

# **"Strengthening the Ability of Public Transportation to Reduce Our Dependence on Foreign Oil"**

Congressional Testimony of  
Robert Puentes  
Fellow and Director, Metropolitan Infrastructure Initiative  
Brookings Institution  
Metropolitan Policy Program  
1775 Massachusetts Ave., NW  
Washington, DC 20036-2103  
202-797-6000

Presented before  
Committee on Banking, Housing and Urban Affairs  
United States Senate  
September 9, 2008

Good morning Chairman Dodd, Ranking Member Shelby and members of the Committee. I am pleased to appear before you this morning and very much appreciate the invitation.

The purpose of my testimony today is to discuss some of the broad trends in how Americans travel and the changes brought on by the high costs of energy. In so doing, I would also like to share some thoughts on how federal policy can use public transportation to reduce total energy consumption, while strengthening economic growth.

Mr. Chairman, I support the transit provisions in the substitute to the energy bill (S. 3268) as they are consistent with Brookings' research and policy work on transportation reform. Yet there is much more to do. With the current federal surface transportation law due to expire next year at the same time important climate and energy bills are being considered, Congress has a unique opportunity to promote innovative solutions to help communities grow in more sustainable, inclusive, and competitive ways.

While there is definitely a need for additional resources for the American public transit system, this must be about more than just money. We need an extreme makeover with a fundamentally new approach to almost every aspect of national transportation policy: how we allocate funding, set priorities, apportion responsibilities, engage the private sector, price the system, connect transportation to other policies, and how we move from our current decisionmaking to empirically-grounded policy. To echo a common theme articulated by the national transportation policy and revenue commission – as well as several others – we need a new beginning.<sup>1</sup>

## I. INTRODUCTION

This could not come at a better time. As you know, a perfect storm of energy and environmental sustainability is looming along with high consumer anxiety about the escalating costs of transportation-related items such as gasoline.

These concerns have driven millions of commuters to mass transit at a time of thin and aging transportation capacity, as state and local elected officials increasingly call for federal reforms to improve our infrastructure network and bolster our economic growth. In response, national leaders have offered a range of short- and

---

<sup>1</sup> National Surface Transportation Policy and Revenue Study Commission, "Transportation for Tomorrow," 2008.

long-term solutions, such as lifting the ban on offshore drilling or reducing consumer demand through energy conservation.

The U.S. transportation system today consumes 70 percent of the nation's oil and is almost entirely dependent upon petroleum-based fuels.<sup>2</sup> This demand is contributing, in part, to the global rise in the price of oil and the major hit on Americans' pocketbooks. Yet we do not come close to producing the oil we consume and that figure is declining over time, decreasing 17.0 percent since 2000.<sup>3</sup> Only one-quarter of the crude oil consumed in the U.S. is domestically produced. Twice as much is imported and the majority of that from countries considered to be in danger of "state failure" based on a range of social, economic, and political factors.<sup>4</sup> In addition, the transportation sector is responsible for one-third of the nation's carbon emissions and the U.S. continues to rank first among major world economies in per-capita carbon dioxide emissions, roughly double the rate of the United Kingdom and Germany.<sup>5</sup>

A recent Brookings study found that the density of land use patterns in metropolitan areas and transit availability play an important role in determining energy consumption, travel behavior and carbon emissions in our major economic centers.<sup>6</sup> With the right policies in place, denser, walkable, and transit-friendly communities can help reduce vehicle miles traveled (VMT) and therefore help create more affordable and energy-efficient travel options for Americans.

**Table 1: Top and bottom 15 metropolitan areas ranked by vehicle miles traveled per capita, 2006, with carbon emissions from transportation per capita ranking**

