

**STATEMENT OF
THE HONORABLE ELAINE L. CHAO
SECRETARY OF TRANSPORTATION
BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION, HOUSING, AND URBAN DEVELOPMENT AND
RELATED AGENCIES
UNITED STATES SENATE**

March 4, 2020

Introduction

Chairman Collins, Ranking Member Reed, and members of the Subcommittee, thank you for the opportunity to discuss the President's Fiscal Year (FY) 2021 Budget request for the Department of Transportation. The President is requesting a total of \$89 billion to support transportation programs -- an overall 2% increase above funds provided in the FY 2020 Appropriations Act. This funding will enable the Department to continue our important work in providing Americans with safe and dependable transportation, and will support our progress in improving transportation infrastructure throughout the Nation.

The Department of Transportation's budget includes a hybrid of different kinds of Federal funds. Typically, about 75 percent of the Department's Budget comes from mandatory authorizations primarily derived from the Highway and Aviation Trust Funds, while the remaining 25 percent is funded through discretionary appropriations, largely from the General Funds. Recently, I have seen comparisons of the Transportation budget that focus solely on the smaller discretionary portion. By selecting only the discretionary components the budget shows a reduction from FY 2020 to FY 2021. But this is only part of the story. When one looks at the whole picture, including Trust Fund programs, the President's FY 2021 Budget request recommends the highest funding for transportation investment in our Nation's history.

A New Vision for Surface Transportation

In a few short months, our current surface transportation authorization – the “Fixing America’s Surface Transportation” or FAST Act – will expire. In anticipation of this deadline, I am especially pleased to share that the President’s budget includes a total of \$1 trillion to rebuild, restore and renew our Nation’s infrastructure. This request includes two parts. First, the budget envisions a historic 10-year authorization for the Department of Transportation’s surface transportation programs that will provide \$810 billion of predictable funding. The President’s request also includes an additional \$190 billion for addressing other infrastructure improvements including bridge and freight bottlenecks.

Our plan builds on the foundation of the FAST Act and generally relies on the existing program structure for highways and highway safety programs, transit, and rail. After the first year, funding increases are built into the 10-year framework at about 4% each year. No major changes are envisioned to the current formula distributions for States and other recipients.

Our proposal will lay out an authorization that provides more flexibility for States and other stakeholders. It includes program and policy changes that will enable us to build modern infrastructure more quickly while ensuring that both rural and urban areas receive the assistance they need. We are also recommending significant investments for rebuilding and repairing highways and bridges by using flexible grants and modern innovative finance tools that will help us get projects moving quickly. The proposal also includes legislative revisions that will reduce the regulatory and administrative burdens that often force communities to wait years for the infrastructure improvements they desperately need.

The Administration’s detailed legislative language is currently under review within the Administration. Once that process is complete and legislation is submitted, the Department will be free to discuss its contents in full detail. In the meantime, the President’s budget provides a blueprint summary of the \$810 billion reauthorization proposal.

Investing in Competitive Infrastructure Programs

The President’s Budget demonstrates the Administration’s strong support for States and other entities charged with improving or replacing our aging transportation infrastructure. Toward this end, the President’s Budget for DOT requests significant resources for several competitive grant programs, including \$1

billion for the Infrastructure for Rebuilding America (or INFRA) grant program and an additional \$1 billion for the Better Utilizing Investments to Leverage Development (or BUILD) grant program. These programs provide Federal assistance for critical projects that will spur progress in both rural and urban communities across all modes of surface transportation infrastructure: highways, transit, rail, and ports.

With respect to transit, the President's Budget includes this Administration's largest request ever for the Federal Transit Administration's Capital Investment Grant program: \$1.9 billion. This request funds the current portfolio of transit projects that have signed Full Funding Grant Agreements. Another \$925 million is reserved for new projects that may become eligible for Full Funding Grant Agreements during FY 2021.

Targeted Investments for the Federal Aviation Administration

The President's Budget recommends \$17.5 billion for FAA and includes nearly \$1 billion across its programs to support the on-going work of NextGen. The request is consistent with the FY 2020 Appropriations levels but does not propose repeating the new discretionary appropriation for Grants-in-Aid to Airports. Instead, the President's Budget includes the fully authorized level of \$3.4 billion to support airport capital improvements.

The Budget dedicates \$1.5 billion for Aviation Safety -- including an increase of \$37 million to fund targeted investments to improve FAA's ability to respond to industry innovation, analyze safety trends, and improve accountability. Within this amount, funds will be used to establish a centralized Organization Designation Authorization office that will coordinate FAA's work with industry manufacturers to certify aircraft safety. This funding will also help to implement recommendations from the ongoing Boeing 737 MAX reviews.

FAA continues to be at the forefront in planning for the integration of new and emerging technologies into the National Airspace System (NAS). Toward this end, the President's Budget requests \$145 million to further support the integration of unmanned aircraft systems (or drones) into the NAS; and, another \$44 million to support Commercial Space activities. These programs demonstrate FAA's commitment to encouraging the use of new innovative technologies while at the same time ensuring the overall safety of the NAS.

Continuing the Recapitalization of the School Ship Fleet

Finally, the President's budget once again includes \$300 million for the National Security Multi-Mission Vessel replacement program. This program continues the Administration's efforts to replace the aging School Ship Fleet that provides hands-on-training for Midshipmen attending State Maritime Academies. These vessels serve a critical role in providing necessary at-sea training for those entering the maritime industry that cannot be duplicated in standard classroom settings.

These are some of the key programs included in the President's FY 2021 Budget request. Additional information is included in the Department's annual Budget Highlights document provided for your reference. Thank you again for the opportunity to appear before you today. I will be happy to answer your questions.
