



Northeastern University
*Kitty and Michael Dukakis Center
for Urban and Regional Policy*

**TESTIMONY OF STEPHANIE POLLACK
BEFORE THE JOINT COMMITTEE ON TRANSPORTATION**

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My name is Stephanie Pollack and I am associate director of the Dukakis Center for Urban and Regional Policy at Northeastern University, a think-and-do tank which collaborates with many of the civic and nonprofit organizations you have heard from this morning to conduct interdisciplinary research that helps to identify and implement real solutions to the critical challenges facing Greater Boston and the Commonwealth. My work focuses on making our transportation systems equitable and sustainable – including financially sustainable – and the many studies we have done, analyses we have conducted and data we have collected can be found on our website at <http://www.northeastern.edu/dukakiscenter/focus-areas/transportation>. I have also attached some fact sheets to my written testimony that support the figures that I will cite today.

Having spent the last several years studying Massachusetts' transportation system and finances and tracking efforts around the country to wrestle with the same thorny issues of lack of revenue and under-investment, I would like to spend my three minutes briefly presenting you with a Top Ten list of advice for shaping a legislative package to address Massachusetts' longstanding transportation crisis and put the Commonwealth on track to having a 21st century transportation system.

(10) Make sure the transportation system works for everyone: Massachusetts residents are increasingly choosing to get where they go without driving. As we found in our *Staying on Track* transportation indicators project, miles driven per person has declined in Massachusetts every year since 2005, the number of eligible residents getting drivers' licenses is dropping and one in eight households *statewide* – over 300,000 – does not even own a vehicle. Our 21st century transportation system needs to provide choices to residents of every community in the Commonwealth to get to work and school without a car.

(9) Make sure the transportation system delivers on all of the Commonwealth's policy priorities – including sustainability: Even with declining driving, transportation sector emissions are both the largest and fastest growing part of the state's inventory of greenhouse gases. Increases in transportation GHG emissions from 1990-2010 completely offset the entire decline in emissions achieved in the commercial and industrial sectors combined. Sustainability needs to be a key criteria when looking at both revenue sources and spending priorities. Perhaps you should even consider dedicating some of the increased revenues available from the recent changes to the Regional Greenhouse Gas Initiative (RGGI) to funding for sustainable transportation.

(8) Don't just maintain transportation assets -- modernize them to meet 21st century needs: There are multi-billion dollar maintenance backlogs to be addressed in the state's road, bridge and transit programs. But we could spend hundreds of millions of dollars annually playing catch up and by 2025 we would finally have a well-maintained version of the system we had in 1975. Instead, the investment strategy should focus on modernizing the system as we invest in repairs – creating “complete streets” that work equally well for drivers, pedestrians and cyclists, reconfiguring bridges and streets to address local economic development priorities, and buying new trains and buses.

(7) Focus on providing needed capacity, rather than trying to balance maintenance and expansion: Do not accept the false choice between investing in maintenance and investing in so-called expansion. Focus instead on ensuring that the transportation system has the capacity to meet the needs that it serves. Sometimes, as for the regional transit authorities, that will mean increasing operating support to that more service can be delivered. Sometimes, as for the MBTA, that will mean addressing the growing problem of congestion at the core of the system that endangers the future growth in Boston, Cambridge and throughout the system. MBTA ridership has increased from 1.1 million average weekday riders in 2005 to 1.3 million in 2011-12 and is projected to increase to 1.4-1.6 million average weekday riders by 2020. To meet the demand for service the MBTA needs more than \$4 billion in critical capacity investments, including new Red and Orange line vehicles, power upgrades and additional tracks at South Station.

(6) Give transportation agencies tools for improving performance, not just dollars to spend: Yes, our transportation agencies need additional revenue but they also need better tools to understand, manage and maintain the transportation system. Early investment priorities need to include systems for cities and towns, Regional Transit Authorities, the MBTA and MassDOT to manage and maintain their assets, conduct scenario and service planning and track and deliver individual projects on time and on budget. These investments may not be headline-grabbing, but ensuring dollars for them in the fy2014 and 2015 budgets will pay off handsomely for decades to come.

(5) Empower cities and towns as partners in delivering an integrated transportation system: Increasing funding under the Chapter 90 program is just one step toward creating a better working partnership with cities and towns, who might well be able to deliver not only local projects but some of the smaller (up to \$5 million) projects that often linger for years waiting for attention under MassDOT's statewide road and bridge program. And many cities and towns want to be able to provide better walking and biking facilities and improve their local transit agencies, so provide them with local option revenue sources so they can choose to do more.

