STATEMENT OF
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BEFORE THE

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Fiscal Year 2016 Budget Request

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Chairman Collins, Ranking Member Reed and Members of the Subcommittee, thank you for the opportunity to appear before you to talk about the President's $94.7 billion Fiscal Year (FY) 2016 Budget Request for our transportation programs and the importance of these programs to our economy and job creation.

However, before I begin, I'd like to thank the Chairman and this Subcommittee for the important role it has played in helping the Department pursue its safety mission. Specifically, in Fiscal Year 2015, Chairman Collins and Senator Murray demonstrated strong leadership surrounding the safe transport of energy products by making targeted investments for mitigation, prevention and emergency response activities. In addition, this Subcommittee has traditionally been a strong supporter of infrastructure investments, fighting for the TIGER grant and Capital Investment Grant programs.

Transportation is a critical area for our Nation, and it is critically important that we work together again to enact a robust budget in FY 2016 that makes much-needed investments in our nation's infrastructure system.

Over the last year, I traveled across the country to engage with local officials, business leaders and everyday people about the state of our transportation system. In the Spring of last year, I spent a week traveling by bus from Ohio to Texas, stopping in cities and one-stoplight towns along the way. Just this past February I took a similar trip, starting in Florida and stopping in cities on our way back to Washington D.C. What we saw on all of these trips – and what we heard from people around the country and in State Departments of Transportation – demonstrated to me that people outside the Beltway desperately want us to find a way to work together in Washington and fix the serious transportation problems we have in America.

Transportation is a critical engine of the Nation's economy. Investments in our transportation network over the country's history have been instrumental in developing our Nation into the world's largest economy and most mobile society. Over time, however, our level of investment as a percentage of the gross domestic product has dropped significantly, as it fails to keep pace with our growing economy and population. The costs of inadequate infrastructure investment are exhibited all around us. Americans spend 5.5 billion hours in traffic each year, costing families more than $120 billion in extra fuel and lost time. American businesses pay $27 billion a year in extra freight transportation costs, increasing shipping delays and raising prices on everyday products. Also, 65 percent of our Nation's roads are in less than good condition; one in four bridges require significant repair or can't handle current traffic demands and 45 percent of Americans lack access to basic transit services.

Underinvestment impacts safety, too. There were over 32,000 highway traffic fatalities in 2013. Such fatalities occur disproportionately in rural America, in part because of inadequate road conditions. For a Nation that is expected to have 70 million more citizens by 2050 and an increase in the volume of freight traveling on our highways, railroads, waterways and aviation systems, the current investments we put into our transportation system will not be sufficient to address these competing but urgent needs.

Worse still, in recent years, the transportation enterprise – and the millions of jobs that come with it – has been thrown into a continuing period of uncertainty due to the numerous short-term spending "patches" that we use to fund our Federal transportation programs. The inability to pass a long- term surface transportation funding bill creates uncertainty for local project sponsors and inhibits their ability to plan effectively. Since 2009, our surface transportation programs have been operating under short term extensions 11 times, including a two day lapse in March 2010. In addition there have been 21 continuing resolutions, forcing all our transportation programs to operate under a CR for 39 of the last 78 months, not to mention a 2 ½ week stretch where the government was shutdown. Governors, mayors, city and county councils, and tribal leaders can't plan because they don't know whether the Federal program and payments will be suspended – again – in just a couple months' time.

Increasingly, we are seeing State and local officials abandon planning on the more ambitious and expensive projects that will move our economy forward. Instead, these officials are targeting available dollars on smaller preventative maintenance and repaving projects that, while important for maintaining infrastructure availability in the near term, do not address the longer term needs for additional investment in transportation infrastructure capacity and quality. State and local officials are rightly concerned about whether Congress will allow spending authority from the Highway Trust Fund to expire at the end of May – precisely when the construction season should be heading into full swing. Just recently, the Commissioner of Tennessee's DOT announced he was delaying $400 million in highway projects because of the funding uncertainty in Washington, saying "this piecemeal funding of projects and programs is having a significant impact on how and when State DOTs and municipal planning organizations deliver much needed investment in our transportation networks." Similarly, the Director of the Arkansas State Highway and Transportation Department decided to delay $100 million in highway construction projects and Delaware recently put $600 million in projects on hold because of uncertainty over the Highway Trust Fund. We may not see it directly, but failure to act on a long-term bill is actually making investments in critical infrastructure more expensive – and more difficult, for all of our State DOTs.

