

Lt. Governor Carol Molnau Biography

Entrusted with more responsibility than any Lieutenant Governor in modern times, Carol Molnau serves Minnesota both as the state's number two executive and also as Commissioner of the Minnesota Department of Transportation.

Prior to her election as lieutenant governor in 2002, and re-election in 2006, Carol Molnau served nine years and five terms as a member of the Minnesota House of Representatives. In the Legislature, she represented portions of Carver, Sibley, Scott and Le Sueur counties. She served as an Assistant Majority Leader of the House Republican Caucus and as Chair of the House Transportation Finance Committee. She also was a member of several important House committees: Capital Investment, Rules and Legislative Administration, Transportation, and Ways and Means. The Legislative Evaluation Assembly has honored her each year for her conservative voting record. As a lawmaker, she was especially proud of her work to prevent health insurers from discriminating against women who suffer from fibrocystic breast conditions, and to make minors' possession of tobacco products illegal. She currently works to educate woman about ways to prevent the virus that causes cervical cancer.

Molnau has a distinguished record of cutting taxes, controlling the growth of state spending and improving the state's transportation system. In 2003, she and Governor Pawlenty initiated an innovative five-year, \$1 billion transportation-financing package – the largest such investment in state history – to keep infrastructure investment moving ahead and to address the state's growing transportation needs. As approved by the Legislature, the package included more than \$800 million to advance 12 long-delayed major highway projects in greater Minnesota and the metro area, \$100 million to boost road maintenance and safety efforts and more than \$40 million for statewide transit projects.

Molnau, 57, was born and raised on a farm in Carver County. She attended Waconia public schools and the University of Minnesota. Carol and her husband, Steve, have been farm owner/operators since their marriage in 1971, growing corn and soybeans in Carver, Nicollet, Renville and Sibley counties. Through hard work and responsible stewardship, Carol and Steve have been recognized as leaders in agriculture. Among their many awards, they were recognized as Farm Family of the Year by The Farmer magazine in 1984. Their showcase operation has hosted visits by numerous exchange students and by several national and international leaders. Through the Minnesota Extension Service and the Humphrey Institute programs, Carol spent time in Russia assisting post-Soviet farmers to improve their agricultural practices.

Before their marriage, Steve Molnau served in the U.S. Army. Carol and Steve have three adult daughters and five grandchildren.

Prior to her legislative service, Molnau has been a leader in a variety of areas. She served one term on the Chaska City Council, during a time of explosive growth (1989-92). She has been an active business, school, church, 4-H, and American Legion Auxiliary volunteer. She formerly served on the boards of the Minnesota Extension Service and the Minnesota Rural Futures. She and her husband have been active in the Minnesota Farm Bureau, Minnesota Corn Growers Association, and Minnesota Soybean Growers Association.

National Surface Transportation Policy and Revenue Commission Minnesota Field Hearing

**Testimony of Carol Molnau
Lt. Governor, State of Minnesota
Commissioner, Minnesota Department of Transportation**

April 18, 2007

Secretary Peters and distinguished Commissioners, my name is Carol Molnau. I am Lt. Governor of the State of Minnesota and Commissioner of the Minnesota Department of Transportation.

On behalf of Minnesota, welcome and thank you for this opportunity to provide input into shaping the next generation national transportation system.

You have heard a lot about the crisis gathering around transportation in the United States. Much of the Interstate system and National Highway System are reaching the end of their design lives and will require major investment in the coming years. Construction costs have skyrocketed during the past three years, the federal Highway Trust Fund is running out of money and the fuel tax can no longer be relied upon as the workhorse for funding transportation. And most important, without significant investment in our transportation system, the United States is on the verge of losing a key competitive advantage it has enjoyed in the world during the last 50 years

In order to meet the above challenges, the State of Minnesota offers the following suggestions to the National Commission: refocus national transportation policy; move to mileage-based user fees and support shift to renewable fuels; reduce highway earmarking; and reform federal transit investment policy.

Refocus national transportation policy. Current national policies spend limited financial resources on initiatives that have little or no impact on national mobility, interstate commerce, national defense/emergency preparedness or the country's economy. In addition, countless federal programs with volumes of complex conditions, requirements and processes are micromanaging transportation management and investment to the extent that efficiency and innovation are being seriously suppressed.

