

**STATEMENT OF  
THE HONORABLE RAY LAHOOD  
SECRETARY OF TRANSPORTATION  
  
BEFORE THE COMMERCE, SCIENCE  
AND TRANSPORTATION COMMITTEE  
  
UNITED STATES SENATE**

March 8, 2011

**Introduction**

Chairman Rockefeller, Ranking Member Hutchison, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Administration's fiscal year (FY) 2012 budget request for the U.S. Department of Transportation. The President is requesting \$129 billion for Transportation in FY 2012. This includes the first-year of a bold new six-year \$556 billion reauthorization proposal that will transform the way we manage surface transportation for the future.

America is at a transportation crossroads. To compete for the jobs and industries of the future, we must out-innovate and out-build the rest of the world. That is why President Obama called on the nation to repair our existing roadways, bridges, railways, and runways and to build new transportation systems – including a national high-speed intercity rail network – which will safely and efficiently move people and goods. The Administration's Surface Transportation Reauthorization proposal is designed to accomplish precisely this, and is the centerpiece of the President's FY 2012 budget.

It proposes four broad goals: (I) **building for the future**, (II) **spurring innovation**, (III) **ensuring safety**, and (IV) **reforming government and exercising responsibility**.

The FY 2012 proposal includes a \$50 billion "Up-Front" economic boost that is designed to jump-start job creation while laying the foundation for future prosperity. This initial funding would finance improvements to the nation's highway, rail, transit, and aviation systems.

**I. Building for the Future**

America's aging roads, bridges, and transit systems must be addressed. For too long we have put off the improvements needed to keep pace with today's transportation needs. By 2050, the United States will be home to 100 million additional people – the equivalent of another California, Texas, New York, and Florida. More than 80% of them will live in urban areas. Concerns about the need for livable communities will increase as

communities tackle the need for transportation choices and access to transportation services. If we settle for the *status quo*, our next generation of entrepreneurs will find America's arteries of commerce impassably clogged and our families and neighbors will fight paralyzing congestion. So the Administration's proposal addresses this challenge in three ways:

- 1) Creating a National High-Speed Rail Network:** First, the proposal provides \$53 billion over six years to continue construction of a national high-speed rail network. It will place high-speed rail on equal footing with other surface transportation programs; include funding for both Amtrak and new "core express," "regional," and "emerging" corridors; and keep the country on track toward achieving a goal of providing 80 percent of Americans with access to an intercity passenger rail network, featuring high-speed rail within 25 years.
- 2) Rebuilding America's Roads and Bridges:** Second, the Administration's proposal will provide a 48 percent funding increase – to \$336 billion over six years for road and bridge improvements and construction. A key element expands the current National Highway System to include an additional 220,000 miles of critical arterials. It will also simplify the highway program structure, accelerate project delivery to realize the benefits of highway and bridge investments for the public sooner, and underscore the importance of maintaining existing highway infrastructure in good condition. These investments and reforms will modernize our highway system while creating much-needed jobs.
- 3) Investing in Accessible, Affordable Transit Options:** Third, the proposal will provide a 128 percent increase in funding – to \$119 billion over six years – for affordable, efficient, and sustainable transit options. It will prioritize projects that rebuild and rehabilitate existing transit systems, including an important new transit safety program, and allow transit authorities (in urbanized areas of 200,000 or more in population) to temporarily use formula funds to cover operating costs.

## **II. Spurring Innovation**

The Administration's Surface Transportation Authorization proposal acknowledges the important role that innovation and modern business tools play in putting our transportation dollars to work wisely. We can no longer afford to continue operating our systems the same way we did 50 years ago, with outdated processes and financial tools that were made for yesterday's economy. Our proposal and the President's FY 2012 request responds to this challenge in several ways.

It establishes an Infrastructure Bank to finance projects of national or regional significance. By working with credit markets and private-sector investors, the Infrastructure Bank will leverage limited resources to achieve maximum return on Federal transportation dollars. The bank will initially receive \$30 billion over six years, will reside within the U.S. Department of Transportation, and will be managed by an executive director with a board of officials drawn from other Federal agencies.

Recognizing that competition often drives innovation, the Administration's proposal and the President's FY 2012 budget also includes a \$32 billion competitive grant program called the Transportation Leadership Awards. This program's goal is to reward States and local governments that demonstrate transformational policy solutions. Examples include the use of innovative multimodal planning and funding methods, pricing and revenue options, land use guidelines, environmental stewardship measures, economic development strategies, innovation of project delivery, and deployment of technology – just to name a few possibilities.

These new and innovative tools will help us to better meet the transportation needs of America's small towns and rural communities. Increased highway funding will expand access to jobs, education, and health care. Innovative policy solutions will ensure that people can more easily connect with regional and local transit options – and from one mode of transportation to another.