VMT per capita	Top 15		VMT per capita	Bottom 15	
	Metropolitan Area	Carbon Emissions per capita		Metropolitan Area	Carbon Emissions per capita
1	Jackson, MS	2	100	New York-Northern New Jersey-Long Island, NY-NJ-PA	100
2	Little Rock-North Little Rock-Conway, AR	5	99	Lancaster, PA	93
3	Richmond, VA	21	98	Rochester, NY	97
4	Stockton, CA	36	97	Las Vegas-Paradise, NV	92
5	Harrisburg-Carlisle, PA	3	96	Honolulu, HI	99
6	Nashville-Davidson-Murfreesboro-Franklin, TN	8	95	Chicago-Naperville-Joliet, IL-IN-WI	84
7	Bakersfield, CA	1	94	Cape Coral-Fort Myers, FL	15
8	Columbia, SC	16	93	Boise City-Nampa, ID	90
9	Chattanooga, TN-GA	12	92	Buffalo-Niagara Falls, NY	97
10	Palm Bay-Melbourne-Titusville, FL	17	91	Greenville-Mauldin-Easley, SC	82
11	Madison, WI	14	90	Portland-Vancouver-Beaverton, OR-WA	91
12	Lexington-Fayette, KY	20	89	Pittsburgh, PA	77
13	Riverside-San Bernardino-Ontario, CA	9	88	Fresno, CA	30
14	Knoxville, TN	11	87	New Orleans-Metairie-Kenner, LA	80
15	Jacksonville, FL	6	86	Springfield, MA	86

Source: Brown, Southworth, and Sarzynski, 2008; VMT data and analysis is from a forthcoming Brookings policy brief. Rankings are for the 100 largest metropolitan areas only.

<sup>2</sup> Bureau of Transportation Statistics, "National Transportation Statistics," U.S. Department of Transportation, Table 4-3: Domestic Demand for Refined Petroleum Products by Sector, 2007.

<sup>3</sup> Energy Information Administration, "U.S. Imports by Country of Origin," Available: [http://tonto.eia.doe.gov/dnav/pet/pet\\_move\\_impcus\\_a2\\_nus\\_ep00\\_im0\\_mbb1\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbb1_m.htm).

<sup>4</sup> The rankings come from the 2007 Failed States Index prepared by The Fund for Peace and *Foreign Policy Magazine*. The index employs a rating of 12 social, economic, and political/military indicators as well as other assessments of institutional capabilities. Available: [http://www.foreignpolicy.com/story/cms.php?story\\_id=3865&page=0](http://www.foreignpolicy.com/story/cms.php?story_id=3865&page=0).

<sup>5</sup> Gregg Marland and others, "Global, Regional, and National CO2 Emissions," In *Trends: A Compendium of Data on Global Change*, Oak Ridge National Laboratory, U.S. Department of Energy, 2004.

<sup>6</sup> Marilyn A. Brown, Frank Southworth, and Andrea Sarzynski, "Shrinking the Carbon Footprint of Metropolitan America," Brookings, 2008.

Studies show that household VMT varies with residential density and access to public transit.<sup>7</sup> Higher residential and employment densities, mixed land-use, and jobs–housing balance are associated with shorter trips and lower automobile ownership and use.<sup>8</sup> In comparing two households that are similar in all respects except residential density, the household in a neighborhood with 1,000 fewer housing units per square mile drives almost 1,200 miles more and consumes 65 more gallons of fuel per year over its peer household in a higher-density neighborhood.<sup>9</sup> Large metropolitan areas such as Riverside, Nashville, and Harrisburg rank among the highest in terms of their amount of VMT and carbon emissions per capita. New York, Chicago, and Portland, OR rank among the lowest (see Table 1).<sup>10</sup>

With the U.S. set to add another 120 million people by 2050 our energy pressures are likely to intensify. As a result of this growth, America will require an additional 213 billion square feet of homes, retail facilities, office buildings, and other built space.<sup>11</sup> How and where we accommodate that growth carries far-reaching implications for our energy security, our economic stability, and the health of our environment—and will go a long way to determining how these places will be able to compete globally in the 21<sup>st</sup> century.

Unfortunately, as a program with its roots in the middle of the last century, the federal surface transportation program is outdated and out-of-step with the energy and environmental constraints of our time.<sup>12</sup> The broader transportation system in the United States is no longer aligned with the way we live or work, nor with the major economic, energy, and environmental challenges facing the country.

For example, federal transportation dollars continue to be distributed to its grantees based on archaic funding and distributional formulas. There is no reward for reducing the demand for driving, nor overall spending. In fact at the same time Americans are seeking to drive less due to energy and climate concerns, federal formulas actually reward consumption and penalize conservation.

