal transportation network. Similarly, our bridges are under considerable strain, with 25 percent of them either structurally deficient or functionally obsolete and the occurrence of bridge collapses on the rise. Statistics show that a motorist has a 1 in 9 that the bridge he or she crosses needs major maintenance or replacement. The cumulative impact of these deficiencies strands the average commuter in nearly a week of traffic a year and costs the economy $121 billion a year. Absent a significant infusion in resources – an approximate increase of $87 billion – the problem will only worsen.

For the construction sector, the relief provided by an effective long-term reauthorization could not come at a better time: unemployment in the construction sector is near 10 percent. While the positive economic effects of transportation investment accrue over many years, 68 percent of the jobs related to infrastructure investment are in the construction sector, one of the hardest-hit parts of our economy from the Great Recession. Put simply, expansive investment would help reboot the economy, vastly improve our transportation network, and help support jobless and underemployed American construction workers.

The surface bill must not alter the delicate federal balance regarding the contracting out of work traditionally performed by employees of state departments of transportation. Specifically, Congress should not establish mandates or incentives, including increased federal funding matches, in support of the contracting out of engineering, design, or mapping services. Considering that under current laws states can choose whether to contract out these services and have the authority and incentives to pursue various options that may suit their needs, we believe these mandates are unnecessary, harmful to state DOT workers, and set a dangerous precedent by rewarding private contractors irrespective of their utility or cost.

This reauthorization also provides a useful opportunity to build on MAP-21's framework for freight transportation. Specifically, MAP-21 authorized a national freight policy to strategically coordinate the movement of goods and improve the condition of freight infrastructure. However, the bill primarily focused on the highway network and fails to adequately incorporate other critical components of our transportation system. If rail yards are congested and not linked to our seaports, if airports are isolated from intermodal connections, and if our maritime sector cannot compete in the international market, then moving freight efficiently simply cannot happen.

A true freight plan must also focus on how to finance the upkeep and expansion of the network. Such investment could not come at a more important time: the U.S. DOT forecasts that our national freight tonnage will increase by 70 percent by 2020 and require significant capacity enhancements. Building this multimodal supply chain will require new revenue options, including the consideration of a dedicated freight trust fund, to make strategic investments in all components of a network that binds businesses with customers and supports major economic growth.

Finally, maximizing the domestic economic impact of federal surface transportation investment will require including strong Buy America provisions. Increasing the domestic content level of transportation equipment and using U.S. steel, raw materials, and other manufactured goods in any infrastructure investment ensures that U.S. taxpayer investments promote domestic employment opportunities in the hard-hit manufacturing sector, and prevents the leakage of jobs overseas. Moreover, it fosters a domestic market for much needed equipment and materials, and helps to advance American manufacturing into a more internationally competitive position across the supply chain. Any effort to undermine Buy America, including dishonestly reclassifying foreign made steel slab as American made, must be rejected.

The nation depends on our political leaders to move forward and swiftly pass a surface transportation reauthorization. By passing a bill, we would not only put millions of workers back on the job and further ignite the economy, but also send a signal to the world that the United States is not in decline and can still respond and meet 21$^{st}$ century challenges, including the rebuilding of our country. The reauthorization bill must meet these eight principles:

- Expand highway and transit funding with a gas tax increase.
- Embrace only those innovative finance tools that honor worker protections and do not harm private and public sector jobs.
- Reject senseless devolution proposals and efforts to kill the Mass Transit Account.
- Restore federal neutrality on transit privatization and reject unwanted contracting out mandates.
- Advance transit driver and passenger safety and health reforms.
- Permit limited authority to flex federal bus capital funds to transit operations.
- Provide resources for execution of a national freight investment policy.
- Protect and enhance Buy America policies to boost U.S. manufacturing.

More delays and excuses on moving a surface transportation reauthorization will just perpetuate the status quo: leaving trillions of dollars in good transportation projects in waiting and transportation and construction workers unemployed. There is no room for more delay.

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