At the same time, our proposal will bolster State and metropolitan planning; award funds to high performing communities; and empower the most capable communities and planning organizations to determine which projects deserve funding.

Innovation must span beyond surface transportation. This is why the President's budget request also includes \$3.4 billion for aviation in the \$50 billion up-front investment. The budget requests \$3.1 billion for airport improvements for runway construction and other airport projects such as Runway Safety Area improvement projects as well as noise mitigation projects. Modernizing our air traffic control systems is critical if we are to meet the needs of the future. The President's FY 2012 budget addresses this by providing \$1.24 billion for the Federal Aviation Administration's (FAA) efforts to transition to the Next Generation (NextGen) of Air Traffic Control. This funding will help the FAA move from a ground-based radar surveillance system to a more accurate satellite-based surveillance system – the backbone of a broader effort to reduce delays for passengers and increase fuel efficiency for carriers.

### **III. Ensuring Safety**

Keeping travelers on our transportation systems safe is my top priority. That is why preventing roadway crashes continues to be a major focus at DOT. The Administration's Surface Transportation Reauthorization proposal will provide \$330 million for the ongoing campaign against America's distracted driving epidemic. It will also commit \$7 billion to promote seatbelt use, get drunk drivers off the road, and ensure that traffic fatality numbers continue falling from current historic lows. In addition, it almost doubles the investment in highway safety, providing \$17.5 billion to Federal Highway Administration (FHWA) safety programs. The Department is also taking a fresh approach to interstate bus and truck safety. Compliance, Safety, Accountability (CSA) is a new initiative that will improve safety and use resources more efficiently. The Administration's Surface Transportation Reauthorization Proposal will dedicate \$4.9 billion to the Federal Motor Carrier Safety Administration (FMCSA), and give the Department of Transportation new authority to set tougher safety performance goals for states.

Transit safety is another important priority. Our proposal will, for the first time, entrust the Federal Transit Administration with the authority to oversee rail transit safety across America. In light of recent transit-related accidents, I believe this is critical to ensuring the oversight and accountability our transit riders deserve.

Our safety focus must also include the transportation of hazardous materials and our network of pipelines. The Administration's Surface Transportation Reauthorization Proposal will fund the safety programs of the Pipelines and Hazardous Materials Safety Administration (PHMSA) and will enhance its authorities to close regulatory loopholes and improve its safety oversight. The President's FY 2012 budget requests \$221 million for PHMSA to help ensure that families, communities, and the environment are unharmed by the transport of chemicals and fuels on which our economy relies.

#### **IV. Reforming Government and Exercising Responsibility**

As we move forward together to plan for America's transportation needs, we must also keep in mind the responsibility we all share for using taxpayer dollars wisely. The Administration's Surface Transportation Reauthorization Proposal will cut waste, inefficiency, and bureaucracy so that projects can move forward quickly, while still protecting public safety and the environment.

Our proposal consolidates and streamlines our current Highway and Transit Programs in a major way. The current system of over 55 separate highway programs will be folded into five new categories. Similarly, six transit programs are merged into one "state of good repair" program and one "specialized transportation" program. As a result of these changes, we expect to shorten project delivery and accelerate the deployment of new technologies.

The Administration's Surface Transportation Reauthorization proposal also includes important reforms that change the way we manage our transportation spending. Consistent with the recommendations of the Fiscal Commission, for the first time, the Budget proposes to subject surface transportation spending to "paygo" provisions to make certain that spending does not exceed dedicated revenue. This approach is designed to ensure that our surface transportation program is paid for fully without increasing the deficit. The proposal will also expand the current Highway Trust Fund into a new Transportation Trust Fund with four accounts – one for highways, one for transit, one for high-speed passenger rail, and one for the National Infrastructure Bank.

#### **Other Highlights**

The President's FY 2012 request includes some other key transportation priorities as well. These include the \$18.7 billion in total funds requested for the FAA. FAA would receive \$9.8 billion to fund the operation, maintenance, communications and logistical support of the air traffic control and air navigation systems. An additional \$3.1 billion would support FAA's Facilities and Equipment program to fund FAA's capital projects. A total of \$5.1 billion in FY 2012 would fund the Airport Improvement Program when funding from the \$50 billion up-front investment is included.

The President's request also includes \$93 million for the U.S. Merchant Marine Academy (USMMA). \$29 million of these funds will be used to support the next phase of the USMMA's Capital Asset Management program and for renovations to selected barracks and the mess hall. These improvements will help ensure that our cadets have the facilities they need to support their education.

### **Conclusion**

Thank you for the opportunity to appear before you to present the President's FY 2012 budget proposal for the Department of Transportation and our Surface Transportation Reauthorization proposal that will help transform transportation programs over the next six-years in ways that will benefit all Americans for years to come. I look forward to working with the Congress to ensure the success of this request.

I will be happy to respond to your questions.

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