Inadequate and inconsistent funding is not our only problem. The Federal programs that govern how we deliver projects must be modernized. Too often, projects undergo unnecessarily lengthy reviews, and we need to be able to make the types of reforms that will expedite high priority projects and identify best practices to guide future efforts without undermining bedrock environmental and labor laws or public engagement. We also need to reward States and local communities that coordinate their decision making with their neighbors and prioritize funding for freight projects that will benefit the Nation's economy.

For these reasons, I hope that the Administration, this Committee, and the many other Committees in Congress who must be heard from, will agree that we must bring this era of short-term patches to a close.

Last year as part of the Budget, the Administration submitted to Congress the Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America – or GROW AMERICA – Act. This proposal was a comprehensive four-year, $302 billion reauthorization proposal which called for substantial funding increases as well as dozens of critical policy reforms. What America received instead was yet another short-term extension, with status-quo policies and flat funding. The President's 2016 Budget adds additional certainty by requesting a revamped six-year, $478 billion GROW AMERICA Act that includes essential program improvements so we can improve safety, support critical infrastructure projects and create jobs while improving America's roads, bridges, transit systems and railways in our cities, fast-growing metropolitan areas, small towns and rural communities across the country.

Our proposal is fully paid for through an important element of the President's plan for a reformed business tax system that will encourage firms to create U.S. jobs instead of shifting jobs and profits overseas. Specifically, the Administration's proposal would impose a one-time 14 percent transition tax on the untaxed foreign earnings that U.S. companies have accumulated overseas. Unlike a voluntary repatriation holiday, which the President opposes and which would lose revenue, this transition tax would mean that companies have to pay U.S. tax right now on the $2 trillion they already have overseas, rather than being able to delay paying any U.S. tax indefinitely. And it would be coupled with reforms to eliminate the incentive to shift profits and jobs to tax havens in the future. Revenue from the transition tax – along with projected highway excise tax receipts – will fully pay for the GROW AMERICA Act.

Our six-year proposal will provide the funding growth and long-term certainty so desperately needed by our States and local communities so they can make real progress on addressing our infrastructure deficit. The GROW AMERICA Act will also build ladders of opportunity to help Americans get to the middle class by providing transportation options that are more affordable and reliable and by improving their quality of life through greater access to education and new job opportunities. Most importantly, the GROW AMERICA Act will put into place a program structure and funding stream focused on the transportation needs of the future.

Reauthorization of the Federal Aviation Administration must also take place before heading into Fiscal Year 2016. The Administration is developing its goals and objectives to improve the safety and efficiency of the national airspace system. The FAA is currently in the middle of a multi-year, multi-billion dollar modernization known as NextGen. This overhaul will take advantage of satellite based navigation technology to create a safer, more efficient system.

As part of our effort to focus on the future of transportation, on February 2nd I released the Department's 30-year vision for the future of transportation in America – entitled "Beyond Traffic." It is intended to start a meaningful national dialogue on the choices we must make as a nation if we are to avoid a painfully congested future where our transportation system serves as a crippling drag on our economy rather than a catalyst for growth. We are currently receiving ideas from the public and I would encourage all Committee members to review the document and participate in this dialogue. Through a data-driven approach, we draw important observations related to impacts coming our way and ask critical questions: How will we move millions more people? How will we move goods? How will we adapt to the impacts of increased extreme weather events? How will innovation help us to meet many of these challenges? One thing our report asks is how we might better align decisions and dollars? The answer to this question—largely in your hands— will play an essential role in helping us get maximum capacity, efficiency and safety out of our existing infrastructure as well as all the new roadways and railways we are going to need to build to accommodate massive growth equivalent to adding the populations of Florida, Texas and New York by 2045.

The Fiscal Year 2016 Budget Request and the GROW AMERICA Act aim to tackle this challenge head on by advancing my key priorities of protecting the safety of the traveling public, closing the nation’s infrastructure deficit, and modernizing the U.S. transportation system through technology and process innovation.