Beginning with the next reauthorization bill, national transportation policy should (a) be significantly simplified, (b) allow for greater flexibility and choice at the state level, (c) have a broader multimodal perspective and (d) be directed toward five priority areas of the nation's transportation system:

- 1) Preserving the Interstate and National Highway System infrastructure

- 2) Improving highway safety and reducing fatalities
- 3) Reducing urban congestion
- 4) Improving state and local connections to the Interstate and National Highway System
- 5) Removing freight bottlenecks and improving freight mobility

National transportation policy should not address anything more than these five priority areas. Expanding beyond these priorities is both unnecessary and impractical: unnecessary because adequately addressing these areas will dramatically improve national mobility, safety and economic productivity; impractical because addressing anything more is financially unfeasible.

Within each of these five priority areas, national transportation policy should take the following results-driven approach:

- 1) Establish performance-based quantitative goals within each area over the short, mid and long term
- 2) Estimate how much it will cost to achieve the desired goals
- 3) Determine where the revenue will come from to meet the estimated costs
- 4) Determine how the revenue will be distributed and managed to achieve the goals

Given Minnesota's considerable experience with such a results-driven approach, the performance-based goals should be broad, simple and uniform with very few conditions and requirements. They should allow states, local governments, metropolitan planning organizations, transit providers and freight authorities maximum flexibility in determining how to accomplish the goals.

Funding for the first four priority areas should come from the highway account of the Federal Highway Trust Fund and be administered by formula similar to current highway formula programs.

1. **The Interstate and NHS preservation formula program.** This program should be distributed to states using a single updated preservation formula. All types of preservation and maintenance work, as well as road and bridge research, development and partnering, should be eligible under this program. There should not be any set-asides, sub-allocations or sub-category conditions or requirements associated with this program. It should be a single program with a single pot of money from which each state can decide how best to use the funding to meet the established performance-based goals for the Interstate and NHS. Such a program would quickly and cost-effectively improve ride-quality on the Interstate and NHS and most important, prevent a crisis around the country's aging road and bridge system.

2. **The safety and fatality reduction formula program.** This program should be distributed to states using a single, updated safety formula. Engineering (all state and local roads), education, enforcement, emergency response, technology, research or partnership projects should be eligible. There should not be any set-asides, sub-allocations or sub-category conditions or requirements associated with this program other than a minimum amount that is guaranteed for transportation systems under state agency jurisdiction and a minimum amount guaranteed to systems under local government jurisdiction. It should be up to states and local governments working together to decide how best to use the funding to meet the established safety and fatality reduction goals. Such a program would promote productive partnerships and innovative ideas, foster strong local/grassroots support, and dramatically decrease highway fatalities in the country.

3. **The urban congestion reduction program.** This program should be divided between urbanized areas over 200,000 population and urbanized areas under 200,000 using separate updated congestion formulas for each category. Funding should be distributed through states to metropolitan planning organizations, provided MPO membership adequately represents transportation system owners. Any type of congestion reduction project should be eligible (for example, highway expansion, transit capital improvements, Intelligent Transportation Systems and traffic management improvements, High Occupancy Toll lanes/networks, telecommuting initiatives, land use planning initiatives, research, partnering, etc.). There should not be any set-asides, sub-allocations or sub-category conditions or requirements associated with this program. It should be up to each state and MPO to decide how best to use the funding to meet the established performance-based goals for congestion reduction. Such a program would promote productive partnerships and innovative ideas, foster strong local/grassroots and quickly begin to turn around metropolitan congestion trends, resulting in significant improvements in urban air quality, energy conservation, freight mobility, job access, commute times, quality of life, safety and national economic productivity.

4. **The Interstate and NHS connections formula program.** This program should be distributed to states using a single connectivity formula. Any type of highway, transit capital, research or partnership project should be eligible. There should not be any set-asides, sub-allocations or sub-category conditions or requirements associated with this program other than a minimum amount that is guaranteed for transportation systems under state agency jurisdiction and a minimum amount guaranteed to systems under local government jurisdiction. It should be up to states and local governments working together to decide how best to use the funding to meet the established goals for improving

the ability of people and goods to get to and from the Interstate and NHS. Such a program would promote productive partnerships and innovative ideas, foster strong local/grassroots support and significantly improve national access, mobility and economic productivity.