There also continues to be almost no focus on outcomes or performance. So at this moment of transportation crisis, billions and billions of federal transportation dollars are disbursed without meaningful direction or connection to advancing national interests on critical issues such as reducing our dependence on foreign oil.<sup>13</sup>

## II. CURRENT TRANSPORTATION TRENDS

A healthy national economy depends on healthy metropolitan economies—and enhancing mobility for residents by expanding transit options is a critical component. Therefore, for our transportation system to continue to provide a competitive edge, reducing energy consumption by improving the movement of people by multiple means both within and between metropolitan areas should continue to be an explicit national priority. We are already seeing transformations of dramatic scale and complexity when it comes to our transportation system and how Americans are traveling. We know most people can't stop traveling altogether—nor should they—but some can change *how* they travel.

---

<sup>7</sup> John Holtzclaw, "A Vision of Energy Efficiency" American Council for an Energy-Efficient Economy, 2004.

<sup>8</sup> Mary Jean Burer, David Goldstein, and John Holtzclaw, "Location Efficiency as the Missing Piece of the Energy Puzzle: How Smart Growth Can Unlock Trillion Dollar Consumer Cost Savings," American Council for an Energy-Efficient Economy, 2004.

<sup>9</sup> Thomas Golob and David Brownstone, "The Impact of Residential Density on Vehicle Usage and Energy Consumption," University of California-Irvine, Institute of Transportation Studies Working Paper WPS05 01, 2008.

<sup>10</sup> Brown, Southworth, and Sarzynski, 2008; VMT data and analysis is from a forthcoming Brookings policy brief.

<sup>11</sup> Arthur C. Nelson, "Toward a New Metropolis: The Opportunity to Rebuild America," Brookings: 2004.

<sup>12</sup> See: Robert Puentes, "A Bridge to Somewhere: Rethinking American Transportation for the 21<sup>st</sup> Century," Brookings, 2008.

<sup>13</sup> A poll last winter—before the run up in gas prices—found that 69 percent of respondents view our dependence on oil as a high priority issue. By comparison, the percentage of Americans that see health care costs, education, and jobs and the economy as high priority issues are at 68, 64, and 62 percent, respectively. (Source: Harris Interactive December 2007 poll of 1000 likely voters [+/- 3 pts])

## 1. High gas prices are driving Americans to transit

After years and years of steady increases, the total amount of driving in the U.S. has slowed down dramatically. In fact, monthly dispatches from the federal highway administration illustrate clearly that as a nation we are driving much less. Cumulative travel for 2008 has decreased by 42.1 billion vehicle miles, the largest drop in driving that this nation has ever seen.<sup>14</sup>

Without a doubt some of this decrease is attributable to skyrocketing gas prices which, although they have fallen in the last two months, are still one dollar per gallon higher than this time last year. Americans now consume 31 million fewer gallons of gasoline each day in 2008 than they did in 2005.<sup>15</sup>

Partly as a result, transit ridership is booming, increasing by 74 million trips from March 2005 to March 2008—a gain of nearly nine percent.<sup>16</sup> A recent survey found that 92 percent of transit agencies reported increases in ridership and 91 percent of those attribute at least part of the increase to the increased fuel costs to American drivers.<sup>17</sup> Amtrak's ridership this past July was its highest in any single month in its history.<sup>18</sup>

**Table 2: Select transportation trends and percent change, March 2005 – March 2008**

Retail gasoline price	56.0%
Gasoline deliveries	-5.3%
Vehicle miles traveled	-2.4%
Air passenger boardings	-0.8%
Unlinked transit passenger trips	8.7%
Amtrak ridership	7.4%

*Various sources*

There is no doubt that these trends are positive for our national quest for energy independence and climate protection. It is also consistent with recent research showing the significant contributions public transportation makes to reducing overall oil and gasoline consumption.<sup>19</sup>

Unfortunately, we also know that transit agencies are not immune from the increases in fuel costs and at the same time are struggling to cope with this increased demand. Perversely, one in five transit agencies are considering *cuts* in service as a result of the increased costs of energy.<sup>20</sup> So at the time when the nation needs functioning, reliable, mass transit we are finding many agencies in severe distress.

