

NEWS from Congressman John W. Olver (MA-1)

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Prepared Remarks of Chairman John Olver
Surface Transportation Hearing, Part I – OST, FHWA, and FTA

Let me welcome Phyllis Scheinberg, Assistant Secretary for Budget and Programs, James Simpson the FTA Administrator, and Jim Ray the Acting Administrator for the FHWA.

This year's Surface Transportation hearing will consist of two panels.

This morning we will have the opportunity to explore with our panel whether the President's Fiscal Year 2009 budget request for surface transportation programs prepares the nation to meet our short and long-term transportation challenges.

Our second panel this afternoon will be with members from *The National Surface Transportation Policy and Revenue Study Commission*. Commission Members will share their views on what policy and transportation financing changes may be needed to ensure that our surface transportation system is able to meet the demographic and economic challenges of the future.

Highways and the Highway Trust Fund

For our panel this morning, the most immediate challenge the Congress will face is the solvency of the Highway Trust Fund. The Highway Trust Fund will go broke in fiscal year 2009 and the future viability of federal transportation financing is in doubt. Depending on which estimates are used, the Highway Trust Fund will be between \$1 and \$3 billion dollars in the red in 2009.

The Administration has put forward two proposals to forestall the impending collapse of the highway trust fund.

First, the Administration has recommended under funding the highway program below the amount guaranteed in SAFETEA-LU. The President's budget requests \$39.4 billion for the highway program, which is \$800 million below the \$40.2 billion guaranteed in SAFETEA-LU.

Even with this adjustment, the Administration projects that the Highway Account will still run a negative balance of over \$3 billion by the end of 2009. So, short-funding the guarantees will have very little impact on keeping the Highway Account solvent.

The second proposal from the Administration is plagued by its shortsightedness and is also not without controversy. The Administration has recommended allowing the Highway Account to borrow money from the Mass Transit Account to make-up the shortfall.

This proposal is potentially harmful to transit. Taking money from the Mass Transit Account will only hurry up the bankruptcy of that account, to the detriment of transit projects nationwide.

The proposal is also extremely short-sighted in that it does nothing to address the long-term solvency of the Fund and provides no guidance as to how to pay for the urgent future needs of our highway system.

Transit

Concerning Transit, the Administration has requested \$10.135 for FTA, which is just over \$200 million below the amount guaranteed in SAFETEA-LU.

We are finding that there is a growing need to improve our nation's public transportation systems. A case in point, SAFETEA-LU created a new "Small Start" program for smaller, less expensive fixed guideway projects such as bus rapid transit, commuter rail and streetcar projects.

While this program is only a few years old, I note from the budget request that there are sufficient projects in the pipeline to utilize the fully authorized level of \$200 million.

The National Surface Transportation Policy and Revenue Study Commission believes our nation's annual public transportation needs are in the range of \$26 billion to \$46 billion. However, the President's budget does not even meet the fully authorized level for the New Starts program.

Furthermore, communities across the country have complained that the New Start process has become too lengthy and that FTA does not adequately incorporate economic development and land use criteria into the rating system for New Starts as required by law. Mr. Simpson, I hope to explore these issues with you when we get to questions.

I am also very interested in promoting transit oriented development and the need for affordable housing within these transit corridors.

Last year our Committee included funding for both the FTA and HUD to develop a best practices manual for local communities who want to establish or increase mixed income transit-oriented development.

We also requested that the FTA and HUD report back to us on how they could better coordinate and provide incentives within existing programs to promote affordable housing near transit.

I will be interested to learn more about the FTA's progress on this endeavor.

Conclusion: The Role of the Federal Government

Finally, I would like to close with some general thoughts on our surface transportation systems.

How we fund and think about transportation is clearly at a cross roads. The needs of the system are rising – the Policy Commission recommended \$225 billion annually over the next 50 years to maintain, upgrade, and expand our transportation networks. Yet our ability to adequately fund transportation is in doubt.

From the ideological fervor to inject free market principles into transportation through congestion pricing, the privatization of our public roads, and constant opposition to raising further federal revenues for the system, to the yearly budget requests that would short-fund our rail and transit system, I fear that there has been a deliberate effort by the Administration to slowly chip away at the federal role in transportation.

The federal government must stay an active partner with the states and local government when it comes to funding our transportation infrastructure.

I hope we will be able to discuss each of your views on the proper role of the federal government in transportation policy during the course of today's hearing.

Before we have the opportunity to hear from you, I would like to recognize my Ranking Member, Joe Knollenberg for any opening remarks that he would like to make.

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