

**STATEMENT OF**  
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**Before the**

**COMMITTEE ON THE BUDGET**

**UNITED STATES SENATE**

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Mr. Chairman, Members of the Committee, thank you for the opportunity to appear before you today to discuss the President's fiscal year (FY) 2004 budget request for the Department of Transportation (DOT).

At the onset let me say that Secretary Norman Mineta sends his regrets, as he is unable to be here today. As many of you know, he is recovering from back surgery. While he recovers, we are in constant communication and he sends his regards. He is feeling great, is in high spirits and is ready to be back at work in the near future.

President Bush is requesting \$54.3 billion for DOT – a 6 percent increase over the 2003 President's request –including over \$14 billion, or 27 percent, targeted towards supporting Secretary Mineta's top priority – safety.

2004 presents tough choices. The President must balance pressing domestic needs, meet our international responsibilities and protect against terrorist attacks at home. As the President made clear in his State-of-the-Union address, the Federal budget reflects a growth at a rate of about 4 percent. In this context, our proposed funding for DOT at a 6 percent growth is responsible, and will support important transportation needs.

During the past year, we at DOT have worked to strengthen our important role as guardians of the nation's transportation systems. Under the leadership of Secretary Mineta, the DOT Team is hard at work to ensure a safe and efficient Federal transportation system for all Americans.

This budget request provides the foundation for a new reauthorization cycle in both surface and aviation programs that will guide the course for these important programs for the next several years.

The President's budget request also reflects the first full year of funding for the newly established Department of Homeland Security. Two major DOT operating administrations – the United States Coast Guard and the Transportation Security Administration – are moving from DOT to the new Department of Homeland Security.

DOT is proud to have provided guidance and support to the United States Coast Guard for more than 35 years. Whether saving the lives of those in distress at sea, protecting the nation from the scourge of illegal narcotics, or responding to environmental catastrophes like the Exxon Valdez oil spill – we at DOT celebrate the

Coast Guard's many accomplishments and we wish them "Godspeed" as they take on an expanded role in homeland security.

We are also honored to have shepherded the Transportation Security Administration – TSA – from its birth through its first full year of operation. TSA has overcome enormous challenges to bring discipline and consistency in providing security to the traveling public. The Secretary and his entire team are extremely proud that TSA has successfully met its deadlines for bringing airports throughout the country into compliance with new security procedures.

Although TSA has much work ahead – particularly to address non-aviation security issues -- we are confident that this new organization is off to a good start and headed in the right direction.

We look forward to continuing to work closely with the Coast Guard, TSA and the Department of Homeland Security to ensure that the nation has an efficient, safe, and secure transportation system.

Now, I would like to emphasize some of the highlights in the DOT 2004 budget request and key initiatives in the President's proposal.

Current laws authorizing both surface and air transportation programs will expire at the end of 2003. In anticipation of this, the 2004 budget request includes the budgetary foundation for proposed new legislation that will authorize these programs for the next several years.

A few details of the Administration's reauthorization proposals are still being refined; however, I want to share with you now several principles that will animate our surface and aviation transportation proposals.

- For the surface transportation programs, we will include increased funding flexibility for State and local authorities to make effective program investments.
- We will continue to encourage innovative financing tools to extend the reach of our transportation investments.
- Efficient environmental review processes will be a priority, and we will continue to implement the President's streamlining Executive Order.

- DOT will seek to improve efficiency for freight transportation networks – a crucial driver of our nation’s economy.
- We will continue a strong emphasis on public transportation by simplifying transit programs and fostering a seamless transportation network.
- Finally, our proposals will include an emphasis on consolidating and expanding Federal safety programs.

I want to repeat that last point: for DOT, 2003 will be a year of special focus on highway and aviation safety. For the last 15 months, Secretary Mineta and his senior management team have spent a great deal of time focused on the security threats that face transportation. This was absolutely necessary. We’ve made great progress.

But for this year, and going forward, Secretary Mineta has challenged us to focus that same passion and innovation on a simple but profoundly important goal: improving safety, saving lives.

Forty-two thousand people perish annually in traffic accidents. Almost one out of four – over 9,000 lives -- could be saved, if America would only buckle up. We *can* do significantly better; we *must* try. And the President’s budget request will make a meaningful investment to strengthen our partnership with states and the public to improve safety.

We look forward to unveiling the details of our reauthorization legislation very soon, and to working with the Congress on swift passage.

Regarding the highway reauthorization budget, let me begin with a fundamental principle: we are committed to maintaining the guaranteed funding that links highway spending to Highway Trust Fund receipts.

In fact, the President’s budget request will propose starting the reauthorization by actually obligating more for highway programs than we expect to collect in Trust Fund receipts. We will squeeze everything we prudently can from the Trust Fund, but the President’s budget request does not propose new user fees.

For the Federal Highway Administration, the Administration’s 2004 budget request proposes that all revenue from gasohol taxes be deposited directly in the Highway Trust Fund, rather than the current approach that deposits gasohol taxes to

the General Fund. If enacted, this one change will add more than \$600 million of available funding to the Highway Trust Fund for each year of the authorization cycle.

In addition to spending estimated Highway Trust Fund receipts, our proposal also unveils a brand new \$1 billion Infrastructure Performance and Maintenance initiative specifically aimed at addressing immediate highway needs and at projects that can be implemented quickly. Totalling \$6 billion over the authorization period, this funding will target projects that address traffic congestion and bottlenecks, and improve pavement conditions.

