

**TRANSPORTATION AND HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
APPROPRIATIONS FOR FISCAL YEAR 2012**

THURSDAY, MARCH 10, 2011

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:33 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patty Murray (chairman) presiding.
Present: Senators Murray, Pryor, Collins, Coats, and Blunt.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. RAY LaHOOD, SECRETARY

**ACCOMPANIED BY CHRISTOPHER BERTRAM, ASSISTANT SECRETARY
OF TRANSPORTATION FOR BUDGET AND PROGRAMS, AND CHIEF
FINANCIAL OFFICER**

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Good morning. The subcommittee will come to order.

Welcome, Secretary Ray LaHood. Thank you for coming back to our subcommittee to talk about the Department of Transportation's (DOT) budget request and our Nation's transportation policy. I appreciate your being here today.

The subject of this hearing is the DOT budget for fiscal year 2012. Yet, even as we sit here today, halfway through the fiscal year, the Federal Government still lacks a final budget for fiscal year 2011. The Congress is continuing to debate that budget as millions of families and communities across the country wait anxiously to learn the fate of programs they depend upon. And this debate is critical. We do need to tackle the deficit and make sure our children and grandchildren aren't forced to bear the burden of overwhelming debt.

Yesterday, the Senate voted on two bills, one from the House Republicans, the other a Senate Democratic alternative, to fund Federal agencies through the end of this fiscal year 2011. The House proposal was a budget that would have eliminated the high-speed rail and Transportation Investment Generating Economic Recovery (TIGER) grant programs and made deep cuts to transit, Amtrak, and aviation spending.

Transportation is central to so much of the way our lives are organized, and there is overwhelming evidence that greater investment is needed today in communities across our country, whether it's replacing our crumbling bridges and tunnels, or building new roads and transit lines to support economic growth and competitiveness and ease congestion. The DOT budget has a real impact on real people.

I was deeply concerned that the House Republican budget would eliminate funding for the highly competitive TIGER Discretionary Grant program. It's a program that has become a showcase for innovation in both rural and urban communities. The House proposal goes so far as to eliminate TIGER grants that were already awarded to 75 communities last year—the 75 most promising projects out of a field of more than 1,000 applicants.

One of those 75 projects is a project in my home State that really typifies what those grants mean to all of our States. In south Seattle, there is a community that is hanging on by a thread. The main access road to commerce goes through a bridge that, like infrastructure in a lot of our States, was crumbling and had to be closed. Mr. Secretary, you were there and saw that. I have spoken to the small business owners and residents of this community who told me that bridge is really their lifeline.

Last year, the South Park Bridge won a TIGER grant to help rebuild that bridge. And that bridge today is now creating jobs and aiding the recovery of an entire community, and will be a foundation for that community to thrive on for generations to come. But the funding for that project, and many others like it, was left on the cutting-room floor by House Republicans in an effort to meet an arbitrary bottom line. And that is just one example from an extreme plan that focuses on short-term and shortsighted cuts while neglecting a long-term plan for responsible deficit reduction to support our economic recovery.

The Senate Democratic bill protected those investments, choosing to end programs that have served their purpose or are no longer needed. We do need to make responsible and practical budget cuts that will allow us to continue out-innovating, out-educating, and out-building our competitors.

As we all know, neither bill was able to garner enough votes to win passage. A compromise is needed, one where both sides come to the table to work together on a long-term solution that invests in our country's future. And as we work to cut spending, we need to make sure that we are not doing anything to threaten our economic recovery or cause even more workers to lose their jobs.

So, today, as we look at the fiscal year 2012 budget, I will be taking the responsible approach and analyzing how taxpayer dollars can be invested more effectively to continue our economic recovery, improve our economic competitiveness, strengthen our communities, ensure safety, foster innovation, and manage our Federal resources efficiently. The investments we make in transportation and in our national infrastructure are such an important part of supporting our economy, rebuilding our communities, and improving safety.

And the need to invest in our transportation infrastructure is huge. Many of us have seen the report card for America's infra-

structure that was put together by the American Society of Civil Engineers. Their overall grade for our Nation's infrastructure is a D. And their grade for roads is even more depressing: a D-. Our Nation's rail network earned a paltry C-. And transit earned nothing more than a D.

The President's budget request tries to address this problem, asking for a 69-percent increase in funding for DOT. The request includes an immediate investment of \$50 billion to boost the economy, as well as the 6-year reauthorization proposal for surface transportation. Clearly, this proposal offers a grand vision for our transportation programs.

I applaud the administration's effort to promote investment in our Nation's infrastructure, but I also think we need more than grand ideas. We need to discuss real strategies that will make them happen. And unfortunately, this budget proposal doesn't offer us real solutions for the challenges we face today. When we talk about paying for transportation, the biggest challenge we face is the solvency of the Highway Trust Fund (HTF). Even under current funding levels, without paying for the additional \$50 billion in stimulus funding requested by the administration, HTF will be bankrupt by the end of fiscal year 2012 or the beginning of 2013. The administration has offered to work with the Congress to address this problem, but when it comes to discussing specific solutions, the President has opposed an increase to the gas tax, opposed the development of a new revenue system based on miles traveled, and still not offered any proposals for making sure HTF has enough revenues to pay for its budget request.

I'm also concerned about what happens to transportation programs in fiscal year 2012. A long-term solution for HTF will not be able to solve our immediate crisis. The Congress has already transferred more than \$34 billion from the General Fund to HTF. I will be interested to hear from the Secretary if he thinks another transfer is necessary to get through this year or if he can offer another way to avert a crisis. At a time when the House is focusing on slash-and-burn politics, we need to see some realistic alternatives being discussed. And I'm disappointed the budget request doesn't offer that.

I'm also troubled by the administration's proposal to reclassify transportation programs as purely mandatory funding. This proposal helps the administration meet its goal of freezing growth in discretionary budget, but it also means the administration has failed to request about \$7 billion for the rail and public transit programs that have been traditionally funded with discretionary resources. That is a large hole for the Congress to fill from the outset.

More importantly, the proposal leaves the Department without annual oversight and input from the Appropriations Committee. This subcommittee has played an important role in supporting our Nation's infrastructure, providing additional resources for transit, roads, and bridges from HTF as well as the General Fund of the Department of the Treasury. In fact, the TIGER program was created by this subcommittee.

This subcommittee has been particularly engaged in supporting rail transportation, providing additional funding for the high-speed

rail grants, and making sure the Department has the resources it needs to administer the program.

As concerned as I am about the future of the surface transportation programs, I believe the threats facing the President's high-speed rail initiative are potentially even greater. I believe in high-speed rail. I think it has the ability to spur innovation and economic growth, tying communities together in ways that roads and airports don't today.

Unlike most of Europe, we are still a young and growing Nation. Our population is projected to reach 420 million by mid-century, almost 140 million more than in 2000. If you think your travel on roads and airports is crowded today, just wait. And building more and wider roads won't be enough. High-speed rail, like the Federal Aviation Administration's (FAA) Next Generation Air Transportation System (NextGen), is one of the solutions we will need if we are to avoid paralyzing gridlock.

I recognize the Department has had to stand up this ambitious new program in record time, hammering out agreements with States and freight railroads, with so many questions to be answered and problems resolved. I believe the Federal Railroad Administration is to be commended for its efforts. And yet, I'm concerned these efforts will be for naught, and the funding at risk, unless the Department produces a detailed and comprehensive plan that answers basic questions about the program like, Where does it make the most sense to build high-speed rail? What will it cost to build? And what will it cost to operate? I will continue to fight for high-speed rail, but it is now time for the program to produce a compelling and rigorous plan to justify that support and future funding.

Separate from high-speed rail, there are many other issue areas where the Department has been pushing for innovation. The Department continues to forge ahead on NextGen, a long-term effort to modernize our air traffic control system. Last year, it took recommendations from an industry task force, refocusing some of its programs, like Performance-Based Navigation. This past year, the Department has also worked hard to overcome challenges with En Route Automation Modernization.

In the area of highway safety, the Department has led a very public campaign to address distracted driving. This past week, Secretary LaHood announced a partnership with Consumer Reports aimed at getting young people to put down their phones while they're behind the wheel. That is an effort that will save lives.

At this hearing, as we continue our work on the budget for fiscal year 2012, I look forward to hearing more about the Department's work in these and other areas, and appreciate your being here again today, Mr. Secretary.

PREPARED STATEMENTS

Also, Senator Kirk regrets that he couldn't be present, but he has submitted a statement for the record.

[The statements follow:]

PREPARED STATEMENT OF SENATOR PATTY MURRAY

I want to welcome Secretary Ray LaHood back before our subcommittee to discuss his Department's budget request and our Nation's transportation policy. Thank you for being here today.

FISCAL YEAR 2011 AND THE HOUSE'S YEAR-LONG CONTINUING RESOLUTION

The subject of this hearing is the Department of Transportation (DOT) budget for fiscal year 2012.

Yet even as we sit here today—nearly halfway through the fiscal year—the Federal Government still lacks a final budget for fiscal year 2011.

The Congress continues to debate that budget as millions of families and communities across the country wait anxiously to learn the fate of programs they depend upon.

And this debate is critical. We need to tackle the deficit and make sure our children and grandchildren aren't forced to bear the burden of overwhelming debt.

Earlier this week, the Senate voted on two bills—one from House Republicans, and the other a Senate Democratic alternative—to fund Federal agencies through the end of fiscal year 2011.

The House proposal was a highly politicized, slash-and-burn budget that would have eliminated the high-speed rail and Transportation Investment Generating Economic Recovery (TIGER) grants programs, and made deep cuts to transit, Amtrak, and aviation spending. In short, it was a bill that would have cost hundreds of thousands of jobs and eliminated investments the nation will need to compete in the future.

Transportation is central to so much of the way our lives are organized. And there is overwhelming evidence that greater investment is needed in communities across the country—whether it be replacing crumbling bridges and tunnels, or building new roads and transit lines to support economic growth and competitiveness, and ease congestion.

The DOT budget has a real impact on real people.

For example, the House Republican budget would eliminate funding for the highly competitive TIGER grant program, a program that has become a showcase for innovation in both rural and urban communities. The House proposal goes so far as to eliminate TIGER grants that were awarded to 75 communities last year—the 75 most promising projects out of a field of more than 1,000 applicants.

One of the 75 projects is a project in my home State that typifies what these grants mean to all of our States. In south Seattle there is a community that is hanging on by a thread. The main access road to commerce goes through a bridge that—like infrastructure in all of our States—was crumbling and had to be closed.

I have spoken to the small business owners and residents of this community who tell me the bridge is their lifeline. Last year, the South Park Bridge won a TIGER grant to help rebuild the bridge. That bridge today is creating jobs and aiding the recovery of an entire community, and will be a foundation for that community to thrive on for generations to come.

But the funding for this project and many other like it was left on the cutting-room floor by House Republicans in an effort to meet an arbitrary bottom-line.

That's wrong. And it's just one example from an extreme plan that focuses on short-term and shortsighted cuts, while neglecting a long-term plan for responsible deficit reduction that supports our economic recovery.

By comparison, the Senate Democratic bill protects these investments, choosing instead to end programs that have served their purpose or are no longer needed. Our alternative makes responsible and practical budget cuts that will allow us to continue out-innovating, out-educating, and out-building our competitors.

As you know, neither bill was able to garner enough votes to win passage. A compromise is still needed, one where both sides come to the table to work together on a long-term solution that invests in our country's future. And as we work to cut spending, we need to make sure that we aren't doing anything to threaten our economic recovery or cause even more workers to lose their jobs.

So as we look at the fiscal year 2012 budget, I will be taking the responsible approach. I will be analyzing how taxpayer dollars can be invested most effectively to:

- Continue our economic recovery;
- Improve our economic competitiveness;
- Strengthen our communities;
- Ensure safety;
- Foster innovation; and
- Manage our Federal resources efficiently.

THE DEPARTMENT'S BUDGET PROPOSAL AND SAFETEA-LU

The investments we make in transportation and in our national infrastructure are such an important part of supporting our economy, rebuilding our communities, and improving safety.

And the need to invest in our transportation infrastructure is huge. Many of us have already seen the Report Card for America's Infrastructure put together by the American Society of Civil Engineers. Their overall grade for our Nation's infrastructure is a D, and their grade for roads is even more depressing—a D-. Our Nation's rail network earned a paltry C-, and transit earned nothing more than a D.

The President's budget request tries to address this problem, asking for a 69-percent increase in funding for DOT. The request includes an immediate investment of \$50 billion to boost the economy, as well as a 6-year reauthorization proposal for surface transportation. Clearly, this proposal offers a grand vision for our transportation programs.

I applaud the administration's effort to promote investment in our Nation's infrastructure, but I also think we need more than grand ideas. We need to discuss real strategies that will make them happen. And unfortunately, this budget proposal does not offer us real solutions for the challenges we face today.

When we talk about paying for transportation, the biggest challenge we face is the solvency of the Highway Trust Fund (HTF). Even under current funding levels—without paying for the additional \$50 billion in stimulus funding requested by the administration—HTF will be bankrupt by the end of fiscal year 2012 or the beginning of 2013.

The administration has offered to work with the Congress to address this problem, but when it comes to discussing specific solutions, the President has:

- Opposed an increase to the gas tax;
- Opposed the development of a new revenue system based on miles traveled; and
- Still not offered any proposals for making sure that the trust fund has enough revenues to pay for its budget request.

I am also concerned about what happens to transportation programs in fiscal year 2012. A long-term solution for HTF will not be able to solve our immediate crisis. The Congress has already transferred more than \$34 billion from the General Fund to HTF. I will be interested to hear from the Secretary if he thinks another transfer is necessary to get through the year, or if he can offer another way to avert a crisis.

At a time when the House is focusing on slash-and-burn politics, we need to see some realistic alternatives being discussed. I am disappointed that the budget request does not offer that.

I'm also troubled by the administration's proposal to reclassify transportation programs as purely mandatory funding. This proposal helps the administration meet its goal of freezing growth in the discretionary budget, but it also means that the administration has failed to request about \$7 billion for the rail and public transit programs that have traditionally been funded with discretionary resources. This is a large hole for the Congress to fill from the outset.

More importantly, the proposal leaves the Department without annual oversight and input from the Appropriations Committee. This subcommittee has played an important role in supporting our Nation's infrastructure, providing additional resources for transit, roads, and bridges from the trust fund as well as the General Fund of the Department of the Treasury. In fact, the TIGER program was created by this subcommittee.

This subcommittee has been particularly engaged in supporting rail transportation, providing additional funding for the high-speed rail grants, and ensuring that the Department had the resources it needs to administer the program.