Protecting the safety of the traveling public: In 2013, vehicle crashes killed approximately 32,000 Americans and injured more than 2.3 million, making motor vehicle crashes one of the leading causes of death in the U.S. Every life is precious and one life lost on our roads is one too many. Federally inspired safety reforms, such as seat belt and drunk-driving laws, have saved thousands of American lives and avoided billions in property losses. The GROW AMERICA Act addresses safety vulnerabilities across our transportation network, both through increased investment in safety programs, and through policy changes that strengthen oversight and increase accountability. The FY 2016 Budget Request and GROW AMERICA include:

- *Focusing $29 billion over six years, including $7.5 billion in FY 2016, on the reconstruction, restoration, rehabilitation, preservation or safety improvement of existing highway assets.* The Critical Immediate Safety Investments Program (CISIP) will reduce the number of structurally deficient Interstate Highway System bridges, target safety investments and support a state of good repair on the National Highway System.

- *Improving safety on railroads.* The proposal will assist commuter railroads in implementing positive train control (PTC) by providing $3 billion over six years, including $825 million in FY 2016. The proposal will also help reduce the impact and improve the safety of rail transportation in communities using $250 million in FY 2016 for rail line relocation projects, highway-rail grade crossing enhancements and investments in short line railroad infrastructure.

- *Increasing the National Highway Traffic Safety Administration’s capabilities by providing $6 billion over six years, including $908 million in FY 2016.* This will ensure that vehicles on the road meet the highest safety standards and that the agency has the personnel and tools to identify vehicle defects early and respond quickly. This includes a request in FY 2016 to hire 57 new people within the Office of Defects Investigation to meet the challenge of rapidly evolving technology within the average car.

- *Continuing focus on the Safe Transport of Energy Products.* The FY 2016 Budget makes approximately $34 million in targeted investments across the Department to continue and further our focus on the safe movement of energy products throughout our transportation system by supporting enhanced inspection levels, investigative efforts, research and data analysis and testing in the highest risk areas.

Closing the Nation's infrastructure deficit: The FY 2016 Budget Request and the GROW AMERICA Act propose important policy improvements and make critical investments to close this nation's infrastructure deficit, including:

- *Strengthening policies and providing $317 billion over six years, including $51.3 billion in FY 2016, to invest in our Nation's highway system:* The proposal will increase the amount of highway funds by an average of nearly 29 percent above FY2015, emphasizing "Fix-it-First" policies and reforms that prioritize investments for much needed repairs and improvements to the safety of our roads, with particular attention to investments in rural and tribal areas.

- *A dedicated grant program for projects that benefit the Nation's commerce:* The U.S. transportation system moves more than 52 million tons of freight worth nearly $46 billion each day, or almost 40 tons of freight per person per year, and freight tonnage is expected to increase 62 percent by 2040. The Budget proposes $18 billion over six years, including $1 billion in FY 2016, for a new multi-modal freight program that will relieve specific bottlenecks in the system, strengthen America's exports and trade and give freight stakeholders a meaningful seat at the table in selecting funded projects. The new initiative encourages better coordination of planning among the Federal government, states, ports and local communities to improve decision-making.

- *Strengthening policies and providing nearly $115 billion over six years, including $18.4 billion in FY 2016, for transit systems to expand transportation options:* The proposal increases average transit spending by nearly 76 percent above FY 2015 enacted levels, which will enable the expansion of new projects that improve connectivity, such as light rail, street cars and bus rapid transit, in suburbs, fast-growing cities, small towns and rural communities, while still maintaining existing transit systems. These transit investments will play a critical role in supporting communities around the country – for example, providing transportation options in rural communities that have growing numbers of seniors.

- *Strengthening policies and providing nearly $29 billion over six years, including $5 billion in FY 2016, for the Nation's intercity passenger and freight rail network*: Highways, transit, aviation, inland waterways, ports and harbors all have dedicated trust funds. Rail does not have a dedicated source of federal revenue. The GROW AMERICA Act will provide predictable, dedicated funding for rail, which will provide states, localities and railroads with the certainty they need to effectively plan and implement their projects – primarily to improve and expand passenger rail service. This funding will allow our Nation to better address the growing backlog of state of good repair needs on our rail system and deliver the improvements required to accommodate growing passenger and freight rail demand.