## 2. Yet, most metropolitan areas are beset with limited transit and overall travel options

In addition to these struggles, the reality is that the availability and accessibility of public transportation across the country's 100 largest metro areas is seriously lacking.

Although nearly every metropolitan area enjoys bus service, more than half is concentrated in just 10 large metros like New York, Miami, and Seattle. Heavy rail—also referred to as subways—exist in only 11 metros like Philadelphia and San Francisco. Commuter rail is in only 14 metropolitan areas, primarily in the Northeast and California. And light rail can be found in only 26, like Salt Lake City, Charlotte, and Denver.

<sup>14</sup> U.S. Department of Transportation, "Traffic Volume Trends," Federal Highway Administration, Office of Highway Policy Information, June 2008.

<sup>15</sup> Energy Information Administration, "U.S. Total Gasoline Retail Deliveries by All R&G (Thousand Gallons per Day)," <http://tonto.eia.doe.gov/dnav/pet/hist/a103600001A.htm>.

<sup>16</sup> American Public Transportation Association, "Public Transportation Ridership Statistics," various years.

<sup>17</sup> American Public Transportation Association, "Impact of Rising Fuel Costs on Transit Services: Survey Results," May 2008.

<sup>18</sup> Amtrak, "July 2008 Amtrak Ridership Sets All-Time Monthly Record," Press Release, August, 14, 2008.

<sup>19</sup> See e.g.: Robert J. Shapiro and others, "Conserving Energy and Preserving the Environment: The Role of Public Transportation," American Public Transportation Association, 2002; Phineas Baxandall and others, "A Better Way to Go: Meeting America's 21st Century Transportation Challenges with Modern Public Transit," U.S. Public Interest Research Groups Education Fund, 2008.

<sup>20</sup> APTA. May 2008.

Therefore, based simply on the amount of transit infrastructure available, 54 of the 100 largest metros do not have any rail transit service and also have relatively weak bus systems. This includes large metros like Orlando and Indianapolis; fast growing metros like Raleigh and Jacksonville, FL and slow growing metros like Youngstown and Rochester, NY.

This lack of metropolitan travel options means tens of millions of Americans are tethered to their cars for their daily travel needs. That is, assuming they can afford the high costs of owning a car.

As employment has dispersed throughout metropolitan America, lower income workers are finding themselves increasingly isolated and therefore need to spend higher proportions of their income to reach their jobs. Many simply have *no choice* but to spend \$4 for a gallon of gas.

Information drawn from the three most recent years of the American Housing Survey shows that only 55 percent of respondents reported that transit is even available to them. More disturbing is that only one-third of respondents in newly-constructed housing reported that transit was present. Transit was much more readily available in center cities (82 percent) than in suburbs (52 percent).<sup>21</sup>

**Table 3: Response to American Housing Survey: Is there public transportation for this area?**

		Access to public transportation		
		Yes	No	Not reported
Housing	Total occupied units	55.2%	41.8%	3.0%
	Owner	47.6%	49.4%	3.0%
	Renter	71.2%	25.7%	3.1%
	Newly constructed	33.2%	62.1%	4.7%
	Moved in past year	59.3%	35.7%	5.0%
Demographics	Black	70.5%	27.2%	2.3%
	Hispanic	71.7%	26.0%	2.3%
	Elderly	52.3%	45.1%	2.6%
	Below poverty level	58.0%	38.9%	3.1%
Geographic	Central cities	81.9%	15.3%	2.7%
	Suburbs	51.9%	44.5%	3.5%
	Rural	15.7%	81.9%	2.4%
	Northeast	66.3%	30.9%	2.8%
	Midwest	53.5%	43.2%	3.3%
	South	39.8%	56.9%	3.3%
	West	72.6%	25.0%	2.4%

*Source: Brookings Analysis of American Housing Survey, 2002-2004*

One reason the metropolitan transportation system—which should serve as the connective tissue within and between metropolitan areas—is woefully incomplete, is due to flaws in federal policy.