HIGH-SPEED RAIL

As concerned as I am about the future of the surface transportation programs, I believe the threats facing the President's high-speed rail initiative are potentially even greater.

I believe in high-speed rail. I think it has the ability to spur innovation and economic growth, tying communities together in ways that roads and airports don't today. Unlike most of Europe, we are still a young and growing Nation. Our population is projected to reach 420 million by mid-century, almost 140 million more than in 2000. If you think travel on our roads and at our airports is crowded today, just wait. And building more and wider roads won't be enough.

High-speed rail, like the FAA's Next Generation Air Transportation System (NextGen), is one of the solutions we will need if we are to avoid paralyzing gridlock.

I recognize the Department has had to stand up this ambitious new program in record time, hammering out agreements with States and freight railroads, with so many questions to be answered and problems resolved. I believe the Federal Railroad Administration is to be commended for its efforts.

And yet, I am concerned these efforts will be for naught, and the funding at risk, until the Department produces a detailed and comprehensive plan that answers basic questions about the program, like:

—Where does it make the most sense to build high-speed rail?

—What will it cost to build?

—And what will it cost to operate?

I will continue to fight for high-speed rail, but it is now time for the program to produce a compelling and rigorous plan to justify that support—and future funding.

OTHER ISSUES

Separate from high-speed rail, there are many other issues areas where the Department has been pushing for innovation.

The Department continues to forge ahead on NextGen, a long-term effort to modernize our air traffic control system. Last year, it took recommendations from an industry task force, refocusing some of its programs like Performance-Based Navigation. This past year, the Department has also worked hard to overcome challenges with the En Route Automation Modernization program.

In the area of highway safety, the Department has led a very public campaign to address distracted driving. This past week, Secretary LaHood announced a partnership with Consumer Reports aimed at getting young people to put down their phones while they are behind the wheel, an effort that will save lives.

At this hearing, and as we continue our work on the budget for fiscal year 2012, I look forward to hearing more about the Department's work in these areas.

PREPARED STATEMENT OF SENATOR MARK KIRK

Thank you Chairwoman Murray and Ranking Member Collins. I also would like to welcome Secretary LaHood, my former colleague for many years.

Madam Chairwoman, as you know the focus of the Congress and the American people is on our unsustainable spending. During the first 9 weeks of 2011, Federal debt increased at an average of \$35.6 billion per week. At the end of 2010, total public debt outstanding stood at \$13.9 trillion; and the end of February, it had increased to \$14.2 trillion—a \$300 billion increase. The Department of the Treasury has auctioned nearly \$1.1 trillion since the beginning of the year. That is an average of \$121.5 billion per week.

Recently the Senate was presented with two long-term continuing resolutions funding the Government, and rejected both. It's my hope that we can come together to examine ways we can rein in spending and restore confidence in the dollar.

This will not come easily, and will require shared sacrifice at every level of the Federal Government.

Now I fully recognize the economic impact of investing in infrastructure and one of the key reasons why I voted against the stimulus was that it focused too many resources on social spending in comparison to investments made in infrastructure. But I worry that the fiscal year 2012 request, while bold, is light on details regarding how we will fund a 6-year, \$556 billion surface transportation reauthorization. Mr. Secretary, I know you have told the Commerce Committee that DOT is currently working with the Office of Management and Budget on that very issue, and I look forward to seeing the result.

I'll have a few other issues to highlight during questions, but good to see you on this side of the Capitol, Mr. Secretary—I look forward to working with you in the Senate. Thank you, Madam Chairwoman.

Senator MURRAY. With that, I will recognize my partner and ranking member, Senator Collins, for any opening remarks she would like to make.

STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you, Chairman Murray.

First of all, welcome, Secretary LaHood. I appreciate your leadership at DOT, and as the new ranking member of this subcommittee, I look forward to working with you, the chairman, and

all of our colleagues to promote fiscally responsible investments in our Nation's aging transportation infrastructure.

As Senator Murray has pointed out, the transportation system is truly the lifeline for our country and our economy. Improving the efficiency and reliability of our Nation's transportation system is vital to the movement of people, freight, and goods. Yet, every single State has a backlog of vital transportation projects.

The administration is proposing a \$129 billion budget for DOT, a 66-percent increase more than the fiscal year 2010 enacted level. Included in this budget request is a 6-year, \$556 billion surface transportation reauthorization, but without a revenue mechanism to pay for it. HTF can only support approximately a \$240 billion program over the next 6 years. An additional \$167 billion in new revenues would have to be established to support a bill of that magnitude, but the administration has yet to specify the source of these revenues, as the chairman has pointed out.

I also want to associate myself with the comments of Senator Murray about the TIGER program. Capital investments in transportation projects through the TIGER program have been an important tool in helping to save and create jobs at a time when so many families are struggling. And the TIGER program has resulted in needed, lasting assets for communities. I, too, am disappointed that the House of Representatives passed a budget bill that included language to rescind funding for this important program. It is fundamentally unfair for the Federal Government to award grants to States, only then to take them away. I'm going to continue working with the chairman, and others who feel that way, to ensure that the final version of the continuing resolution, or appropriations bill, does not include that language.

I worked closely with the Secretary and appreciate his leadership to ensure that the necessary paperwork was concluded at both the State and Federal level for the Aroostook County Rail Preservation Project. But, I remain concerned about the fate of the funding for the Memorial Bridge replacement project. That is a major bridge that connects New Hampshire and Maine. It has been strongly supported by the delegations of both States. And replacing the Memorial Bridge is an important infrastructure project that is essential to the flow of goods, services, and people between Maine and New Hampshire, and for keeping and attracting new jobs to both States. Its funding is now in jeopardy because of the House language.

Many smaller-scale transportation projects also help to build infrastructure and create jobs in our local communities. For example, in Maine's capital city of Augusta, a new regional hospital is being constructed, just yards from Interstate 95 (I-95). There is, however, no convenient way to exit the interstate and arrive at the new hospital. The hospital, the State, and the local community of Augusta have all pledged funding for the project. This is a perfect example of a partnership project where everyone from the private sector, the capital city of Augusta, and the State are kicking in funds to make the improved transportation a reality. But they can't do it alone. They need the Federal Government to complete the piece of the puzzle. We need to ensure that funding is available for smaller communities and rural communities where there is local

support and committed funding for meeting these needs, as there is in this example.

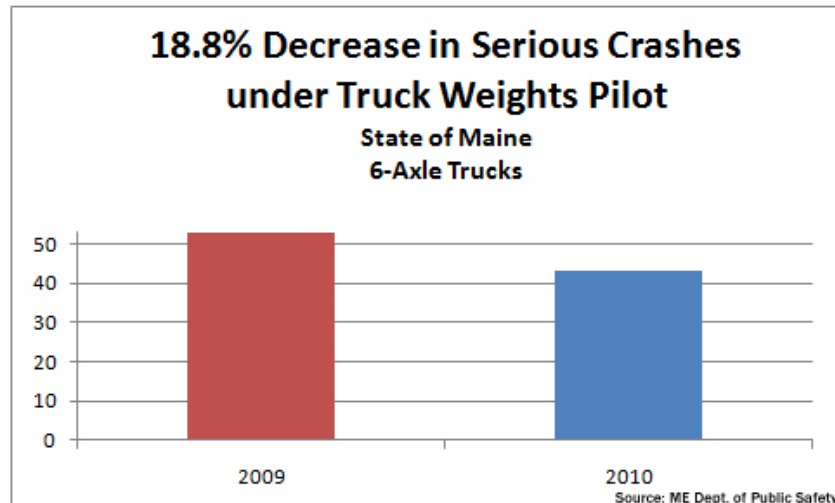
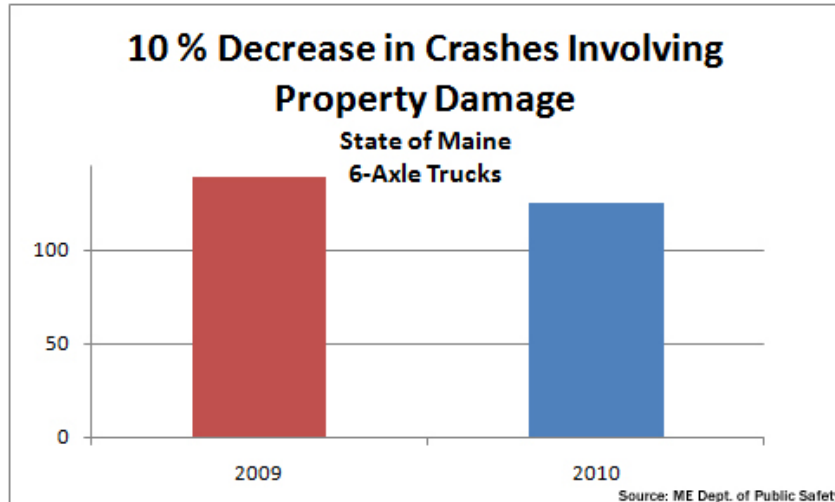
Not only do we need to continue our commitment to making investments in infrastructure, but also we must continue to improve highway safety. The chairman mentioned and commended the Secretary for his initiatives on distracted drivers. I know the Department has also done a great deal to look at the Toyota case and other issues involving questions that have arisen about vehicle safety.

The States of Maine and Vermont recently participated in a year-long pilot project that I authored that allowed trucks weighing up to 100,000 pounds to travel on those States' Federal interstates. Senator Leahy joined me in this effort to help provide a level playing field for our States, and allow heavy trucks to use our most modern, safe, and efficient highways. In 2010, as a result of our pilot project, people throughout our two States saw their roads less congested, our downtowns and secondary roads safer, our air cleaner, and our businesses more competitive, since the surrounding States already have these exemptions, as do the two provinces in Canada that border Maine. And that is why I'm committed to fighting to make this pilot project, which unfortunately expired in December, permanent.

I would note that all the public safety groups in Maine, including the Maine Association of Police, the Maine State Police, the Maine State Troopers Association, the Maine Department of Public Safety, and the Maine Chiefs of Police strongly support a permanent extension of the pilot project.

A recent study by the Maine State Police Commercial Vehicle Enforcement Division found fewer accidents involving trucks during the time that the pilot project was in effect. Countless Maine business owners have told me how this change would improve their competitiveness. For example, under the pilot project, Lincoln Paper and Tissue, a manufacturer in Lincoln, Maine, was able to save 1.1 million billable truck miles, a 28-percent decrease from the prior year. These savings are the equivalent of the company being 220 miles closer to its primary market. That benefits not only the small business, but also our Nation, as we seek to reduce overall fuel consumption and reduce carbon emissions.

[The information follows:]



The people of my State are very unhappy that the heaviest trucks are once again being forced onto secondary roads and into downtowns, when they belong on the interstates.

PREPARED STATEMENT

I look forward to working with you, Madam Chairman, as well as Secretary LaHood, as we consider this issue and the Department's overall fiscal year 2012 budget request.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF SENATOR SUSAN COLLINS

Thank you, Chairman Murray. Welcome, Secretary LaHood. I appreciate your leadership at the Department of Transportation (DOT) and look forward to working

together to promote fiscally responsible investments in our Nation's aging transportation infrastructure.

The transportation system is the lifeline for our country and our economy. Improving the efficiency and reliability of the Nation's transportation system is vital to the movement of our freight and goods, yet every State has a backlog of vital transportation needs.

The administration is proposing a \$129 billion budget for DOT, a 66-percent increase more than the fiscal year 2010 enacted level. Included in this budget request is a 6-year, \$556 billion surface transportation reauthorization, but without a revenue mechanism to pay for it. The Highway Trust Fund can only support a \$240 billion program over the next 6 years. An additional \$167 billion in new revenues would have to be established to support a bill of this magnitude, but the administration has yet to specify the source of these revenues.

Capital investments in transportation projects through the Transportation Investment Generating Economic Recovery (TIGER) program have been an important tool in helping to save and create jobs that so many families need right now. I am disappointed that the House of Representatives passed a bill that included language to rescind funding for this important program. As a result of this language, the State of Maine was at risk of losing funding for two critical projects that were awarded last October—the Aroostook Rail Preservation project and the Memorial Bridge Replacement project. It is fundamentally unfair for the Federal Government to award grants to States only to have them taken away.

I worked closely with Secretary LaHood and appreciate his leadership to ensure the necessary paperwork was concluded at both the State and Federal level for the Aroostook Rail Preservation project. I remain concerned about the fate of the funding for the Memorial Bridge replacement project. Replacing the Memorial Bridge is an important infrastructure project that is essential to the flow of goods, services, and people between Maine and New Hampshire and for keeping and attracting new jobs to our States.

Many smaller-scale transportation projects also help build infrastructure and create jobs in our local communities. For example, in Maine's capital city of Augusta, a new regional hospital is being constructed just yards from Interstate 95 (I-95). There is, however, no convenient way to exit the interstate and arrive at the new hospital. The hospital, the State, and the local community have all pledged funding for this project. We should ensure funding is available for smaller and rural communities where there is local support and committed funding for these needs.

Not only do we need to continue our commitment to making investments in our infrastructure, but also we must continue to improve highway safety. The States of Maine and Vermont recently participated in a year-long pilot project that allowed trucks weighing up to 100,000 pounds to travel on their Federal interstates. Senator Leahy joined me in this effort to help provide a level playing field for our States and allow heavy trucks to use our most modern, safe, and efficient highways.

In 2010, as a result of this pilot project, people throughout our State saw their roads less congested, our downtowns and secondary roads safer, our air cleaner, and our businesses more competitive. That is why I am committed to fighting to make this pilot program, which expired in December, permanent.

Let me give a specific example of these results. On a trip from Hampden to Houlton, Maine, the benefits are very clear. A truck traveling on I-95 rather than on State Route 2, which runs nearly parallel to I-95, avoids more than 270 intersections, nine school crossings, 30 traffic lights, and 86 crosswalks. In addition, a driver also saves more than \$30 on fuel. Given the rising cost of diesel, it is even higher than that now. Additionally, 50 minutes is saved by traveling on I-95 rather than on the secondary road of Route 2.

Public safety groups in Maine, including the Maine Association of Police, the Maine State Police, the Maine State Troopers Association, the Maine Department of Public Safety, and the Maine Chiefs of Police all support a permanent extension of the pilot project. Bangor's Chief of Police, Ron Gastia, recently noted that, "I, along with chiefs across Maine, recognize that trucks of this size do not belong on Maine's city streets and secondary roads."

A recent study by the Maine State Police Commercial Vehicle Enforcement Division reported that in 2009, before the pilot came into effect, 139 accidents involving six-axle trucks occurred in Maine. In 2010, the year the pilot was in effect, the number of accidents fell to 125. That's 14 fewer accidents as a result of allowing these trucks to operate on all of Maine's interstates.