Each state should be guaranteed at least a 95 percent rate of return from the above four programs through a mechanism such as the current SAFETEA-LU Equity Bonus provision. Rate of return refers to how much federal fuel tax (and other federal tax) revenue is raised in each state each year. A 95 percent rate of return will likely be necessary to obtain state support

In sum, if Congress refocuses all current highway title funding toward these four priority areas, increases that funding to adequately address each area's performance-based goals and promotes innovative financing in all forms, the following can be accomplished:

- Dramatic improvement in national mobility, safety, and economic productivity
- Significant funding for states, local governments, metropolitan planning organizations, and transit systems
- 95 percent minimum rate of return to each state

Minnesota's work, partnerships and successes in the areas of preservation, safety, and congestion demonstrate the significant potential of this proposed results-driven approach.

- In the area of preservation, Minnesota has made tremendous progress measuring pavement and bridge performance factors and using that data to drive investment decisions.
- In the area of safety, the multidisciplinary approach Minnesota is taking has resulted in significant reductions in fatalities, and in 2006 Minnesota led the nation in reducing fatalities.
- In the area of congestion, a combination of highway expansion, innovative bottleneck removal, passenger rail and transit advantages, aggressive ITS deployment, state-of-the-art traffic management, and the I-394 MnPASS HOT Lane have resulted in congestion being reduced three years in a row in the Twin Cities metropolitan area, results that are unparalleled throughout the country.

5. ***Freight mobility and bottleneck removal.*** This program should be a separate title, separately funded under future authorization acts. Freight mobility demands are going to grow significantly in the coming years and if the nation is going to maintain its dominance in the world economy, it must ensure that freight can be moved efficiently and effectively throughout the country. This applies to all modes (trucks, rail, ports/waterways and air). I strongly support the testimony

and recommendations of AASHTO and the Mississippi Valley Freight Coalition in this area.

Move to mileage-based user fees and support shift to renewable fuels. Fuel taxes cannot adequately meet the long-term funding needs for the nation's transportation system. Mileage-based user fees offer a promising new way of raising revenue for transportation. If fairly and equitably administered, they offer better potential for raising additional funding, reducing highway demand and helping in the fight against growing urban congestion. Minnesota is currently considering a mileage-based user fee pilot that would build upon the Oregon and Washington State studies. By demonstrating additional facets of technological feasibility and public acceptability, it is hoped that the federal government will be encouraged to move quickly toward national implementation of a mileage-based user fee.

Reduce highway earmarking. The current Congressional trend to decrease highway project earmarking is very positive. The detriments of highway earmarking significantly outweigh the benefits. Highway earmarks are a highly inefficient way of funding highway projects, often cannot be spent quickly, require significant administrative resources, and often do not address the most critical transportation needs in a given state. Highway earmarks also reduce the amount of formula funding states could receive, which is a much more efficient and effective way of funding transportation projects. We believe national transportation policy should discourage highway project earmarking at the federal level, and encourage and honor the investment priority process at the state and local level.

Reform transit policy. The federal process for evaluating and funding "New Starts" transit capital projects should be significantly overhauled. The current process is underfunded, cumbersome, promotes federal micromanagement and relies on outdated criteria for evaluating the worthiness of proposed transit projects. All this results in significant and costly delays. Process review should focus on streamlining, efficiency, modernizing and broadening evaluative criteria and promoting greater local control and flexibility. Congress should also assess what national interests are served by the federal government controlling local rail-transit investments. Minnesota has several promising transit proposals that are either in, or will soon be in, the Federal Transit Administration process. Under the current process, it may take decades for these projects to be delivered to the traveling public. Mobility and economic development benefits will be unnecessarily delayed, and inflation costs may price some of the projects out of viability.

Conclusion: I would like to close by reiterating the points I feel are vital to meet our nation's transportation challenges: Refocus national transportation policy; move to mileage-based user fees and support shift to renewable fuels; reduce highway earmarking; and reform transit investment policy.

Hopefully, the Commission can synthesize these recommendations with the many other good ideas being offered and develop a bold, compelling new vision for transportation in the United States. If this vision can capture the imagination of the public similar to how renewable fuel has, the country will be poised to lead the world for many years to come.

Thank you for this opportunity to help shape the new national transportation system.