All up, what our proposed program does is spend at a level that keeps the Highway Trust Fund balance relatively constant. The obligation limitation for 2004 is \$29.3 billion – this is a 6 percent increase above the President’s amended request for 2003. When comparing the President’s 6-year surface transportation reauthorization proposal in total -- including highways, highway safety, transit, and motor carrier safety -- to the six years of TEA-21, the President proposes an overall increase of 19%.

I’ve already discussed highway safety. Highway fatalities claim more than 42,000 Americans each year and vehicle accidents cost an estimated \$230 billion. Reducing this tragic statistic is “priority one” at the National Highway Traffic Safety Administration. The President’s budget request includes \$665 million for NHTSA to support its mission -- to reduce fatalities, prevent injuries, and encourage safe driving practices. \$447 million of NHTSA’s 2004 funding request will support grants to States to enforce safety belt and child safety seat use and reduce impaired driving.

At DOT we are also working to keep our highways safe through the work of the Federal Motor Carrier Safety Administration – by focusing on ways to prevent fatalities and injuries resulting from accidents involving commercial motor vehicles. The 2004 President’s budget request includes \$447 million to address these problems, including \$174 million dedicated to strengthening truck and bus safety standards, ensuring compliance with safety regulations, and supporting inspection programs that keep unsafe trucks off our roads.

We will also continue to emphasize a comprehensive safety inspection program at the southern border so Americans can be assured that trucks entering the United States from Mexico meet U. S. Federal safety regulations. The President’s request provides \$223 million for Motor Carrier Safety Grants to States to ensure aggressive State enforcement of interstate commercial truck and bus regulations.

Another way to improve transportation safety is to continue to encourage the use of our transit and rail systems by the millions of Americans who use them to get where they need to go. Public transportation is a dependably safe and efficient mode of transportation. The President's 2004 budget request includes \$7.2 billion to strengthen and maintain our public transportation systems.

This request includes a proposed streamlined and consolidated program, giving States and localities additional flexibility to meet the mobility needs in their communities, efficiently and effectively. The 2004 budget request includes \$1.5 billion to fund 26 "new starts" projects that will carry over 190 million riders annually when completed.

Included in the Federal Transit Administration's funding envelope is \$145 million to support the President's New Freedom Initiative to reduce barriers for persons with disabilities who wish to enter the workforce.

Having touched on DOT's surface transportation programs, I'll turn to the reauthorization of our aviation program. We will soon release policy details of our aviation reauthorization proposal; however, the President is requesting \$14 billion for 2004 for Federal Aviation Administration programs.

Because travel demand for air service will inevitably return to and exceed pre-9/11 levels, we cannot afford to reduce our commitment to investing in the nation's air traffic control system and our airports. Equally important, we cannot take our eye off the safety goal: to reduce aviation fatality rates by 80 percent over the period 1996 to 2007.

To meet both safety and mobility needs, the budget proposes to spend a greater portion of the accumulated cash balances from the Airport and Airway Trust Fund. The President's budget request and our reauthorization proposal maintain current levels of aviation infrastructure investment, and expand FAA's safety staff, including the number of air traffic controllers needed as FAA faces anticipated controller retirements.

Let's turn now to the railroads. First Amtrak. Amtrak faces severe and persistent financial challenges. The Administration has asked Congress to adopt reforms that will strengthen Amtrak's business operations and financial condition. But Amtrak continues to request funds to maintain their current business structure

and services. The Federal Government simply cannot afford business as usual at Amtrak.

The President's 2004 budget request includes \$900 million for Amtrak of which \$229 million is for capital maintenance and \$671 million is for operations and for implementing restructuring and management reforms for passenger rail. This is a funding level with a message: Amtrak must undergo significant reform.

Passenger rail is an important component of our nation's transportation infrastructure. We stand ready to work with Congress and the states in the upcoming reauthorization to create an intercity passenger rail system that is driven by sound economics, fosters competition, and establishes a long-term partnership between states and the Federal Government to sustain an economically viable system.

In addition to passenger rail subsidies, the President requests \$189 million for the Federal Railroad Administration aimed at enhancing safety, by reducing rail-related accidents and ensuring the safe transport of hazardous materials throughout the rail system.

The movement of hazardous materials is a priority focus for the Research and Special Programs Administration (RSPA). RSPA oversees the transportation of hazardous materials, including America's 2.1 million miles of gas and oil pipelines. The President's 2004 budget request provides \$132 million – including \$67 million specifically targeted towards pipeline safety initiatives.

Finally, I want to share with you the President's request for our maritime programs. The Maritime Administration (MARAD) supports essential transportation and intermodal connections for domestic and international trade. The President is requesting \$219 million for MARAD. One of MARAD's continuing challenges is the disposal of obsolete ships that potentially pose an environmental risk to our nation's waterways. The 2004 budget request includes \$11.4 million for removal of the highest risk ships.

The 2004 budget request also includes funding of \$14 million for the Saint Lawrence Seaway Development Corporation, which supports domestic and international trade as well.

My prepared remarks focus on only a part of the whole picture. Yet each organization within DOT contributes indispensably to accomplishing the DOT goals

I have outlined. In addition, I am proud to note that DOT is working hard to address the President's Management Initiatives in order to improve departmental efficiency and customer service.

To conclude, President Bush's 2004 budget request makes a very substantial commitment to ensuring a safe and efficient Federal transportation system for all Americans. Thank you again for the opportunity to testify today. Secretary Mineta and his management team will work closely with Congress as you consider the 2004 budget and I look forward to responding to any questions you may have.

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