Countless Maine small business owners have told me how this change would improve their competitiveness. For example, under the pilot project, Lincoln Paper and Tissue, a paper and tissue manufacturer in Lincoln, Maine, was able to save 1.1 million billable truck miles, a 28-percent decrease from the prior year. These sav-

ings are the equivalent of the company being 220 miles closer to its primary market. That benefits not only this small business but also our Nation as we seek to reduce our overall fuel consumption and reduce carbon emissions.

We need to make the pilot project permanent. The people of my State are unhappy that the heaviest trucks are once again forced onto secondary roads and into downtowns when they belong on the interstates.

I am looking forward to working with you Chairman Murray as well as Secretary LaHood as we consider DOT's fiscal year 2012 budget request.

Senator MURRAY. Thank you, Senator Collins.

We'll now turn to our members for any opening statements they have, and then to you, Mr. Secretary.

Senator Pryor.

Senator PRYOR. I don't have anything.

Senator MURRAY. Okay.

Senator Coats.

Senator COATS. No, I'm fine.

Senator MURRAY. Senator Blunt.

STATEMENT OF SENATOR ROY BLUNT

Senator BLUNT. Madam Chairman, I'd just like to say, I'm pleased to see my good friend Secretary LaHood here, and know he's got a big job. And after those two opening statements, it sounds even bigger to me.

So, we look forward to working with you. Transportation is clearly one of the critical keys to our ability to compete and create jobs and opportunity. And Mr. Secretary, I'm glad you're here today, and look forward to working with you through this budget process that we're beginning today for next year. Too bad that we're still focused on last year's budget process, but maybe we'll get into a pattern here that actually makes sense to the American people and to the people doing the kinds of jobs you're doing.

Senator MURRAY. Thank you very much.

Mr. Secretary, we will turn to you for your opening statement.

SUMMARY STATEMENT OF HON. RAY LAHOOD

Secretary LAHOOD. Thank you, Chairman Murray, and Ranking Member Collins, and to the other Senators who are here, for the opportunity to discuss President Obama's fiscal year 2012 budget request for DOT.

Just a few weeks ago, President Obama delivered a powerful message in his State of the Union Address. He said that, for Americans to win the future, our citizens and companies need the safest, fastest, most reliable ways to move goods and information. He reminded us that if we build it, they will come. If we want businesses to open shop and hire our families, friends, and neighbors, we have to invest in our roadways, railways, and runways. We have to invest in 21st-century buses, streetcars, and transit systems, and we have to invest in next-generation technology for our skies, and in sidewalks and bike paths that make our streets more livable. All of this is included in the President's \$129 billion fiscal year 2012 budget for DOT, designed as the first installment of a bold 6-year, \$556 billion reauthorization proposal.

To make room for these essential investments, President Obama's fiscal year 2012 budget proposes the lowest relative level

of domestic spending since President Eisenhower was in office six decades ago. That was 10 administrations ago, if you're counting.

The simple fact is that we have to cut and consolidate things that aren't growing the economy, creating jobs, or making it easier to do business, in order to pay for the things that are. So, at DOT, President Obama's budget slashes red tape. It consolidates more than 50 programs, and it includes reforms that will accelerate project delivery and empower local communities.

Of course, our major objective is to make investments in tomorrow that expand economic opportunity today, to dream big and to build big. That's why this budget keeps us on track toward a national high-speed rail system with an \$8 billion investment in 2012 and a \$53 billion investment over the next 6 years. It increases resources for highway and bridge improvements by 48 percent. It increases funding for affordable, efficient, and sustainable bus, streetcar, and transit systems by 126 percent. It includes \$50 billion up front to keep our recovery moving in the short term, and a \$30 billion National Infrastructure Bank that will finance major projects of national regional significance over the long run.

At the same time, safety is, and always will be, our top priority. President Obama's budget renews our commitment to prevent traffic crashes with resources for our ongoing campaign against distracted driving, drunk driving, and to promote seatbelt use. The President's proposal requests new authority for the Federal Transit Administration to ensure the safety of rail transit riders across America, and it gives the Federal Motor Carrier Safety Administration stronger capacity to keep commercial traffic safe.

Finally, we're dedicated to doing all of this without passing on another dime of debt to our children or grandchildren. For the first time, transportation spending will be subject to pay-go provisions that ensure the dollars we give out do not exceed the dollars coming in.

So, these are just a few components of the President's plan. They reflect a much larger point: America's transportation system is at a crossroads. Our choice isn't between policies on the left or policies on the right. Our choice is whether our economic recovery rolls forward or falls backward. It's up to us whether we lay a new foundation for economic growth, competitiveness, and opportunity, or whether we settle for a status quo that leaves America's next generation of entrepreneurs, our children and grandchildren, with clogged arteries of commerce.

PREPARED STATEMENT

It's up to us whether we do big things or whether we do nothing. If we choose wisely, our legacy can be an economy on the move and a future that America is prepared to win.

I'll be happy to answer questions.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. RAY LAHOOD

Chairman Murray, Ranking Member Collins, and members of the subcommittee, thank you for the opportunity to appear before you today to discuss the administration's fiscal year 2012 budget request for the Department of Transportation (DOT). The President is requesting \$129 billion for Transportation in fiscal year 2012. This

includes the first-year of a bold new 6-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, railroads, 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 fiscal year 2012 budget.

It proposes four broad goals:

- building for the future;
- spurring innovation;
- ensuring safety; and
- reforming Government and exercising responsibility.

The fiscal year 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.

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 percent 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:

- Creating a National High-Speed Rail Network.*—First, the proposal provides \$53 billion over 6 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.
- Rebuilding America’s Roads and Bridges.*—Second, the administration’s proposal will provide a 48-percent funding increase—to \$336 billion over 6 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.
- Investing in Accessible, Affordable Transit Options.*—Third, the proposal will provide a 128-percent increase in funding—to \$119 billion over 6 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.

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 fiscal year 2012 request responds to this challenge in several ways.

It establishes a National Infrastructure Bank (NIB) to finance projects of national or regional significance. By working with credit markets and private-sector investors, the NIB will leverage limited resources to achieve maximum return on Federal transportation dollars. The NIB will initially receive \$30 billion over 6 years, will

reside within DOT, 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 fiscal year 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 healthcare. 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 fiscal year 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.

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 DOT 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 fiscal year 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.

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 more than 55 separate highway pro-

grams 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 NIB.

OTHER HIGHLIGHTS

The President’s fiscal year 2012 request includes some other key transportation priorities as well. These include the \$18.7 billion in total funds requested for 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 fiscal year 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). Of these funds, \$29 million 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 fiscal year 2012 budget proposal for DOT and our Surface Transportation Reauthorization proposal that will help transform transportation programs over the next 6 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.

H.R. 1

Senator MURRAY. Thank you very much, Mr. Secretary.

I will begin by asking you—well, actually, just let me say, I’m really troubled by the harsh cuts that the House is proposing to make in the transportation programs that are so important. I talked a little bit in my opening statement about high-speed rail and TIGER. There are deep cuts to transit and FAA, and I think these are really shortsighted. This is less a debate about taming the deficit, which we all agree we need to be doing, but it really is a question of priorities and a statement about what we are going to look like in the future. And I wanted to ask you this morning, while you’re here, do you have an estimate for the number of jobs that would be lost as a result of the cuts the House is proposing now to make in transportation?

Secretary LAHOOD. I don’t know the estimate of jobs as a result of H.R. 1, but I will tell you that as a result of what you all did, in providing DOT \$48 billion in the stimulus program, we were able to create 15,000 projects over 2 years, and 65,000 jobs were created. So, if that’s any indication—\$48 billion, 15,000 projects, 65,000 jobs over 2 years, as a result of the stimulus—a lot of jobs, a lot of projects that would not have been created if the Congress had not passed on \$48 billion, which we now have out the door and have put a lot of Americans to work.

Senator MURRAY. And I would just have to add that those are private contractors that get those jobs.

Secretary LAHOOD. That's correct.

Senator MURRAY. They're not government jobs. We give this money to private contractors—

Secretary LAHOOD. That's correct. The money goes, in the case of TIGER and the case of many of these other programs, directly to the people that provide civilian jobs. A lot of small businesses benefited; more importantly, a lot of Americans benefited. Our friends and neighbors around the country benefited in good-paying jobs, and America's infrastructure was rebuilt.

Senator MURRAY. Yes.

Both Senator Collins and I mentioned concerns about the TIGER grants that would be rescinded by the House budget proposal. What are you hearing from other communities that were awarded TIGER grants last year?

Secretary LAHOOD. I'm hearing from a lot of Members of Congress, both Republicans and Democrats, who are very concerned that we made a commitment. I appreciate what both you and the ranking member have said about TIGER. These are commitments that have been made. Senators and Congressmen are asking me: "Can you obligate the money so it can't be rescinded?" The answer is, even if the money is obligated, the Congress can do whatever it wants. We made a commitment, to people all over the country, for good projects—for freight projects, for light rail, for highways, for bridges. These projects were not earmarked. They weren't sweetheart deals or boondoggles. These are projects that people out in the country said needed to be done to put people to work. The TIGER program is a jobs program. There are going to be a lot of people who aren't going to go to work as a result if these monies are rescinded. What I'm saying to every Senator, both Republican and Democrat, and House Member is, I know you want your money obligated. I just talked to a Senator on the way over here in my vehicle, who was talking to me about his TIGER project. He didn't realize that, even if it's obligated, there's still a chance that you all could rescind it. That's not fair to the people who thought they were going to get this money. It's not fair to the people who thought they were going to have a job on the other side of these projects.

This TIGER program is a jobs program. So, for all the talk of all Members of Congress who want to put people to work, this is the way to do it: Keep our commitments.

Senator MURRAY. In a competitive program, I would add.

Secretary LAHOOD. Absolutely. No earmarks. No sweetheart deals. No boondoggles, they are all done the correct way. You're not going to see any stories written about DOT giving money out to somebody in any other way except in a competitive fashion—that was competed in a way that reflects that these are good projects. This program will create jobs.

STATUS OF THE HIGHWAY TRUST FUND

Senator MURRAY. Thank you very much for that.

Let me ask you about HTF. Keeping enough balances in HTF has been an ongoing problem now for 3 years. And now we expect HTF

to again slip into bankruptcy by the end of fiscal year 2012. You've offered to work with us on a long-term solution, and that work will be a vital part of developing a reauthorization plan. I know that. But in the meantime, this subcommittee needs to develop a budget for your Department for 2012. And a new revenue plan will not fix HTF quickly enough to get us out of this immediate crisis.

Do you believe that another transfer from the General Fund of the Department of the Treasury will be necessary to sustain HTF through 2012?

Secretary LAHOOD. Our smart budget people, one of whom is sitting next to me, Chris Bertram, who comes from this part of the world—Chris worked in the Senate, and he's very smart on this—our people believe that HTF has sufficient funds to stay solvent through fiscal year 2012.

Senator MURRAY. You do.

Secretary LAHOOD. Yes.

Senator MURRAY. Okay. If that changes, we'd like to be told—

Secretary LAHOOD. Absolutely.

Senator MURRAY [continuing]. As soon as possible. And we will—

Secretary LAHOOD. You'll be the first to know.

Senator MURRAY [continuing]. Need your recommendation on how we're going to deal with that.

Secretary LAHOOD. Absolutely.

Senator MURRAY. All right.

Senator Collins.

HOURS OF SERVICE RULE

Senator COLLINS. Thank you, Madam Chairman.

I'm surprised to hear the Secretary's last comment, but pleased to hear it. We're still going to have a challenge of the reauthorization, which was put in the budget, goes through, because we're going to have to work to figure out how to fund that, as well.

Mr. Secretary, one of the issues that I'm hearing the most about is the Department's proposed change to the hours-of-service rules for commercial truck drivers. And I've heard a lot from truckers in my State who are opposed to the changes, as well as from trucking businesses. But, yesterday I also met with a State trooper who is head of the Commercial Vehicle Division for the State of Maine, and he expressed opposition, as well, and called the changes "unenforceable."

What is the status of those rules? And second, is the administration working with stakeholders, with the trucking association, and with law enforcement to try to take into account some of the comments in opposition?

Secretary LAHOOD. We have a rule pending, Senator. I know that what I'm going to say, you already know. This problem has been kicked down the road for 10 years. So, I made a decision; we're not going to kick it down the road anymore. We developed a rule, in cooperation with our friends in the trucking industry—and we have friends in the trucking industry—and we've developed a rule. It's out there. People can comment on it. I know that the truckers are not happy with this.

We believe that what we've developed is a very good safety metric for making sure that drivers will drive safely, and do it a certain number of hours. We believe what we've developed is the safety metric that makes the most sense. We know people don't agree with us, and that's why, when we do these rules, we have lots of opportunities for people to comment.

We need to do something. A court has ruled that we need to do something on this issue. We're not going to just sit back and kick it down the road like others have done. We're not going to do that. So, we've put it out there. Senators or House Members may disagree with us, and the trucking companies, I know, are going to be talking to you about it. My suggestion is, look at our rule, see what you think about it, make a comment about it, put it in the Federal Register, and then we'll see where it takes us.

Senator COLLINS. It's good to know that all the comments, I'm sure, will be fully evaluated.

Secretary LAHOOD. Absolutely. They will be. In the end, we'll take that into consideration when we put the final rule together.

MOTOR CARRIER WEIGHT RESTRICTIONS

Senator COLLINS. Let me turn to a second safety issue, which I alluded to—more than alluded to—in my opening statement. And I do this—

Secretary LAHOOD. We have multiple—

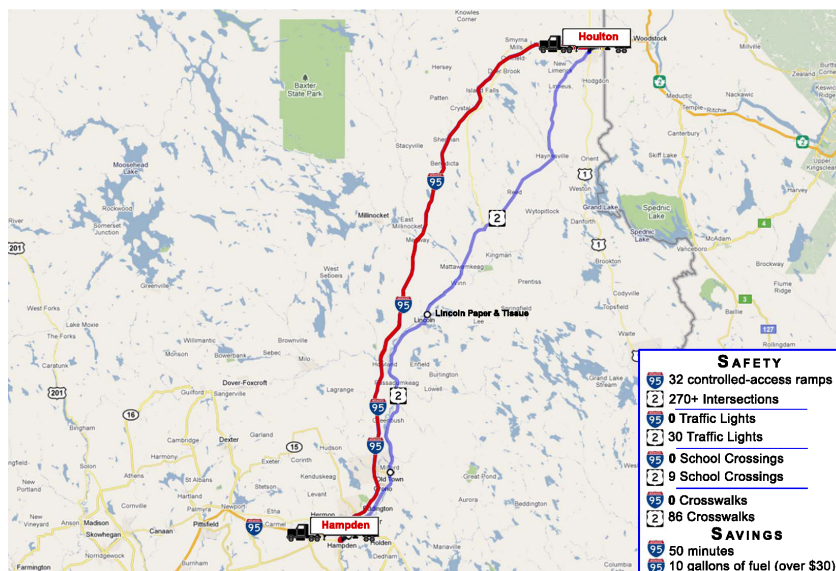
Senator COLLINS. I'm glad you've got—

Secretary LAHOOD [continuing]. Copies of this map.