(4) Start by fixing the operating side of the budget: While the MBTA's annual struggles with a structural operating deficit tend to get most of the attention, MassDOT's operating deficit is twice that of the T. In fiscal year 2014 MassDOT has a “hidden operating deficit” of \$233 million in operating funds being paid out of the capital budget. Over one-third of the bond cap funds allocated to transportation for FY14 are slated to be spent on operating costs rather than much-needed operating projects. For each \$1 borrowed to pay for salaries and even office rents, the

Commonwealth will pay \$1.75 in principal and interest over the next 25 years . And because the bond cap cannot easily be increased, each dollar of the bond cap spent on operating costs is not available for needed maintenance and capital projects.

(3) Capital investments should be designed for leverage: Transportation investments need to be focused where they can leverage the greatest benefits, including economic development. And investments of new state revenues can and should leverage additional investment from both the federal government and private sector. The Green Line expansion project, for example, is well-positioned to attract \$500 million in New Starts funding if new revenues are available to address the MBTA's operating deficit and to match the federal dollars for building the project. Transit investment can also create a healthy return on investment when it supports private investment in nearby real estate projects. The *Hub and Spoke* report issued by the Boston District Council of the Urban Land Institute in June 2012 identified 250 transit-oriented development projects near MBTA stations, with the largest half dozen alone generating roughly \$10 billion in private sector investment.

(2) Don't borrow money unless you have the funds to pay it back: This is the same advice I gave my teenagers when they get their first credit card but it is the opposite of what we have been doing in Massachusetts for years, which is borrowing money – for perfectly good programs like the Accelerated Bridge Program – without simultaneously providing additional revenue to pay off the resulting debt service. As a result, in fiscal year 2014 , even if no additional borrowing occurs, the Commonwealth will spend nearly \$1.6 billion on the principal and interest on past borrowing. Despite what many people think, the majority of this debt service is *not* for the MBTA or the Big Dig: these bonds were issued over years and decades to pay for the statewide road and bridge program. Every community in the Commonwealth has benefited from this borrowing and now that the bill is finally due everyone will have to contribute to paying it off.

(1) Use a portfolio of revenue sources to generate enough funding to address the system's many needs: There is no silver bullet for generating enough revenue to address the transportation system's multi-billion dollar operating, maintenance and capital deficits. The well-intentioned decision to address the MBTA's financial crisis back in 2000 relied on a single revenue stream – the sales tax – and as a result failed to provide a sustainable solution. There are many ways of funding transportation and most states rely on a greater mix of sources than Massachusetts. In order to help inform your deliberations on potential revenue options, the Dukakis Center, working in collaboration with A Better City and the Conservation Law Foundation (CLF) – has prepared a Transportation Revenue Options Handbook. Prepared with the assistance of AECOM, the Handbook consists of a collection of identically-formatted two page "fact sheets" about nineteen potential revenue sources that provides information on how much revenue it could yield, how Massachusetts' use of that source compares to other states and other important variables. We would be happy to share that research with the Committee and other interested legislators.

In closing, I ask that the Committee remember that investment in transportation infrastructure is one of the most important things that the Commonwealth can do for its residents, communities and economic competitiveness. You have heard this morning about the cost of doing nothing, but the cost of doing too little is equally great. Every day in the

Commonwealth we are paying for the inadequacies of the current transportation system, in dollars spent on unproductive borrowing and in lost economic opportunities – and, of course, in the human cost of people spending too much time and money getting to work, school or medical appointments.

Around the world and around the country, other governments are choosing to invest – and invest big – in transportation. This is not a liberal or conservative, Democrat or Republican issue. The conservatives in Britain are making the largest investment in rail transportation since the Victorian era. The Tea Party-supported Republican governor of Virginia recently proposed – and has already signed into law – a multi-billion dollar transportation investment program supported by new petroleum and sales taxes. The lower house in New Hampshire – New Hampshire! – recently passed a 15 cent increase in the gas tax to fund unmet transportation needs. Massachusetts cannot stay competitive regionally, nationally or globally without making a substantial and long-term investment in creating a 21st century transportation system. I look forward to working with you and others in the legislature to craft a legislative package that makes the necessary investments in our Commonwealth and its transportation system.