Federal transportation policy has long favored highway building over transit investments.<sup>22</sup> Transit projects are evaluated and funded differently than highways. The pot of available federal transit funding is so small that the federal government oversees a competitive process for new transit funding, requiring multiple hypercompetitive bureaucratic reviews that demonstrate a project's cost-effectiveness. Funding is also subject

<sup>21</sup> Data from 2002, 2003, and 2004 are examined for the nation and for the 32 metropolitan areas surveyed during those years. This is similar to the approach in Paul Weyrich and William Lind, "Does Transit Work? A Conservative Reappraisal," Free Congress Research and Education Foundation, 1999.

<sup>22</sup> Edward Beimborn and Robert Puentes, "Highways and Transit: Leveling the Playing Field in Federal Transportation Policy." In Bruce Katz and Robert Puentes, eds., *Taking the High Road: A Metropolitan Agenda for Transportation Reform*, Brookings, 2005.

to annual congressional appropriations. Highways do not undergo the same level of scrutiny or funding uncertainty. Also, while highways typically receive up to 80 percent of federal funds (and 90 percent for improvements and maintenance), new transit projects' federal contribution is often less than half of the project cost.<sup>23</sup>

Taken together, these biases ensure that state transportation policy pursued under federal law works against many metropolitan areas' efforts to maintain modern and integrated transportation networks

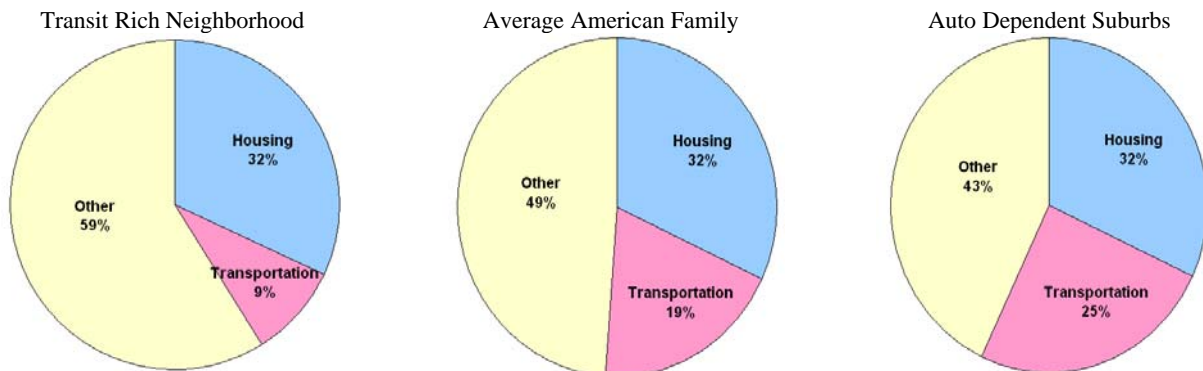
*3. The investments that have been made in transit are not having the effect they could*

At the convergence of these trends is the realization that a substantial market exists for a new form of walkable, mixed-use urban development around transit stops in real estate markets as diverse as suburban New Jersey, Atlanta, Dallas and Chicago. Overall, transit-oriented developments (TODs) are designed to weave transit stations into the fabric of the surrounding community, and to increase the role of transit in the transportation system, and more generally the day-to-day life of the surrounding area.

These transit-oriented developments have the potential to lower household transportation expenses, reduce environmental and energy impacts, and provide real alternatives to traffic congestion. Residents who live in transit-oriented housing typically use transit 2 to 5 times more than other commuters in the region. In addition, those households are twice as likely to not own a car at all, and generally own half as many cars as similar households not living in transit rich neighborhoods.<sup>24</sup>

Other research shows the benefit of TOD on household budgets. In just eight cities, more than 100,000 federally assisted housing units sheltering more than 300,000 individuals are located in transit rich neighborhoods. Approximately 65,500 of these units are covered by federal rental assistance contracts expiring before the end of 2012.<sup>25</sup> A recent federal transit administration study shows that families that live in TOD neighborhoods spend just 9 percent of their household budget on transportation, compared to 25 percent for those in automobile-dependent suburbs.<sup>26</sup> While the share of spending on housing is equal, the transportation savings are critically important to low income families for whom transportation eats up a disproportionately large share of their annual income.