Senator COLLINS. My favorite chart. And this is not only to talk to the Secretary, who's probably tired of hearing from me on this issue, but also to talk to my colleagues. So, I hope the staff has passed out a copy to each of my colleagues.

[The information follows:]

COMMON SENSE, SAFETY AND SAVINGS Hampden to Houlton



This is a specific example of the results of the pilot project that I referred to in my opening statement. And if you take a trip from Hampden to Houlton, Maine, the benefits are very clear, and they're illustrated on this chart.

A truck traveling on I-95 rather than Route 2, which runs nearly parallel to I-95, avoids more than 270 intersections—zero on I-95, obviously—270 intersections. It avoids nine school crossings, 30 traffic lights, and 86 crosswalks. And that's why our State safety officers, from the troopers to the police chiefs, are so much in favor of making this pilot project permanent. And it's why you've seen the accident rate decline.

In addition—and this is so important at a time when diesel prices are climbing through the roof—a driver saves more than \$30 on fuel. That's an old figure. I'm sure it's way more than that now. Additionally, 50 minutes of driving time is saved by traveling on I-95 rather than on the secondary route.

I want to express my appreciation to the administration for endorsing making this pilot project permanent. I know it was included in the budget that was sent up by the administration. And I just hope that we can continue to work together to make this a reality. If we can't get a permanent program, then perhaps we could work on a 5-year extension, which would allow even more data to be collected.

Secretary LAHOOD. Absolutely. I know this is a very serious problem. We've had lots of discussions about this with you and other people in your State. We will continue and are committed to work with you on this.

Senator COLLINS. Thank you, Mr. Secretary.

Thank you.
 Senator MURRAY. Thank you.
 Senator Pryor.
 Senator PRYOR. Thank you, Madam Chair.

TOYOTA INVESTIGATION

Mr. Secretary, it's good to see you again.
 Secretary LAHOOD. Thank you.
 Senator PRYOR. Thank you again for your willingness to always be available and responsive on all of our needs and all of our questions. So, thank you very much for that.

Let me start with the National Highway Traffic Safety Administration (NHTSA), and let me compliment one of the folks on your team: David Strickland. I think he's doing a good job there. He—

Secretary LAHOOD. Thank you.

Senator PRYOR [continuing]. Has his hands full with a lot of different things, and I know you've loaded him up with lots of work and lots of initiatives.

Secretary LAHOOD. You trained him well.

Senator PRYOR. I'm glad to see that he's doing well there.

Let me ask, as a follow-up to the Toyota investigation that has been going on over the last year or more, has that resulted in any changes in the agency? And the reason I ask that is because I know that one of the recommendations was that maybe NHTSA and DOT didn't have enough engineers with real technical expertise to evaluate some of the new software that's in vehicles. They're not all mechanical anymore. It's largely done by software now. Have there been lessons learned? And does your budget reflect those lessons?

Secretary LAHOOD. As a result of the hearings last year, Senator, we believe that, with respect to Toyota, the sticky pedal and the floor mat entrapment were the cause of that terrible accident in California, and other accidents. It led us to require that Toyota fix both of those issues. Every Member of Congress, at the time, thought it was an electronics issue. Our people didn't think that, but we engaged the National Aeronautics and Space Administration (NASA) in this, and they took a year to complete a study. They found the same thing we found. It's not electronics.

We, in our budget, are proposing additional electrical engineers. That's one of the things that the Congress pointed out to us, and I think it was a deficiency. If you look in our budget, we've requested additional expertise, particularly as it relates to electrical engineers.

Senator PRYOR. Right. Then the second part of my question is: I noticed, in your budget, you've added about \$19.8 million more than the fiscal year 2010 levels for staffing at NHTSA. And is that correct?

Secretary LAHOOD. Yes, it is.

Senator PRYOR. Is that engineers and—

Secretary LAHOOD. Yes, sir. It's electrical engineers and other engineers, and people with expertise that can really help us do our job.

Senator PRYOR. I don't have the numbers in front of me, but do you have a number on the—

Secretary LAHOOD. The budget adds 119 new staff—

Senator PRYOR. That's what I was going to ask.

Secretary LAHOOD [continuing]. In the vehicle safety area.

Senator PRYOR. Okay.

Secretary LAHOOD. It's 119.

Senator PRYOR. Okay, all right. I'd like to look at that in more detail.

Secretary LAHOOD. Sure.

Senator PRYOR. And I'll work with—

Secretary LAHOOD. Yes. I appreciate your interest in our safety organization. The one thing that the NASA study proved is that we do have very good people, that we do pay attention to safety, and we did get it right when it came to Toyota.

SAFETY GRANTS

Senator PRYOR. Right. I know you spent a lot of time with it, and showed a lot of determination to get it right.

Let me ask about your safety grant programs. I understand that you're discontinuing the \$120-million-per-year section 406 Seatbelt Performance Safety Grant Program. And I guess I'm wondering why you're—

Secretary LAHOOD. Yes, let me ask Chris Bertram—

Senator PRYOR. Yes.

Secretary LAHOOD [continuing]. Just to address that, if you don't mind.

Mr. BERTRAM. Sir, that was a program created in the last highway reauthorization, and the point of the program was to create incentives for States to change their laws. It was always intended to be a temporary program, and a number of States have changed their laws. It wasn't intended to be there permanently, so we've taken that money and incorporated it into other grant programs.

Senator PRYOR. Okay. Other safety type programs?

Mr. BERTRAM. Yes, right.

CROSS-BORDER TRUCKING

Senator PRYOR. Okay. I don't want to shortchange safety. I know that we need to trim our budgets, and everybody agrees that we're spending too much, but highway safety and transportation safety is very critical.

Let me ask another question—and last time we saw each other, I asked this question about the cross-border trucking issue. And you made a very emphatic statement that they would include electronic on-board—

Secretary LAHOOD. Yes, sir.

Senator PRYOR [continuing]. Recorders (EOBRs).

Secretary LAHOOD. Yes, sir. Those will be included on every truck. We need to have a metric to make sure we know how many hours are driven, and that they're complying with the hours that are in the agreement that we signed with Mexico.

Senator PRYOR. Do you know if we're paying for those, or—

Secretary LAHOOD. We're paying for those.

Senator PRYOR. Why are we paying for those and not the Mexican trucking companies?

Secretary LAHOOD. In the negotiations, it became clear that, if we were going to require these EOBRs, which—we absolutely had to require them—I came up here and met with more than 25 Senators when the program was suspended, and one of the things that was made very clear to me was that we have to know that safety metrics are in place, ones that will measure the kind of safety that we want. We felt that EOBRs were one of the top things that we had to do. It'll be in our budget. In the negotiations, we made it clear, trucks coming from Mexico have to use EOBRs. Mexico acceded to that request. That's the reason we're paying for them.

Senator PRYOR. I would like to reiterate something that you and I said in our last setting—and this is really more for the subcommittee's benefit—as we do this pilot project, I'm very concerned about border corruption down along the United States-Mexican border. And we've seen this. Senator Collins, on her Committee, she's seen this through the Customs and Border Patrol. And I hope that you will build in the safeguards and protection to, as much as humanly possible, prevent the corruption of your folks down along the border, because they're having problems in other areas.

Secretary LAHOOD. We will certainly do that. I have been to the border; I've talked to our people down there. The one thing that I was so stunned by is the lack of good facilities that they have to work in, the lack of facilities that they have when they have to inspect trucks in the 120-degree weather that exists down there in the summertime. We've made a commitment to them to try and improve the facilities, and we need a commitment from them that they will do everything by the book, according to the law. We're going to pay attention to that.

Senator PRYOR. Thank you.

Senator MURRAY. Senator Coats.

FISCAL YEAR 2012 BUDGET REQUEST

Senator COATS. Thank you, Madam Chairman.

Mr. Secretary, welcome. And——

Secretary LAHOOD. Thank you.

Senator COATS [continuing]. It's good to see a good former colleague and——

Secretary LAHOOD. Yes, sir.

Senator COATS [continuing]. Midwestern bred-and-born-and-raised Secretary here to—and I appreciate your straight talk——

Secretary LAHOOD. Thank you.

Senator COATS [continuing]. Calling it for what it is.

We served together in the House. You know how the Congress operates. You're well aware of our current fiscal situation. The reality is that, probably, we're not going to get to the numbers the administration has proposed. And so, I guess the question is, does the Department—have you looked at the possibility of a plan B, in terms of how you would prioritize the things that are put together in the President's budget?

And I would suggest a couple of points here in that regard. We all know that we're focusing exclusively on about 15 percent of the total budget. As result of that, the discretionary spending is getting an inordinate amount of focus and attention, and will be subject to

a disproportionate share, when you look at the whole budget, of the cuts that are taking place.

Now, a number of people, including me and others, have been increasingly calling for getting the whole pie on the table so that we look at mandatory spending, which, as you know, is two-thirds of the budget. I'm not asking you to answer this particular question. But, if you have the opportunity to discuss this at Cabinet level or with the President, we can't accomplish this without the President's leadership. There are an increasing number of Democrats and Republicans that are basically saying, publicly, "Look, we can't solve our deficit problem if we don't look at the whole picture." And discretionary spending is just simply going to dry up and go away.

You've listed some high priorities here that we all have—crumbling roads and bridges. We know this infrastructure, particularly in the East and the Midwest, is old and needs a lot of repair. So, I'm hoping, for one, that we're able to look at the larger portion of our spending and take some of the pressure off some of the necessary discretionary spending.

So in that regard, as I'm looking at the building for the future, you list three specific areas: high-speed rail, America's roads and bridges, and affordable transit operations and options. Could you characterize how you might prioritize those three, should you get a mark that's significantly below what the budget calls for?

Secretary LAHOOD. You know, Senator, that DOT has a long, long history of working with States on building roads and bridges. That's what we know how to do. That's why we have a state-of-the-art interstate system, thanks to the good people out in the country who know how to build roads, and to our partners in the States who have really been good partners with us in providing the match money and making sure that the contractors are doing what they're supposed to do. Roads and bridges are very important.

Transit is very important. Look at Washington, DC. If we didn't have the great Washington Metropolitan Area Transit Authority system that we have here, the Metro system, nobody would ever be able to get anywhere. This place would be like a parking lot, and most people think it's a parking lot now.

So, transit is very important. And highways and bridges are very important.

But, I want to say this: If we want to do what our predecessors did for us, in thinking about the interstate system, then we need to think about improving our infrastructure. I have nine grandchildren, and I have four grown children. Four of my grandchildren actually live in Indianapolis, Senator. We need to think about the next generation of transportation, and that's high-speed rail. If we want to get more cars off the road, if we want to be able to do what they've done in Europe and Asia by providing people with good rail transportation, then we need to think about high-speed rail. High-speed rail is a priority for this administration. It's the President's signature transportation program, because it's about the next generation of transportation, the way that our predecessors thought about the next generation, and it is why we have an interstate system.

We're going to be able to deal with the deficits and the debt, and also have a good, strong transportation program of roads, highways, bridges, transit, and high-speed rail.

Senator COATS. Yes, I'm—

Secretary LAHOOD. Those are our priorities.

Senator COATS. I would suggest that your statement, "We're going to be able to deal with the deficits and the debt" and the need for infrastructure and high-speed rail, and all this—it seems to me there's a priority there. We're not going to be able to do No. 2 unless we can do No. 1; No. 1 is facing us right now. And the budget realities are that we just simply can't do both at the same time. And I think every Department is—essentially—every agency that has been before us so far, and probably all those still to come—are going to say this is the top priority.

I, just yesterday, dealt with Homeland Security. It's pretty hard—they're all making their case. And we're doing it at a time when the limitations on our going further into deficit and further into debt have put us up against the wall. That's why I suggested looking at the whole pie, including the mandatory spending, as a way of dealing with No. 1, but also understanding that, at the end of the day, given the realities of the election in November, the makeup of the House of Representatives, the change in public attitude toward what we must do with our debt, it's going to cause all of us, whatever Department we're talking about, to have to make some tough decisions and to prioritize some of those. And that really was the essence of my question.

Secretary LAHOOD. Sure.

HIGH-SPEED RAIL

Senator COATS. The other thing I want to just state here, I guess, for the record—I'm not asking for a response on this—when the President said, "If they build it, they will come"—well, you know, we allocate a portion of this money to—the problem with building it, and even when it goes to high-speed rail, the political system kind of rears its ugly head, and every State and every locality and every Member representing those States and localities says, "I've got to get my fair share." High-speed rail makes sense in some very dense corridor areas. It doesn't make sense in the middle of America. High-speed rail between Indianapolis and Fort Wayne would be a waste of money, because you can get in the car and drive there in 2 hours. The road is not crowded. High-speed rail on Senator Collins' I-95 between—two towns I'm not aware of, but she's not aware of a lot of towns in Indiana—Hampden, and what is the other one?—

Senator COLLINS. Houlton.

Senator COATS [continuing]. Houlton—doesn't make any sense. But as you know, politicians like to divide up the pie. They don't want New Jersey and New York to get all of it, because they're dense, and Indiana and Illinois not get its fair share. And some of those may make financial sense, and some not make financial sense.

The same with bike trails. I drive every day from Virginia into the Capitol here, and there are bike trails along the way. If I see one biker on those trails on my 30- to 45-minute trip in here, or

on the way home, I'm lucky. I see a few messengers on the trails here, but DC closes down one of the lanes, which clogs up Pennsylvania Avenue. Once in a while, you'll see a messenger on one of those trails. But, no one would take their life in their hands, No. 1; and No. 2, some of these things just don't make sense. And particularly at a time of decreasing funds available, let's make sure we prioritize the reality of how people conduct their transportation.

So, that's my little spiel. You don't need to respond to that. But I appreciate the opportunity to at least try to be as straightforward with what I think as you have been. And I appreciate your service—

Secretary LAHOOD. Thank you.

Senator COATS [continuing]. To the country.

Senator MURRAY. Thank you.

Senator BLUNT.