- *Expanding and strengthening of DOT credit programs to spur innovative financing and increase overall infrastructure investment:* The GROW AMERICA Act expands financing options under the Transportation Infrastructure Finance and Innovation Act (TIFIA), which leverages federal dollars by facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly. The Act will provide $6 billion over six years, which could result in $60 billion of direct loans. In addition, the Act increases the accessibility of the Railroad Rehabilitation and Improvement Financing Program by reducing the cost of obtaining a loan for short line railroads and increases the availability of Private Activity Bonds by raising the existing $15 billion cap to $19 billion.

- *Strengthening domestic manufacturing*: The GROW AMERICA Act will strengthen existing "Buy America" requirements to ensure that taxpayer investments for public transportation translate into American jobs and opportunities for innovation. The Act allows for an orderly phase in by transit suppliers by raising the current 60 percent threshold to 100 percent over multiple years to bring the "Buy America" requirements for transit in line with the requirements in other modes.

- *Expanding access to markets and strengthening rural communities*: America's rural communities are the critical linkage in the nation's multimodal transportation network. From manufacturing to farming, freight logistics to energy production and more, rural America is home to many of the nation's most critical infrastructure assets including 444,000 bridges, 2.98 million miles of roadways, 30,500 miles of interstate highways. Specifically, the GROW AMERICA Act will encourage safety on high-risk rural corridors, provide workforce development in rural areas, make badly needed freight investments, increase deployment of broadband use in rural areas and improve the Federal Lands Transportation Program to achieve a strategic, high-use transportation system on roads that directly access federal lands.

Modernizing the U.S. Transportation System through technology and process innovation: Technological changes and innovation have the potential to transform vehicles and infrastructure, logistics, and delivery of transportation services to promote efficiency and safety. Likewise, process innovation has the potential to improve the way that the government operates in the service of the American people. To that end, the FY 2016 Budget Request and the GROW AMERICA Act are focused on:

- *Encouraging innovative solutions through competition:* The Act more than doubles the size of the highly successful Transportation Investment Generating Economic Recovery (TIGER) competitive grant program and cements it in authorizing statute, which will encourage states and localities to bring more innovative, cross-modal proposals to the table and give the Department more resources to see that the most meritorious projects ultimately are constructed. In addition, the Act would dedicate $6 billion over six years, including $1 billion in FY 2016, to establishing the Fixing and Accelerating Surface Transportation

(FAST) program, designed to create incentives for state and local partners to adopt critical reforms in a variety of areas, including safety and peak traffic demand management.

- *Improving project delivery and the Federal permitting process:* The GROW AMERICA Act will help projects break ground faster by expanding on successful Administration efforts to modernize the permitting process while protecting communities and the environment. The Budget requests $4 million in FY 2016 to create an Interagency Infrastructure Permitting Improvement Center that will institutionalize capacity within DOT to improve interagency coordination and implement best practices, such as advancing concurrent, rather than sequential, project review, and using the online permitting dashboard to improve transparency and coordination and track project schedules. The Act will also increase flexibility for recipients to use Federal transportation funds to support environmental reviews, help to integrate overlapping requirements and eliminate unnecessary duplication.

- *Accelerating NextGen:* The FY 2016 Budget Request includes $956 million to advance the modernization of our air traffic control system which will make aviation safer and more efficient. Although NextGen is a long-term and complex undertaking, we are already witnessing benefits from it—giving pilots and controllers more flexibility at certain airports, reducing wake-based separation standards at others and reducing congestion in some busy metro areas. This budget will support stakeholder identified priorities as well as invest in core FAA information technology infrastructure necessary to deliver additional benefits.

At the end of 2013, policymakers came together on a bipartisan basis to partially reverse sequestration and to pay for higher discretionary funding levels with long-term reforms. The President's Budget builds on this progress by reversing sequestration, paid for with a balanced mix of commonsense spending cuts and tax loophole closures, while also proposing additional deficit reduction that would put debt on a downward path as a share of the economy.

Thank you and I look forward to your questions.