**Table 4: Portion of household income spent on housing, transportation, and other by neighborhood type**



Source: Reconnecting America's Center for Transit-Oriented Development, "Realizing the Potential: Expanding Housing Opportunities Near Transit," Federal Transit Administration and the U.S. Department of Housing and Urban Development, Report CA-26-6004, 2007

<sup>23</sup> Puentes, 2008.

<sup>24</sup> G.B. Arrington, Robert Cervero, and others, "Effects of TOD on Housing, Parking and Travel," Transportation Research Board, Transit Cooperative Research Program Report 128, 2008.

<sup>25</sup> The eight cities are: Boston, Chicago, Cleveland, Denver, New York, Portland, St. Louis, and Seattle. National Housing Trust and Reconnecting America, "Preserving Opportunities: Saving Affordable Homes Near Transit," 2007.

<sup>26</sup> Reconnecting America's Center for Transit-Oriented Development, "Realizing the Potential: Expanding Housing Opportunities Near Transit," Federal Transit Administration and the U.S. Department of Housing and Urban Development, Report CA-26-6004, 2007

The benefits of TOD could be bolstered by synergies with other policies, notably policies that encourage urban infilling, such as the rejuvenation of brownfields, the development of urban enterprise zones, locating new federal buildings in promising mixed-use, higher-density commercial areas, and the use of alternative mortgage products such as energy efficient and locationally efficient mortgages. The results will give metropolitan areas more flexibility and the nation expanded options for addressing large-scale challenges.

However, many of these benefits are not being realized. Although TOD is now starting to be recognized as a viable type of development, there is still a widespread lack of understanding of its nature, its potential, the challenges it faces, and the tools needed to overcome these challenges.

For one, there is no universally accepted premise about exactly what TOD should accomplish, nor are there standard benchmarks for success. For example, some developments are labeled TOD by virtue of their proximity to a transit station, regardless of how well they capitalize on that proximity or capture the increase in land value. In addition, there are multiple actors engaged in TOD projects including the transit agency, riders, neighbors, developers, lenders, and government at all levels. They often bring different goals to the table, pursue strategies that work at cross-purposes to each other, and lack unifying policy objectives.<sup>27</sup>

In short, TOD requires synergy among many different uses and functions that is difficult to achieve. As a result, TOD almost always involves more complexity, greater uncertainty, and higher costs than other forms of infill development. We need to make TOD easy and non-leveraged investments hard. In other words, we need to flip the system.

The federal government can play a critical role in supporting the planning of such projects and corridors, coordinating with private sector developers and lenders, and promoting metropolitan diversity in project selection. Such considerations would catalyze the nearly \$75 billion in public dollars invested in rail transit over the past 11 years and go a long way to reducing energy consumption as an explicit national goal.

### III. POLICY RECOMMENDATIONS

Federal policy can and should play a powerful role in helping metropolitan areas—and so the nation—reduce energy consumption through targeted and prioritized investments in public transit and support of transit-oriented development. The cross-boundary challenges justify a more decisive federal policy that helps metropolitan areas promote energy- and location-efficient development.

Mr. Chairman, to do that I believe we need a systemic change in the way we think about, design, and implement transportation policies. This means the development of a three-pronged strategy to lead, empower, and maximize performance across the nation.

First, the federal government must LEAD and develop a coherent national vision for transportation, and focus on specific areas of national importance such as reducing our dependence on foreign oil. Second, the federal government should EMPOWER states and metropolitan areas to grow in energy-efficient and sustainable ways. Third, the federal government should OPTIMIZE Washington's own performance and that of its partners in order to spend taxpayer dollars better and implement the vision.

In the *short term*, the proposed transit provisions of the substitute energy bill are consistent with this overriding frame.

Emergency transit funding to accelerate capital investments is needed to accommodate ridership increases and provide adequate service to the vast reaches of the country without it. Additional formula funding is

---

<sup>27</sup> Dena Belzer and Gerald Autler, "Transit Oriented Development: Moving From Rhetoric To Reality," Brookings Institution and the Great American Station Foundation, 2002.

needed is avoid service cuts at the precise moment that Americans try riding the bus or train for the first time and evaluate their options. The program to boost the energy efficiency of transit systems—thereby cutting operating costs and helping curb dependence on foreign oil—is also a critically important component.