PREPARED STATEMENT

Senator BLUNT. Thank you, Madam Chairman. I do have a statement for the record. I probably should have said that earlier. And I'll submit that for the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR ROY BLUNT

Thank you Chairman Murray and Ranking Member Collins for holding this hearing today. This hearing is a great opportunity to not only examine the Department of Transportation (DOT) investment needs throughout our system but also to develop a proper transportation investment structure that fosters economic development and produces the greatest return on all taxpayer dollars.

Additionally, I would like to thank Secretary LaHood. Your hard work on the budget is greatly appreciated. I look forward to working with you now and in the future to address our country's infrastructure needs.

In Missouri and across the country, there is a growing concern with the capacity of the transportation system. We are beginning to bust at the seams, our vehicle miles traveled remain high, congestion rates at our airport and on our rails are up. Congestion is a real problem and it is taking an economic toll at a time when we simply cannot afford more burdens on our system.

Moving forward, we will look to invest in good roads, but we cannot rely on roads alone. We must begin to look toward rail and river transport as an efficient way to move goods and ease choke points. We must start to think in a comprehensive manner that stresses the flexibility rather than rigidity of several separate ones.

One of my major concerns is the President's investment of \$53 billion over the next 6 years in high-speed rail. This call comes at a time when our current infrastructure is crumbling around us. It is easy to get caught up in the idea of high-speed rail, but the facts make high-speed rail difficult to swallow.

High-speed rail cost estimates are skyrocketing, the estimated cost of the California line jumped nearly 25 percent in 1 year. State and local governments are worried about the cost burdens of operating expenses and the inevitable budget overruns. Making such a large investment at a time when we face a very difficult fiscal situation especially when the benefits are still in question and DOT still hasn't produced a national rail plan just doesn't make much sense.

The President's DOT budget also takes a Washington knows best mentality. With the increase funding for programs like the National Infrastructure Bank (NIB), the livability program, and grant programs similar to Transportation Investment Generating Economic Recovery (TIGER), the message being sent to our States, counties, and cities is that Washington will set the priorities.

Handing more money and empowering unelected unaccountable bureaucrats isn't going to solve our transportation problems. In fact, many are still scratching our heads on the process and criteria the DOT used in awarding previous TIGER and High-Speed Rail grants.

Perhaps the most concerning part of this budget is the new Transportation Trust Fund. Another idea that sounds great but the math just doesn't add up. You are basically taking the current insolvent unsustainable Highway Trust Fund and add-

ing the cost of the NIB and the expensive, subsidy-laden rail program . . . two programs that will not generate any revenue for the trust fund.

—According to the latest figures from the Congressional Budget Office (CBO), trust fund receipts will amount to \$36.8 billion in fiscal year 2012, or about 7 percent less than was spent in fiscal year 2010 (\$39.4 billion),

—During the next 6 years CBO projects tax receipts of \$230 billion which now the administration's vision will be responsible for funding rail, transit, highways, and a NIB. Yet the administration is calling for a \$550 billion reauthorization bill. Needless to say something is missing.

There has been a lot talk about how this DOT budget is a bold vision. But bold visions are the easy part. Our country's infrastructure is in need of a bold detailed plan. We have difficult decisions before us, but understanding both the challenges ahead and establishing a clear path forward can make those decisions more informed and more effective.

Again, I thank the chair, ranking member, and the Secretary for their hard work. I look forward to hearing your perspectives and working together to move us forward in solving our economic and infrastructure needs.

HIGH-SPEED RAIL FUNDING

Senator BLUNT. Mr. Secretary, on the new Transportation Trust Fund—I'm going to ask a couple questions about that—I think one of the things that the Federal Government has done over the last 60 years that has been the least complained about and most supported has been HTF, because people really did believe people using the system were paying for the system. And the idea of expanding that fund creates some concern to me. I mean, currently, rail is funded by the general transportation appropriations. Will adding the rail program to the new trust fund erode the protection that the drivers on highways and people that buy gasoline now think they have in that system? And what's your view of that?

Secretary LAHOOD. We're just getting started on high-speed rail. The initial downpayment, more than \$10 billion, which we've put out around the country—\$8 billion, was included in the stimulus bill, and another \$2.5 billion was provided by people around here, on the Appropriations Committee, because they see the value of high-speed rail. We need to develop a—

Senator BLUNT. Where did you say the first \$8 billion came from?

Secretary LAHOOD. In the stimulus bill. We got \$48 billion.

Senator BLUNT. Oh, right, right.

Secretary LAHOOD. Eight billion dollars of that was high-speed rail, and the other money came through the appropriation process for high-speed rail. We've put that money out, and we've had very few people turn that money down. There's a lot—

Senator BLUNT. What will you do with the money that has been turned down, like the Florida money and the—

Secretary LAHOOD. We're going to reallocate it.

Senator BLUNT. To other States.

Secretary LAHOOD. Absolutely. Senator, there is a line outside of my door, of Governors, Senators, Congressmen, that have either written me letters or called me. There's no shortage of interest for the \$2.3 billion that we're going to reallocate from Florida. There's a lot of enthusiasm for high-speed rail in America. We've allocated somewhere in the neighborhood of 33 different projects in the country, our \$10.5 billion. And I met with six Senators yesterday from the Northeast that all want the reallocated Florida money.

Senator BLUNT. Under your plan, will the money for high-speed rail come from the newly named HTF?

Secretary LAHOOD. Yes.

Senator BLUNT. It will. Okay.

The CBO estimate, I think, of income, over the next 6 years, for your purposes, is \$230 billion. The reauthorization bill asks for \$556 billion.

Secretary LAHOOD. Right.

Senator BLUNT. Tell me how that works, how do you take \$230 billion of income and do \$556 billion of authorized—

Secretary LAHOOD. We need to work with the Congress on that, Senator. If transportation is a priority, if people see transportation as a jobs bill, if they look at our budget as a jobs budget, then we're going to have to sit with the Congress and figure out how to pay for it. We believe that you can do a lot of things, and there are a lot of creative ways to accomplish our request. But we want to work with the Congress on this.

Senator BLUNT. On coming up with more funding?

Secretary LAHOOD. On coming up with \$550 billion, if you all like our budget.

Senator BLUNT. That's very straightforward. And we'll look at it and see if there's a way to bridge that tiny gap between \$230 billion and \$556 billion.

And I yield back my time, Madam Chairman.

REAUTHORIZATION PROPOSAL

Senator MURRAY. Thank you, Senator Blunt. Let me follow up on that.

I mean, I think we all know we need to invest in our infrastructure, but we've got to find a way to pay for them. I understand you do not want to increase gas taxes in order to pay for your reauthorization proposal, but I think it really is important to understand the size of the problem, and I wondered, if you had done an estimate of how much we would have to increase gas taxes, for example, even though I know you oppose it, in order to pay for the 6-year reauthorization. Do we know what that number is?

Secretary LAHOOD. We are not in favor of raising the gas tax.

Senator MURRAY. I understand that. I'm just asking: If that was how we had to do it, what would it mean? I'm just trying to understand the problem.

Secretary LAHOOD. How much an increase would be?

Senator MURRAY. Yes.

Secretary LAHOOD. I haven't calculated that, Madam Chair.

Senator MURRAY. Okay. Another alternative that we've been hearing about is a tax on vehicle miles traveled (VMT). The State of Oregon has done a pilot on that. I know that you oppose that, as well. So tell us, what are the other revenue options that you do see to fill that small gap?

Secretary LAHOOD. Madam Chair, we want to work with the Congress on finding the path forward.

If I can just say this generally—this is about my own experience. I was elected in 1994. I served on the Transportation Committee for 6 years. When I came to the Congress, there was a deficit, and throughout the period that I served, we overcame the deficit and

were still able to do a lot of creative things. When I was on the Transportation Committee, we passed two bills with more than 380 votes in the House and more than 80 votes in the Senate. Transportation has always been bipartisan.

This goes to my point that I was trying to make earlier. We all can work on reducing the deficit, which is what the President wants to do and you all want to do, but we can also have transportation priorities. We did it during the 14 years that I served in the Congress on the Transportation and Appropriation Committee. It can be done. These things are not impossible to do. And I think—

Senator MURRAY. I would agree with you, but I think—

Secretary LAHOOD [continuing]. History has shown that we've done it. Other Congresses have done it.

Senator MURRAY. I agree with you. But I think we all need to be honest, that there has to be a way to pay for the—

Secretary LAHOOD. I agree with that.

Senator MURRAY [continuing]. Project. We can't keep saying that we can cut deficits and these projects will happen. We have to say how we're going to—we either have the budget we have and we have fewer projects and less infrastructure, or we say, "This is what we believe the Nation needs," and how we're going to pay for it. And I love how everybody says, "There's another idea." I want to see what those other ideas are. At some point, we've got to come to grips with that. And—

Secretary LAHOOD. We're ready to sit down and work with you.

Senator MURRAY. As long as it's not gas tax or vehicle miles traveled.

Secretary LAHOOD. That's correct.

Senator MURRAY. So, I was just asking, what are the other options, if those are off the table?

Secretary LAHOOD. We'll be happy to visit with you about that.

"UP-FRONT" \$50 BILLION

Senator MURRAY. Okay. Let's talk about your budget request. It did include some dramatic increases for DOT. And part of that increase was a \$50 billion one-time investment to boost the Nation's economy. There, as you know, is a lot of resistance to any idea of further so-called stimulus spending. Setting aside the additional \$50 billion, the President's budget does include some modest increases for highways and transits. But, there are real cuts to rail and aviation programs, in comparison to the levels that were enacted in 2010. For example, airport grants being cut by \$1 billion.

If the Congress cannot agree to the \$50 billion in stimulus spending, then how should we view these cuts to rail and aviation programs?

Secretary LAHOOD. Madam Chair, we think the \$50 billion up-front is a good investment. We don't really consider it an additional stimulus. I can give you the project list for the record. I mean, there's a long list of projects and areas that we would like to address to help really jumpstart our opportunity and continue progress that we have made with the stimulus. We think that this is a good way to continue the progress that we've made and keep things moving.

[The information follows:]

The fiscal year 2012 President's budget includes an "up-front" \$50 billion economic boost in transportation to rebuild and modernize America's roads, rails, transit, and runways for the long term. Investments in transportation lead to a well-functioning, mobile economy. Unfortunately, our investment in transportation has been lagging with what we need to keep our economy moving, and compete with other countries. Congested roads and airports result in \$90 billion in productivity and losses and wasted fuel. Perhaps the greatest cost of our crumbling infrastructure is the American lives lost every year on our highways.

As described in President Obama's Labor Day speech last year, this \$50 billion "up-front" economic boost will help to re-build America. These resources will be targeted toward projects that will quickly create American jobs here at home, while improving our transportation infrastructure for the next generation. The President envisions this up-front investment as the leading edge of the longer-term reauthorization plan. Typically surface transportation reauthorizations gradually increase funding over the life of the bill. This frontloaded plan is designed to give States and localities the confidence they need to be decisive about their investment plans and concentrate the impact of increased investment in the early years of the reauthorization.

The "up-front" \$50 billion economic boost will be for airport, highway, transit, and rail programs and distributed as shown below:

- \$25 Billion for Critical Highway Infrastructure.*—This funding will help fund critical highway and bridge improvements.
- \$450 Million for Transportation Infrastructure Finance and Innovation (TIFIA).*—This funding will help meet the growing demand for highway credit assistance to States.
- \$7.5 Billion for Transit State of Good Repair.*—This funding will help pay for capital asset renewal and replacement at local bus and rail transit systems nationwide with a focus on the oldest and largest systems with the greatest need.
- \$3 Billion for Urban and Rural Formula.*—This funding will support more than 1,300 local transit agencies nationwide with capital assistance, including routine maintenance, and limited operating assistance for certain small urban and rural systems.
- \$1 Billion for New Starts.*—This funding is for investment in new transit options to reduce congestion, decrease travel times, improve mobility, reduce energy consumption, and create more livable communities.
- \$3 Billion for Rail Network Development.*—This funding will help develop our high-speed rail network, with the ultimate goal to connect 80 percent of Americans to an efficient and viable passenger rail system over 25 years.
- \$2.5 Billion for Rail System Preservation and Renewal.*—This funding will allow Amtrak to make critical investments in its aging rail car fleet and bring all Amtrak stations into compliance with the Americans with Disabilities Act.
- \$3.1 Billion for Grants-in-Aid for Airports.*—This funding would be available for runway construction and other airport improvements such as Runway Safety Area improvement projects and noise mitigation projects.
- \$250 Million for the Federal Aviation Administration's (FAA) Facilities and Equipment.*—\$200 million of this funding will be available for NextGen for applied research, advance development, and implementation of engineering solutions for NextGen technologies, applications and procedures; and \$50 million will be available to make near-term improvements in FAA's infrastructure, including upgrading power systems and air traffic control centers and towers.
- \$2.2 Billion for Cross-Border Transportation.*—This funding will significantly improve the condition of land port of entry facilities that link directly to the transportation infrastructure at border crossing locations.
- \$2 Billion for a National Infrastructure Investments.*—This grant program, similar to the TIGER program, will provide grants to State and local governments and transit agencies for capital investments in the Nation's surface transportation infrastructure, including roads and highways, public transportation facilities, freight and passenger rail, and port infrastructure.

HIGH-SPEED RAIL

Senator MURRAY. Okay. I said, in my opening statement, I support the development of high-speed rail, and the benefits for both the movement of passengers and freight. I think it's very important. However, I also expect that an initiative that has received this much funding and support has to demonstrate results. That is exactly why this subcommittee did include language last year in

our appropriations bill requiring a national rail plan. The Department was required to submit that to us by September 15. We still haven't gotten it. And I think it's hurting some of the program's credibility, and strengthening the position of those who want to eliminate it. And I wanted to ask if you can tell me the status of that national rail plan.

Secretary LAHOOD. We are finalizing a plan that will connect 80 percent of the country over the next 25 years, at a cost of about \$500 billion. We will finalize that and make sure that you all see it.

Senator MURRAY. Any estimate of time on those yet?

Senator COLLINS. I think very soon.

Senator MURRAY. Okay. That's right along there with paying for the authorization, all right.

Senator MURRAY. Thank you, Mr. Secretary.

Senator Collins.

BUILD AMERICA BONDS

Senator COLLINS. Thank you, Madam Chairman.

I want to pick up on Senator Murray's questions about how we would fund the reauthorization. An idea that has been around for a few years, that was initially proposed by Senator Jim Talent and now is going to be introduced by Senator Ron Wyden, is to develop a new kind of bond that would be used to finance transportation projects.

Now, as with the gas tax, there are downsides to the bond proposal, because it increases our indebtedness at a time when the debt is already too high. I believe, however, that Senator Wyden is really looking at some sort of revenue bond, where there would be funding that could help offset the cost. I don't know whether he's talking about tolls or whether there are other—he, at one point, talked about everyone's favorite offset, which is customs user fees.

Have you taken a look at the bond proposal? And, if so, what do you think of it? I, for one, have not decided—

Secretary LAHOOD. Are you referring to the Build America Bond, Senator?

Senator COLLINS. Yes. The Build—

Secretary LAHOOD. Yes. We think that's a very good program. I don't know if it was a pilot or not, but the program has ended. A total of \$116 billion in Build America Bonds were issued. The President's budget has requested that the Build America Bonds be made permanent. We think it's a good way to fund significant projects. It's been a good program.

Senator COLLINS. Thank you. I should be more precise and say it's a variation of what the administration put in its budget.

But, I will get to your staff the language of the proposal of Senator Wyden. And I, for one, would be very interested in your analysis of it.

Secretary LAHOOD. This program is bipartisan. Senator Thune was a cosponsor of this bill and this program, and he supports it.

NEXTGEN

Senator COLLINS. Thank you.

I want to turn to another issue, and that is the problems that the Government Accountability Office (GAO) has found with NextGen for managing air traffic. GAO has been critical of the FAA's management of the program, and has pointed to budget and schedule delays that are affecting the implementation of NextGen systems. What is the status of this program? And, more specifically, what is FAA doing to respond to the criticisms that GAO has levied?

Secretary LAHOOD. NextGen is really about safety. It's about saving jet fuel. It's about guiding planes, safer and more directly, in and out of airports. It would require putting the technology in every terminal radar approach control in the country, and in every airplane in the country, also. We're making progress. Part of it has been implemented in the Gulf of Mexico and a couple of other places. We're going to continue our investments in this. The President is requesting \$1.2 billion for NextGen, which is an increase of \$369 million. We're committed to this.

With respect to the GAO report, what I would prefer to do is maybe answer that for the record, or come up and brief you all on that. I haven't looked at that lately.

We are committed to next-generation technology. We have to do this, for air safety, for saving jet fuel, and just because of the Northeast Corridor congestion and congestion at other airports. This will solve a lot of problems.

[The information follows:]

The Federal Aviation Administration (FAA) takes the Government Accountability Office's (GAO) concerns seriously and we continue to monitor the progress of the Next Generation Air Transportation System (NextGen). In response to the GAO report FAA has developed a draft set of NextGen outcome-based metrics through a cross-agency team, initiated joint FAA industry working group to confer and provide recommendations on NextGen performance outcomes, and established a NextGen Implementation Performance and Reporting Office to provide transparency on NextGen performance improvements via a dashboard. Official metric recommendations are expected from industry at the September 29, 2011 NextGen Advisory Council meeting. FAA will be briefing your staff shortly on these activities in response to the GAO report.

Senator COLLINS. Thank you.
Senator MURRAY. Senator Blunt.

HIGH-SPEED RAIL

Senator BLUNT. Mr. Secretary, on the rail expansion, does your Department have any ideas on how we might encourage the private-sector—

Secretary LAHOOD. Yes, sir.

Senator BLUNT [continuing]. Extension of the rails? And what would some of those be?

Secretary LAHOOD. There are about 8 or 10 foreign companies in America, right now, partnering with the States to build the train sets, to employ Americans, to take shuttered plants around the country and turn them into train manufacturing facilities. They're going to invest their money in American workers and build the train sets.

They have the expertise. The truth is we don't have very many experts in building train sets and infrastructure for high-speed rail, but companies from France, Germany, Japan, and China are in

America right now, partnering and looking for opportunities to open shop, hire American workers, and to begin to build the train sets.

Senator BLUNT. What about infrastructure for traditional rail?

Secretary LAHOOD. If you look at the TIGER program, which was \$1.5 billion that was provided in the stimulus, one-half of that money went to the class I freight rail systems so we could pay them to fix up their tracks, so then passenger rail could use those tracks to go higher speeds. We've had great partners with the class I freight rails.

Amtrak is a huge player in this, also. Amtrak will provide the service on many of these corridors. We're making investments with Amtrak in fixing up their tracks. The line from Chicago to St. Louis is a classic example. The money that went to Illinois and Missouri is being used to fix up the tracks to get these trains to higher speeds. That's the service being provided by Amtrak.

Senator BLUNT. Any discussion of tax credits or other things that would encourage the railroad companies to build additional track, additional infrastructure?

Secretary LAHOOD. We haven't really talked in terms of tax credits, but more in terms of partnering with these companies that are here and trying to leverage the private dollars that they want to invest.

Senator BLUNT. Okay. Thank you, Madam Chairman.

Senator MURRAY. Thank you.

I just have two more questions.

Secretary LAHOOD. Okay.

TITLE XI LOANS

Senator MURRAY. I wanted to ask you about the title XI loan guarantees for ship construction. That processing has now taken about 270 days. And as of last week, all the applications pending exceed that deadline by anywhere from 100 to 450 days. While some of these delays may be the fault of the applicants themselves, some are the Department, as well. The average time it takes to execute a contract to hire an independent external review of an application, that the applicant pays for, is 165 days. This shouldn't take more than 60 days. It really is unacceptable. Can I get you to look at this problem—

Secretary LAHOOD. Absolutely.

Senator MURRAY [continuing]. And get back to me about how we can—

Secretary LAHOOD. Absolutely. I'll look at it.

Senator MURRAY. Okay.

Secretary LAHOOD. And I'll report back.

[The information follows:]

The Maritime Administration (MARAD) is changing the process it currently uses to award external review contracts. This change should be fully implemented by the end of this year. The current process requires MARAD to procure independent financial advisors through a Federal Highway Administration solicitation. The new process will internalize the procurement within MARAD and reduce the number of steps required to award an external review contract eliminating many of the delays recently experienced.

FUEL PRICES

Senator MURRAY. I appreciate that.

I also wanted to just ask you about fuel prices. I know you follow this so you can make forecasts about air travel and HTF and all those things. I am concerned about the impact—today we're hearing a lot about it—I wanted to ask you where you see prices going, both near- and long-term, and what is the Department's role, here?

Secretary LAHOOD. We play a role, as a member of the President's Cabinet. We've already played a significant role over the last 2 years by working with the Environmental Protection Agency (EPA) to develop higher corporate average fuel economy (CAFE) standards, higher gasoline standards. By 2016, the standard will be 35 miles per gallon. Our people are working very hard with the EPA, beyond 2017, for another standard. We're working with a lot of different folks on that. That's where we can play a significant role on CAFE standards.

We're also working, as a part of the administration, with car companies on the electrification of cars, which I think is something that's obviously very significant. We're a part of a team at the White House that, like you and many others, is very concerned about high gasoline prices and the impact it'll have on the economy. The impact that it has on average, ordinary citizens—many of whom are out of work and can ill-afford a gallon of gasoline, let alone at \$4 or \$4.50 a gallon.

I can tell you, the administration is focusing like a laser beam. I was at the White House yesterday with some of my Cabinet colleagues, talking about this, trying to figure out what the best way forward is. The administration will be stepping up on this and providing the leadership.

Senator MURRAY. Good. I really appreciate that. It is deeply concerning to all of us—families, businesses. And as we head into the spring and summer months, it's going to—

Secretary LAHOOD. Absolutely.

Senator MURRAY [continuing]. Have an impact on our economy, as we're just starting to get out of this.

Secretary LAHOOD. Absolutely. Yes. I know full well that in Illinois, particularly Chicago, when the temperatures start to rise, then there has to be a different blend. In the past, that has only increased the cost of—

Senator MURRAY. Yes.

Secretary LAHOOD [continuing]. A gallon of gasoline.

So, all of these things are being weighed very heavily and discussed around the clock at the White House.

Senator MURRAY. Okay. I very much appreciate that.

ADDITIONAL COMMITTEE QUESTIONS

With that, I remind all of my colleagues that we will be leaving the hearing record open for an additional week for any additional questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

COMMERCIAL VEHICLE INFORMATION SYSTEM NETWORK

Question. This past summer the subcommittee was notified of potential Anti-Deficiency Act violations in the Federal Motor Carrier Safety Administration's (FMCSA) management of the Commercial Vehicle Information Systems Network (CVISN) program. This subcommittee asked the Government Accountability Office (GAO) to conduct an audit, and they found compliance issues dating as far back as 1998. While these problems developed long before your tenure, the subcommittee has been waiting for the Department of Transportation's (DOT) audit findings since last October. Mr. Secretary, when will you be able to provide your findings and conclusions to the subcommittee? What corrective actions has the Department taken and what issues still need to be addressed?

Answer. The Department has determined that FMCSA violated the Anti-Deficiency Act when it obligated funds in excess of the statutory limitations as defined by section 4126 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. The Department has concurred on the May 5, 2011, GAO audit, which describes FMCSA's Anti-Deficiency Act violations. The Department is working closely with FMCSA to complete its report to the Congress and GAO on these violations. We expect the report to be completed shortly.

FMCSA has undertaken the following corrective actions. First, FMCSA immediately realigned the responsibility for administrative CVISN grant functions from the agency's Office of Analysis, Research and Technology, which oversees agency research and data analysis, to the State Programs Division, Office of Safety Programs, under the Associate Administrator for Enforcement and Program Delivery, whose primary functions involve State and local grants management. As a result, as of June 2010, administrative responsibility for all of the agency's 11 grants programs resides within the Office of Safety Programs. This realignment has improved coordination across all agency grant programs and significantly improved consistency and compliance with the agency's grant management policies and procedures. The technical programmatic oversight of the CVISN grant program will remain with the Technology Division in the Office of Analysis, Research and Technology, where the technical program expertise still resides.

Second, FMCSA is implementing Grant Solutions, a Governmentwide grants management system and support service. Grant Solutions incorporates all grant life cycle processes both for awarding-agencies and recipients, and provides postaward reporting mechanisms. Grant Solutions is used widely across the Government, including within the various DOT modes. The use of Grant Solutions allowed FMCSA to formally develop grant process workflows, standardize grant agreements and amendments, and allow for more efficient financial tracking.

Third, FMCSA has revised its grants manual which sets forth policy on all grant administration activities and provides FMCSA with a general and uniform set of minimum procedures for soliciting, reviewing, awarding, managing, and closing out grants. This manual provides direction to ensure the consistent implementation of legislation, regulations, Office of Management and Budget regulations and circulars, Executive orders, and departmental and FMCSA policies and procedures related to financial assistance. FMCSA is also continuing to develop individual training plans for each position that has a role and responsibility in the grant management life cycle.

TRANSPORTATION OF HAZARDOUS MATERIALS

Question. In 2010, the inspector general conducted an investigation into the Pipeline and Hazardous Materials Safety Agency (PHMSA) Special Permits and Approvals program. The inspector general found such troubling management issues that he was compelled to issue not one, but two special management advisories. The agency is now granting special permits to an actual company rather than a trade association, as well as conducting the required safety fitness evaluations. These actions, in addition to growth in the industry, have caused a quadrupling of applications from 13,000 in an entire year to 13,000 in just one-quarter. How have you addressed the inspector general recommendations?

Answer. On February 4, 2011, PHMSA closed all open inspector general recommendations issued to the Office of Hazardous Materials Safety Approvals and Permits Division. PHMSA accomplished this by developing and executing action plans that included deliverables such as:

- clarifying that special permits and approvals are only granted to companies who are members of associations;
- improving our data management and stewardship;

- building analytical capability to better assess risks of hazmat in transportation;
- investing in training;
- acquiring tools needed to enhance productivity;
- reengineering business processes; and
- modernizing our information system.

Implementing these process improvements has allowed PHMSA to process more than 5,600 explosive approval applications in fiscal year 2010–2011, which has virtually eliminated the backlog and reduced the total applications in queue from 2,000 in January 2010 to 300 as of September 2011.

Likewise, PHMSA has processed more than 26,000 fireworks approval applications in fiscal year 2010 to fiscal year 2011, and reduced the backlog from 1,117 in April 2010 to 65 in September 2011. PHMSA continues to strive to reduce the backlog of special permits, which is due largely to the implementation of a necessary Safety Equivalency Evaluation Recovery program, which entailed reviewing existing safety justifications for more than 1,350 active special permits. PHMSA completed the Safety Equivalency Recovery Plan in September 2011 and even though the number of special permit applications received almost doubled from 2009 to 2010 and has remained at a high level, the number of special permits in queue has been reduced from 2,449 on January 2011 to 769 on September 2011. Other actions include modernizing our information system to streamline application processing and incorporating widely used special permits with a proven safety record into the Hazardous Materials Regulations.

Question. How does your budget proposal support the agency's ability to effectively manage the safe transportation of hazardous materials in this country?

Answer. PHMSA administers a comprehensive, nationwide program designed to protect the public from the risks to life, health, property, and the environment inherent in the commercial transportation of hazmat by air, rail, vessel, and highway. Hazardous Materials Safety achieves its goals through:

- evaluating hazmat transportation safety risks;
- developing and enforcing standards for transporting hazmat;
- providing compliance assistance to hazmat shippers and carriers;
- offering assistance to State and local emergency responders and law enforcement officials on hazmat transportation issues;
- investigating hazmat incidents and failures;
- conducting research; and
- providing grants to improve emergency response to incidents.

PHMSA's fiscal year 2012 budget addresses specific program enhancements. PHMSA plans to:

- Improve hazardous material data collection, analysis, and reporting; technical assessments; and research and development to strengthen decisionmaking capabilities when setting domestic and international hazmat transportation safety standards;
- Enforce the hazmat transportation safety standards and improve enforcement through a training program;
- Provide safety and compliance assistance to the hazmat safety community; and
- Enhance the special permit and approvals program and permit the Secretary to collect fees for processing and enforcement of special permits and approvals.

UNSECURED LOADS

Question. Washington has been a leader in passing legislation that would require secured cargo loads on personal vehicles. What is DOT doing, if anything, with regards to raising awareness of the hazards of unsecured loads on our highways? Does the Department record and track data related to secured loads?

Answer. While the National Highway Traffic Safety Administration collects limited data on the issue of fatalities attributed to falling/shifting cargo, we have not developed an awareness program for that specific issue.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

OBLIGATION OF FUNDS FOR CALIFORNIA PROJECTS

Question. As of today, there is close to \$1 billion in funding for California projects that has yet to be obligated. This includes three Transportation Investment Generating Economic Recovery (TIGER) II projects, three Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) II projects, and 26 high-speed and intercity rail projects. Some of these were awarded as early as January 2010 and have yet to begin construction.

What is the reason for the delay in obligating the funds for these projects?
Answer.