The proposed Transit-Oriented Development Corridors grant program also provides an empowering model through a competitive process to metropolitan actors with proposals for growing differently. The considerations for evaluating grant recipients are, I believe, the right ones: clear justification and outcome orientation that includes reducing energy consumption; ensuring a metropolitan-wide perspective on choosing the location of the project; coordinating with all actors and promoting public/private partnerships; mixing uses and housing types; and harmonizing transportation with other policy areas such as housing, economic development, and land use.

Over the *long term*, the upcoming reconsideration of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU) provides the perfect opportunity for re-envisioning how transportation policy should help solve the nation's energy and climate challenges.

The federal government should take the lead and establish a clear vision for transportation that includes energy and climate change concerns, and levels the playing field between the modes so energy-efficient investments can become more feasible. A National Infrastructure Bank, which has been championed by this committee, is an important window through which the federal government can partner with states, metropolitan areas, and localities to implement this national vision.

In addition, existing federal transportation formulas should be overhauled so funds are not distributed based on factors that potentially increase energy consumption and greenhouse gas emissions. In order to commit to an evidence-based program, major improvements are needed in how the federal government collects, assembles, and provides data and information. We desperately need a sunshine law for transportation data to better inform decisionmaking at the state and metropolitan levels and to regain the credibility of the public.

To take full advantage of development opportunities around transit stops the federal government must correct the cost-effectiveness index that determines which metropolitan projects receive New Starts funding for rail projects. It needs to move well beyond the overly simplistic short-term calculation of the ratio of capital and operating costs divided by time saved. The long-term ability for the right kind of investments to stimulate efficient high-density transit-oriented development and the environmental and agglomeration benefits that accrue should be sufficiently weighted.

Scrutiny of new transit projects is certainly warranted given the incredibly high demand for scarce funding and the dramatic impact such investments can have on a metropolitan area when done correctly. The federal government must prioritize transit investments in those metropolitan areas where states and localities have made the strongest commitment to making the maximum use of the investment. But there is no reason why new roadway projects using federal funds should not face the same level of scrutiny as new rail projects. Although economic and fiscal considerations are key criteria for evaluating projects, so too should environmental quality and energy efficiency.

We also need a realignment of responsibilities so our major metropolitan areas—say, with a population over two million—are given more direct funding and project selection authority through a new program we're calling METRO (Metropolitan Empowerment pROgram). The METRO program should be formula-driven based on population and modeled after the Community Development Block Grant program. The program would consolidate several categorical highway and transit programs.

Another potentially transformative tool to reduce oil consumption in America would be to issue a Sustainability Challenge to all metropolitan actors. Addressing our nation's energy problems will ultimately require innovation and creativity to link fragmented transportation, housing, energy, and environmental



policies beyond anything considered so far. This is more than just comprehensive planning by individual jurisdictions; this involves comprehensive and integrated planning and increased investment at the metropolitan scale over a sustained period with the goal of massively transforming the design and workings of the built environment. Metropolitan America simply does not have the scale and the resources to do this alone.

Partnerships of states, metropolitan areas, transit agencies, localities, and the private sector would apply for these competitive grants that would ideally encompass a range of solutions from all modes and would tie-in directly to an articulated set of national transportation outcomes for energy and environmental sustainability rather than simply extrapolating from past trends. Selected places would be provided additional resources (on top of regular block grant allocations) as well as new powers to align disparate federal programs in support of the vision. The mechanism for these grants could be the transportation, energy, or climate bills pending—or soon to be pending—in Congress.

#### IV. CONCLUSION

Reducing our dependence on foreign oil, encouraging energy sustainability, and promoting economic efficiency will require major shifts in federal transportation policy. As the relationship between physical growth and energy and environmental objectives becomes more salient, the federal government must use transportation policy to reduce vehicular travel and promote new, bold visions for the role of transit in affecting the location of future residential and commercial development.

Mr. Chairman, in the end my message is simple: a sure-fire way of reducing the impact of higher gasoline prices is to lower consumer demand. And the best way to lower demand is to build more sensible communities that give families greater transportation choices.

*The views expressed in this testimony are those of the author alone and do not necessarily represent those of the staff, officers, or trustees of The Brookings Institution.*