TIGGER II

All three of the TIGGER II projects have been obligated and the funds have been awarded.

Foothill Transit—Fast-Charge Electric Transit Bus Project, Line 291

The project is for the purchase and deployment of fast charge electric buses for revenue service. The \$10.1 million grant was awarded in August 2011.

Alameda-Contra Costa Transit District—Sustainable Energy Supply

The project is for the development and deployment of fuel cell bus technology for revenue service. The \$6 million grant was awarded in June 2011.

Mendocino Transit Authority—Solar Canopies

The project is for the design and construction of a solar cell canopy to reduce energy consumption and emissions through the use of solar energy. The \$470,000 grant was awarded in September 2011.

TIGGER II

Los Angeles County—Crenshaw /LAX Light Rail Project

The Crenshaw/LAX project is an 8.5-mile light-rail transit line with a budget of \$1.715 billion (year of expenditure), and TIGGER II assistance of \$20 million to support the subsidy cost of a \$545.9 million TIGGER Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. As such, the environmental effort for such a project is significant and time consuming. The project sponsor, the Los Angeles County Metropolitan Transportation Authority (LACMTA) recently submitted the administrative Final Environmental Impact Statement for Federal Transit Administration review, with a Record of Decision expected in the September/October 2011 timeframe.

Preliminary engineering work is underway and the final design effort will begin later this year. Construction will begin in December 2012, pursuant to the award of design-build contract to be advertised in January 2012. The memorandum of understanding for the TIGGER II funding is expected to be executed in December 2011.

LACMTA has delayed submission of a TIFIA loan application until the environmental milestones are complete. The TIFIA Office expects to receive an application from the project sponsor in October 2011. Once an application is received, it typically takes 6–9 months to evaluate the project's financial feasibility and negotiate a credit agreement. The TIFIA loan will not be obligated until the credit agreement is ready to execute. At that time, the subsidy cost of the credit facility (the TIGGER II funds) will be finalized and obligated.

San Mateo County—Grand Boulevard Initiative: Removing Barriers to Sustainable Communities

The San Mateo Planning Project Grant (CA-79-1000) from the TIGGER II program was awarded March 10, 2011, and executed March 14, 2011.

East Bay Regional Park District

The East Bay Regional Park District received \$10.2 million under the TIGGER II program from FHWA for the East Bay Green Transportation Initiative. The TIGGER II funds are assisting a series of six separate project elements. Under phase 1 of the TIGGER II Grant Agreement TIGGER funding is being used to complete the environmental review and engineering for two projects. In phase 2, it is anticipated that construction will be completed on five of the project elements. Currently, FHWA has obligated the entire phase 1 base amount of \$1,100,000 for costs associated with environmental review and preliminary engineering for the Iron Horse Trail and San Francisco Bay Trail. Work is progressing on both of these project elements. FHWA anticipates making additional obligations during fall 2011 for the Alamo Canal Trail (\$1.3 million) and possibly the Hercules Intermodal Station (\$1.8 million). FHWA anticipates obligating the balance of TIGGER II funds in 2012 as the remaining project elements complete the environmental and engineering processes. FHWA is continuing to work closely with the East Bay Regional Park District and Caltrans to ensure the project remains on track and all parties give the project a high level of attention and focus on rapidly advancing the various elements.

San Bernardino Airport Access Project

The city of Highland received \$10 million under the TIGGER II program from FHWA for the San Bernardino Airport Access project. The purpose of the project

is to expand roadway capacity to provide safe, direct, and efficient highway access on State route 210 and Del Rosa Drive to the new San Bernardino International Airport. None of the funds have been obligated yet, because the grantee is working on complying with planning and design requirements, as well as completing required the National Environmental Policy Act of 1969 (NEPA) analyses. FHWA anticipates that the grantee will be ready to obligate a portion of the funds for final design work in fall 2011 and the remainder of the funds for construction by September 2012. FHWA continues to work closely with the city and Caltrans to ensure that the project remains on schedule.

High-Speed and Intercity Rail Projects

As of September 2011, the Federal Railroad Administration (FRA) has obligated more than \$3.2 billion of the \$4.2 billion in high-speed intercity passenger rail (HSIPR) funding allocated to California for projects throughout the State, including California's High-Speed Rail project.

Most recently, three projects were obligated:

- \$16 million in fiscal year 2010 HSIPR funding to the California High-Speed Rail Authority (CHSRA) that will support safety and scheduling improvements on the heavily traveled San Francisco to San Jose corridor;
- \$1.7 million in American Recovery and Reinvestment Act of 2009 (ARRA) funding for Caltrans to construct maintenance of way spurs extending the hours of intercity passenger rail service on Southern California Regional Rail Authority's Orange Subdivision; and
- \$1.5 million in fiscal year 2010 funding for Caltrans to prepare its State Rail Plan.

We have prioritized obligations with the assistance of our grantees in conjunction with their local agencies and are actively working to obligate the remaining grant funds to California.

Question. Is there anything that Senators can do to hasten the obligation of these projects in their States?

Answer. As of September 2011, the FRA has obligated more than \$3.27 billion for 18 projects of the \$4.2 billion in High-Speed Intercity Passenger Rail (HSIPR) funding allocated to California, including California's High-Speed Rail project. FRA will keep the Senator and California delegation apprised of progress and address issues needing attention when appropriate.

- Good progress is being made with several recent obligations totaling \$179 million, including:
 - \$86.4 million in ARRA funding to CHSRA to support the Central Valley project, extending the current 110-mile segment an additional 20 miles to Merced and Bakersfield;
 - \$68 million in ARRA funding to Caltrans for new trains servicing intercity routes, which is part of a multi-State procurement between California, Michigan, Iowa, Illinois, Missouri, and Washington State to pool resources and maximize the purchase of next-generation American-made trains; and
 - \$24.9 million in fiscal year 2009 HSIPR funding to Caltrans to install positive train control (PTC) between San Onofre and San Diego.
- Of the 14 remaining projects, most are nearing final obligation. There are:
 - 8 preliminary engineering (PE)/NEPA projects for \$28.7 million;
 - 3 planning projects for \$2 million;
 - 1 final design/construction project for \$4.6 million; and
 - 2 large corridor programs for \$928.6 million.

The attached chart describes these projects in more detail.

California high-speed rail projects	Project status
<p>PE/NEPA projects:</p> <ul style="list-style-type: none"> Pacific Surfliner: PE/NEPA for Double Track Raymer-Bernson: PE/NEPA for Double Track, Grade Crossings, New Bridges, New Platform. Pacific Surfliner: PE/NEPA for Double Track, Curve Realignments. Van Nuys Boulevard: PE/NEPA for Bridge Widening, New Platform, System Improvements. Del Mar: PE/NEPA for Second Track, Bridge, Signal Improvements. Seacliff: PE/NEPA for Track Realignment, Siding Extension. 	<p>FRA is working with Caltrans to revise language in the statements of work. Once these revisions are agreed to and approved, FRA anticipates immediately obligating remaining funding.</p>
<p>Planning projects:</p> <ul style="list-style-type: none"> Los Angeles-San Luis Obispo Corridor Plan Bakersfield-Oakland-Sacramento (San Joaquin) Corridor Plan. Los Angeles-San Francisco Corridor Plan. 	
<p>PE/NEPA projects:</p> <ul style="list-style-type: none"> San Diego: PE/NEPA for Double Track Oceanside: PE/NEPA for Bridge Replacement with Double Track. 	<p>Caltrans and San Diego Association of Governments are resolving issues and making revisions to their scopes of work. If these scope issues delay obligations, FRA will reach out to Senator Feinstein and the California congressional delegation.</p>
<p>Construction project: Capitol Corridor—Yolo West Crossover.</p>	<p>Caltrans and Union Pacific are continuing to work toward reaching an agreement in the near term. Should these negotiations not prove productive, FRA will reach out to Senator Feinstein and the California congressional delegation.</p>
<p>Central Valley projects:</p> <ul style="list-style-type: none"> Initial Central Valley Construction Project-Extension to Merced Station and Bakersfield Station. Central Valley HSR: Fresno-Bakersfield or Merced-Fresno. 	<p>As required by law, FRA is working collaboratively with California to develop a business and public investment case. CHSRA is providing revised figures for its updated business plan to the California legislature in October, once FRA has received and incorporated the revised numbers, the business and public investment case can be finalized and reported to the Congress for the necessary 30 days before moving to obligation.</p>

CALIFORNIA HIGH-SPEED RAIL

Question. I am very grateful for the Department of Transportation’s (DOT) continued support and investment in California’s high-speed rail project. As you know, this is a very ambitious project for our State, one which has an immense amount of support—but also has several issues to resolve in order to reach success.

Would you be willing to designate a high-level official in your personal office to oversee high-speed rail projects?

Answer. The FRA Administrator and Deputy Administrator have been intimately involved in the establishment and implementation as well as engaged in the selection, obligation and oversight of FRA’s high-speed rail (HSR) projects. The DOT Deputy Secretary and his leadership staff are also briefed and involved on a regular basis with the high-speed rail program. DOT is committed to the awarded projects and will work with California to ensure success.

POSITIVE TRAIN CONTROL IMPLEMENTATION

Question. In November 2010, DOT announced that seven projects were awarded funds from the Rail Safety Technology Grant Program. A majority of the funds went to PTC technology development rather than to transit agencies to implement these systems.

Why didn’t the Department request any funds for fiscal year 2012?

Answer. The President’s budget for fiscal year 2012 requested \$50 million for railroad safety technology grants within the Network Development appropriation and specifically under the program, Capacity Building and Transition Assistance. FRA believes this level of funding will help identify common issues and solutions that

will facilitate the national deployment of PTC. The funding will also help resolve critical hardware and software issues associated with PTC development, implementation, and deployment across multiple railroads, including commuter rail providers. These common issues include interoperability in a high-speed rail environment, limited shared communications in a single high-density infrastructure, security and identity management standards, and a rapid and reliable track database verification system.

Question. Do you believe rail operators are on track to meet the deadline of December 31, 2015, without Federal assistance?

Answer. All railroads subject to the statutory mandate have presented plans to FRA for complying with the December 31, 2015, deadline. However, these plans provide little or no margin for delays due to technical issues that might emerge during deployment. For example, FRA has identified emergent issues associated with communications and spectrum availability where Federal assistance is appropriate. FRA has used Railroad Safety Technology Grant Program funding and is working with the Federal Communications Commission to aid in resolution of these issues.

Question. If we are going to subsidize the developers of the technology, shouldn't we also support the transit agencies that are mandated by the Congress to purchase the technology?

Answer. The statutory mandate creates a challenge for already financially strapped transit agencies. Recognizing this challenge and the limited Federal funding available, FRA is devoting its resources to resolving development, implementation, and deployment issues that confront multiple railroads, including commuter rail providers. This focus will provide benefits beyond any single railroad or transit agency.

GOODS MOVEMENT

Question. More than 40 percent of all containerized goods in the United States travel through southern California. Due in part to Goods Movement, the Los Angeles basin has suffered from poor air quality and massive congestion. Imports and Exports traffic is expected to increase in places like California, Washington, Texas, Louisiana, New York, and Florida for the foreseeable future.

Is there a strategy in place to handle increased container traffic in the coming years?

Answer. In the fiscal year 2012 budget, DOT has proposed robust investments in transportation infrastructure that would include a major focus on freight transportation. This proposal includes a National Infrastructure Bank (NIB) that could focus freight-related infrastructure investment funding on areas of national significance (for example, on investments to facilitate increases in container traffic through U.S. ports). By making strategic investments in ports and goods movement surface transportation infrastructure, the Department believes that we can improve the competitiveness of the U.S. economy while minimizing the congestion and adverse environmental impacts of any projected increases in container traffic.

The Department currently has a study underway that will quantify the anticipated changes in international and domestic freight flows expected to result from the expansion of the Panama Canal (which will be completed in 2014). The findings of this study will provide guidance in making future investments in freight transportation.

In the past 2 years, significant portions of the discretionary TIGER grant program have been directed to investments in freight facilities, including improvements to ports, highways, and railroads that handle import and export traffic.

Question. Do you believe a National Goods Movement Policy is necessary given the current congestion and health issues that affect many parts of the country?

Answer. The President's budget proposal for DOT included creation of an Office of Freight Policy within the Office of the Secretary, to coordinate freight policy across the Department's modal administrations. We believe that a coordinated, intermodal freight policy will be essential in the future to guide investments in freight infrastructure and assure efficient operation of the Nation's intermodal freight system.

As a step toward the goal of a national freight policy, the Department is in discussions with the U.S. Army Corps of Engineers to develop a process for aligning their dredging program and other waterway projects with DOT activities, with the aim of developing a coordinated policy for Federal investment in marine transportation.

NATIONAL INFRASTRUCTURE BANK

Question. The mandate of a NIB appears to overlap with the efforts of other existing programs, such as State infrastructure banks and TIFIA and Railroad Rehabili-

tation and Improvement Financing (RRIF) loan programs. What is the justification for creating a new entity? Why not expand existing programs or alter the mandates for programs already in existence? Do you see these programs co-existing?

Answer. The primary objective of the NIB will be to invest in infrastructure projects that significantly enhance the economic competitiveness of the United States or a region thereof by increasing or otherwise improving economic output, productivity, or competitive commercial advantage. The NIB will leverage Federal dollars and focus on investments of national and regional significance that often fall through the cracks in the traditional transportation programs.

Creating the NIB as a new entity within the Department will encourage multi-modal approaches to the transportation infrastructure problems currently facing the Nation. A multi-agency Investment Council will help guide the investment decisions of the NIB and target critical projects that existing funding sources organized by mode can often fail to finance. Increasing the economic competitiveness of the Nation is such a compelling objective for transportation and this proposed bank with its unique ability to invest in the full range of transportation infrastructure options—highway, transit, rail, aviation, and port facilities—can support solutions that no other program at the Department can offer.

Credit assistance under the TIFIA program would cease within 2 years of the enactment of legislation to create the NIB. All credit instruments of the TIFIA program would be transferred to the NIB within 3 years. The RRIF program would continue to be administered by FRA. RRIF loans would not be transferred to the NIB.

QUESTIONS SUBMITTED BY SENATOR MARK PRYOR

MAINTENANCE OF HIGHWAY INFRASTRUCTURE

Question. In Arkansas, we have I-49 and I-69 and other high-priority corridors that are in need of major upgrades, but the existing formula funds are inadequate to make the needed investment while continuing to maintain existing infrastructure.

Is the administration doing enough to invest in future highway and interstate corridors?

Answer. Yes. In his State of the Union address, President Obama said that, “To win the future, we have to out-innovate, out-educate and out-build the rest of the world, tapping the creativity and imagination of our people.” Consistent with this policy, the President’s budget called for a 6-year investment of \$336 billion in highways, 48 percent higher than the previously authorized level. In addition, the President’s budget proposed funding of \$30 billion over 6 years for the establishment of a National Infrastructure Bank (NIB) to finance projects of national or regional significance. For fiscal year 2012, the President’s budget also proposed funding of \$2 billion for the continuation of the National Infrastructure Investments program, commonly referred to as Transportation Investment Generating Economic Recovery (TIGER) grants. The increased funding levels for the Highways program, TIGER grants and the creation of the NIB will provide multiple opportunities for investment in the arterial highways that connect Americans and support commerce.

Question. How do you propose we build out these future corridors of interstates and highways?

Answer. As described above, the administration supports increased investment in critical infrastructure through a 48-percent increase in highway authorizations over 6 years, the creation of a NIB, and the continuation of the TIGER grant program. We also believe that better planning, including freight and corridor planning, will serve to identify the best ways to address specific transportation needs. The administration has also proposed consolidating more than 55 programs into five streamlined program areas with investment decisions driven by performance rather than narrow categorical niches. We believe that the administration’s proposal provides options for addressing interstate corridor needs.

Is this administration focused enough on roads and bridges?

Answer. Yes, the administration recognizes the value of our transportation infrastructure and the need to invest in it. The 48-percent increase we propose for highway authorizations, the creation of a NIB, the continuation of the TIGER grant program, and our emphasis on planning and performance are good indications of our focus on roads and bridges. We’re also focused on delivering highway projects efficiently. Under its Every Day Counts Initiative, the Federal Highway Administration is challenging States to make use of the new technologies that make our roads and bridges stronger and safer and allow those projects to be delivered faster.

CROSS-BORDER TRUCKING PILOT PROGRAM

Question. I understand that the administration is refocusing efforts to restart the cross-border trucking pilot program between the United States and Mexico. I remain concerned about this program, and I hope you will work closely with this subcommittee and other relevant Committees if you are indeed moving forward with such a proposal. Following the recent news of a Federal Motor Carrier Safety Administration (FMCSA) inspector in Canada taking tens of thousands of dollars in bribes, I'm especially concerned about the potential for corruption of FMCSA agents tasked with doing inspections in Mexico.

How can you assure us that such corruption would not take place?

Answer. FMCSA can assure the subcommittee that we will remain vigilant and ask our employees to remain vigilant to identify potential corruption and create a culture in which this behavior is not tolerated in any form or manner. Efforts by FMCSA to fight corruption include our "See something—say something" campaign. All employees were advised in writing of the obligation to report any suspected criminal behavior to the Department's Office of the Inspector General (OIG) and provided the OIG hotline number for their use if necessary. FMCSA recently held meetings with all staff and stressed integrity and individual accountability. This staff training was in addition to annual ethics training provided by the agency's Office of the Chief Counsel. In addition, all investigators are being re-credentialed. This involves updating background checks for each investigator who has not had one in 5 years. Finally, to address these considerations and further improve FMCSA's efforts in this area, FMCSA will be meeting with the Customs and Border Patrol to complete benchmarking and lessons learned in this area.

Question. What is the status of this pilot program?

Answer. On July 6, 2011, Secretary LaHood joined Mexico's Secretary of Communications and Transportation in signing documents that specify the details of a new cross-border, long-haul trucking pilot program. FMCSA received more than 2,000 comments from its notice describing the proposed pilot program. The Department of Transportation has completed the public notice and comment period and the final proposal was posted in the Federal Register on July 8, 2011.

Question. Why, under this program, is the United States proposing to pay for the electronic on-board recorders to be used by Mexican carriers?

Answer. Following the termination of the previous pilot program, Secretary LaHood met with more than 30 Members of Congress and other stakeholders to hear their concerns about the safety of that program. During these visits he consistently heard concerns that the United States needed to be able to determine how many hours a Mexican driver had already been working when he or she arrived at the United States border. He also heard concerns about Mexican drivers taking United States jobs by illegally engaging in cabotage (movement of goods from place to place within the United States).

Electronic monitoring devices will allow FMCSA and State inspectors visibility into the hours a Mexican driver is working, not only in the United States, but also while he or she is operating a commercial motor vehicle in Mexico. The devices will allow FMCSA to monitor the operations of the Mexican companies to ensure they do not engage in cabotage. Finally, they will provide critical data about the miles traveled by the pilot program trucks while they are operating in the United States. This will allow FMCSA to evaluate the safety of the program as required under the North American Free Trade Agreement. For all of these reasons, electronic monitoring devices are vital tools in ensuring the safety of Mexican trucks in this program and success of the overall program.

FMCSA is proposing to pay for the electronic monitoring devices because:

- These devices are not currently required for trucks in the United States. The Mexican Government would not accept an agreement that put Mexican carriers at a disadvantage to United States carriers by requiring a piece of expensive equipment not required for United States carriers; and

- By owning the devices, FMCSA will own the data produced and be able to conduct on-going monitoring of the vehicles in the program. This on-going monitoring would not be possible if the devices were owned by the Mexican carriers.

FMCSA would only be able to view the data when conducting reviews of the carriers' compliance.

It should be noted that since the equipment will be owned by the United States, we will have the devices removed from the trucks at the end of the pilot program. In addition, if the proposed rule requiring electronic on-board recorders (EOBRs) for all United States trucks becomes effective or if a Mexican carrier is required to install EOBRs under a remedial directive under current FMCSA regulations, the Mexican carrier will be required to obtain its own EOBRs to comply with those reg-

ulations. At no point will equipment purchased by FMCSA be used to comply with a regulation requiring EOBRs.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

REGIONAL TRANSPORTATION AUTHORITY

Question. As you are aware, the Regional Transportation Authority (RTA) is the third-largest public transportation system in North America, and provides the financial and budget oversight of the Chicago area's three service boards—Metra, Pace, and the Chicago Transit Authority. Earlier this year, there was a proposal in the State capital to change how the RTA chair is selected. Under current State law, the RTA board selects its chair. This ensures that the chair best represents the communities RTA serves. The proposal that was introduced would change how the RTA chair is selected, taking that power away from the board and giving it to the Governor—nothing short of the politicization of the RTA.

Would you agree with me that the RTA and all transit authorities are best served by keeping politics out of their management?

If you haven't had a chance to meet him yet, I'd strongly recommend you chat with the current RTA Chair John Gates.

Answer. The Federal Transit Administration (FTA) works with a large variety of public transportation systems across the United States, many of which have leaders that are chosen through a political process. While FTA is involved in the planning, financing, and oversight of the public transportation systems receiving Federal funds, it does not get involved with the governance of those systems. As such, FTA does not have a position on the State of Illinois' proposed changes to the selection process for the RTA chair.

METRA NEW STARTS

Question. What is the current status of Metra's UP-Northwest and UP-West new start projects? My understanding is that FTA may have expressed concerns about the proposed financial plan associated with both new start projects. Please provide details on FTA's concerns with those projects, if any.

Answer. In April 2010, Metra submitted a financial plan to FTA for its two proposed Union Pacific commuter rail upgrade projects. Because funding for the New Starts program is very competitive and funding is limited, FTA informed Metra that it needed to reduce the requested New Starts shares (the percent of the project covered by New Starts funding) for the projects to make them more competitive for funding. FTA also informed Metra of several financial plan deficiencies that needed to be addressed before FTA could approve the projects into the New Starts program. These included providing sufficient information to FTA on revenues and expenses related to ongoing rehabilitation and replacement of the existing system, projecting growth rates for tax revenue sources more similar to historical growth rates, and addressing State funding uncertainties. Metra reported to FTA in summer 2010 and again in summer 2011 that the two projects are on hold until December 2011 at the earliest.

METRICS

Question. In the President's fiscal year 2012 request, \$5 billion is requested for a NIB that will provide grants and loans to leverage transportation dollars for individual projects. We are currently operating in an environment without earmarks, making the need for transparency in executive investment even more crucial.

What metrics and analysis will the Department of Transportation (DOT) use to determine project eligibility for NIB financing?

Answer. The NIB will assign to each eligible application a single numerical factor on the basis of an evaluation of the information and data collected either from the applicant or otherwise in the course of due diligence on the application. This factor would be the application's qualification score and would represent the NIB's primary estimate of the present value of net benefits most likely to result from the funding of the project or projects as proposed in the application. In order to indicate the potential for uncertainty in estimating the qualification score, the NIB would also estimate a range for the present value of the application's net benefits. The calculation of the qualification score and associated range would be determined through a consistently applied analytic and systematic framework. The methodology of that framework, including the specific mechanics of data inputs and calculations, would be published in an investment prospectus. The qualification score and range would be shared with the applicant and published on the NIB's Web site.

The methodology used to calculate the qualification score and range will apply equal weighting to equal monetary values of all categories of benefits and costs used to calculate the present value of net benefits; use standardized measures of the expected uncertainty in total net benefits for the project to define the range, and include standardized measures of the expected uncertainty in specific benefits and costs associated with the project; and include a descriptive statement delineating the significant factors and analysis that went into determination of the score and the range.

Question. Will regional considerations be given for projects, meaning will DOT address projects located only in urbanized areas?

Answer. The President's fiscal year 2012 budget states that the National Infrastructure Bank (NIB) would invest in projects of "national and regional significance." Projects located entirely in a rural area must exceed \$10 million to be eligible for funding, compared to a figure of \$50 million for projects in urbanized areas.

We believe that rural projects would compete well for grant and loan funding under a NIB, as they did under the Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant program, which required cost-benefit analysis for rural and urban projects.

Question. With regard to the Transportation Leadership Awards, which would be the equivalent of the Department of Education's Race to the Top Initiative, what metrics or analysis will you use to base the awarding of grants? What are the performance outcome criteria that you will use?

Answer. The Transportation Leadership Award (TLA) program is a multimodal, multiyear competitive grant program designed to spur major reform in the way States and metropolitan regions make transportation policy and investments, and encourage new and innovative solutions to transportation challenges. Under the TLA program, funding will be awarded to applicants that have adopted or implemented best practices in transportation planning, finance, delivery, and operation. Examples of best practices include:

- Commitment to a variety of sustainable and innovative non-Federal sources of transportation funding that provides flexibility to make investments across all modes;
- Analytical tools in the investment decisionmaking process;
- Practices that increase the efficient use of system capacity and reduce the need to invest in new highway capacity;
- Technologies and training to improve the condition and performance of transportation networks;
- Adoption of laws, rules, and regulations, and a commitment of resources toward practices that reduce transportation-related fatalities and injuries, improve air quality, reduce greenhouse gas emissions, enhance community quality of life, and expand transportation choices;
- Integration of transportation planning and investment decisions with other land-use and economic development decisions;
- Collection and use of data in longitudinal analyses of investment performance and return on investment; and
- Performance-based distribution process for the allocation of a significant portion of non-Federal funds and Federal transportation formula funds under the control of the applicant.

The TLA program includes two types of grants. The first, and largest, type is designed to fund a program of projects that is intended to address cross-cutting performance needs. The program of projects must:

- Include the priorities of metropolitan planning organizations within the applicant's jurisdiction as identified in their transportation improvement programs;
- Demonstrate superior return on investment and competitive value for taxpayer money by means of a benefit-cost analysis of alternatives;
- Be developed through a multimodal, performance-based, and comprehensive transportation planning process that includes linkages to housing, economic development, environment, land use, and other infrastructure investment planning and investment, and with strong, interactive public input and awareness; and
- Further transportation policy best practices and reform initiatives.

The second type, known as a managing performance grant, is designed to fund initiatives that help communities build up the technical and organizational capacity to needed develop and undertake the transformative changes in transportation planning, management, investment, and project delivery that will enable them to qualify for TLAs. Typical initiatives that could be funded under this grant include:

- Data collection, storage, and analysis systems;
- Advanced transportation modeling, simulation, and analysis; and

- Staff training to utilize new, more advanced systems and departmental reorganization to support implementation of best practices.
- Applications submitted for funding consideration under the TLA program will be evaluated based on the extent to which it:
- Promotes national transportation priorities, including:
 - Reducing transportation fatalities and injuries;
 - Strengthening economic competitiveness, including improvement to goods movement and encouragement of reuse of underutilized developed land;
 - Improving the state of repair of the transportation system;
 - Improving asset performance by reducing congestion through demand management strategies, particularly strategies that curb demand for single occupancy vehicle travel; and
 - Supporting environmental sustainability by reducing air emissions and water pollution, improving or protecting aquatic resources, and protecting sensitive lands.
 - Provides for a multimodal approach to solving transportation challenges.
 - Demonstrates the progress made through earlier grant awards, for applicant that are awarded funding in previous rounds of TLA grant-making.

HIGH-SPEED RAIL

Question. We've seemed to work out a model for private-public partnerships on the highway side—the Chicago Skyway and the Indiana Toll Road being good examples. What is DOT and the Federal Railroad Administration doing to incentivize private capital to get involved on the rail side?

Answer. While significant Federal investment is necessary in the early years to demonstrate a national commitment to passenger rail, build institutional capacity, and initiate multi-year and multi-State projects, the National High Performance Rail System (NHPRS) will succeed only if States, regional entities, and the private sector all have vital roles in planning, developing, financing, and operating these services. Private partners have been and will continue to be instrumental in developing the system, from partnerships with freight railroads, to designing and constructing high-speed rail infrastructure, to operating the services.

The fiscal year 2012 budget request encourages innovation in project delivery, such as the use of public-private partnerships, to assist with project financing, delivery, and risk-management of high-speed rail projects. The proposal also promotes more direct and substantial private sector participation in developing and operating high-speed rail by making private entities eligible for targeted financial assistance, provided that their project proposals are consistent with State and regional passenger rail plans. In addition, it provides dedicated resources to support private-sector capacity building in the field of rail transportation, as the rail industry grows to accommodate future expansion.

The fiscal year 2012 proposal expands partnerships with rail manufacturers and suppliers by investing in new equipment and overhauling existing equipment. The establishment of a strong Federal partner with a stable and predictable source of financing will allow manufacturers and industry to invest in expansion, new facilities, and new employees. With explicit Buy America provisions included, the fiscal year 2012 proposal provides U.S. manufacturers and equipment builders opportunities in high-speed and intercity passenger rail.

SUBCOMMITTEE RECESS

Senator MURRAY. And for now, this hearing is recessed until Thursday, March 31, at 9:30 a.m., at which time we'll hear testimony from Commissioner David Stevens on the fiscal year 2012 budget request for the Federal Housing Administration.

[Whereupon, at 10:45 a.m., Thursday, March 10, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, March 31.]