STATEMENT OF

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BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES

March 22, 2012

Introduction

Chairman Latham, Ranking Member Olver, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Administration's fiscal year (FY) 2013 budget request for the Federal Aviation Administration, the Federal Highway Administration, the Federal Transit Administration, and the Federal Railroad Administration at the U.S. Department of Transportation.

The FY 2013 President's Budget requests a total of $74 billion for Transportation, which reflects the first year of a bold six-year $476 billion surface transportation reauthorization proposal. This proposal will be fully paid for using the savings achieved from reduced Overseas Contingency Operations.

The President has called on us to rebuild America – to put people back to work repairing our roads, bridges, transit systems, and airports. To achieve this, he has laid out a blueprint for "an America that's built to last" – a plan that will equip American workers to seize the opportunities of tomorrow and make certain that businesses and families have the safest, fastest, and most efficient ways to connect with these opportunities.

Federal Aviation Administration (FAA)

The President's FY 2013 budget request of $15.2 billion for the FAA is a fiscally responsible investment that supports our safety and efficiency mission. It allows us to maintain appropriate staffing for air traffic control and aviation safety as well as research and development, and capital investment in both airport infrastructure and FAA facilities and equipment. Within this amount, over $1 billion is requested to advance the modernization of our air traffic system through NextGen. In addition, approximately half of our budget request is devoted to maintaining and improving the agency's safety programs. This involves all of the FAA's departments, which fund a range of activities such as air traffic separation, safety inspections, buying new safety equipment, aviation research, and airport safety improvements. It also includes rulemaking and certification activities to move NextGen and commercial space initiatives forward.

We are very grateful that Congress passed our new four-year aviation authorization bill that will continue critical safety programs, create jobs, and facilitate the implementation of NextGen. We are currently analyzing the bill's provisions and expect to have a full evaluation of all the programmatic and budgetary implications completed soon. We realize that our FY 2013 budget may not match up perfectly with all of the provisions in the bill and look forward to working together with Congress to address those differences.

Modernizing our national airspace through NextGen is necessary to provide the efficiency and flexibility for our aviation system to support the nation's economic growth. We are working to deliver many of the recommendations from industry and stakeholders that will result in early benefits. The FY 2013 budget includes $1 billion for NextGen, an increase of almost $100 million, or 11 percent, over FY 2012. The FY 2013 budget represents a significant commitment to ensuring accelerated deployment of ongoing Performance Based Navigation (PBN) development, and allows us to streamline the development and deployment of NextGen navigational procedures in airspace around our nation's busiest metropolitan areas. The budget also includes $12 million for the Joint Planning and Development Office (JPDO) to continue coordinating goals, priorities, and research activities within the federal government for both NextGen and UAS integration into our airspace. In addition, the budget includes $95 million for the planning, engineering, design, and site selection of a new air traffic control facility that is a template for the way we will do business in the future. This facility will house in one place employees who perform both high-altitude and low altitude separation of traffic, making it easier to coordinate the air traffic in heavily-used airspace.

Our FY 2013 request of $2.4 billion for the Airport Improvement Program ensures the safety, capacity, and efficiency of our nation's airports through a combination of focused grant funding and an increase in maximum Passenger Facility Charges (PFCs), from $4.50 to $7.00. This would give large and medium hub airports greater flexibility to generate more revenue for airport development projects. To assist those airports that need the most help, the proposal focuses federal grants on smaller commercial and general aviation airports that do not have access to additional revenue or outside sources of capital.

Federal Highway Administration (FHWA)

The President's FY 2013 Budget requests $42.6 billion for FHWA to help move people and goods as safely and effectively as possible on roads, bridges, and tunnels throughout the country. Increased highway funding will allow States to provide the necessary transportation infrastructure to expand access to jobs, education, and health care in the short term and lay the foundation for our nation's future economic growth.

In order to deliver the best value for every taxpayer dollar, it is imperative we pursue better, faster, and smarter ways of doing business. To that end, in 2009 FHWA launched an innovation initiative called Every Day Counts (EDC) to shorten project delivery time and to speed the deployment of new and proven technologies into the marketplace. EDC is about taking a select number of effective, proven processes and market-ready technologies and getting them into widespread use. Both can have a direct impact on shortening project delivery and cost avoidance. The President's budget builds on the progress made through EDC.

The budget request reflects a program restructuring and funding proposal to provide $305 billion from FY 2013 to 2018 for highway programs. The new program structure includes five core programs: Highway Safety; National Highways; Livable Communities; Federal Allocation; and Research, Technology, and Education.

Although we have made significant progress in reducing fatalities on our nation's roadways, keeping travelers safe on our transportation systems remains our top priority. The request includes over $2.5 billion in FY 2013 for the performance-based Highway Safety Program, almost doubling the Federal investment in highway safety. The Highway Safety Improvement Grant Program, the largest component of the Highway Safety, will provide $2.2 billion for infrastructure-oriented safety improvement projects to help reduce fatalities and injuries on public roads while providing States with the flexibility to use a portion of the funding for education, enforcement, and emergency medical services investments. The budget request also includes $293 million for a Highway Safety Data Improvement Program to focus on improved collection, use, and analysis of safety data.

The budget includes $32.4 billion for the performance-based National Highway Program (NHP), which will invest in the preservation and modernization of roads most critical to our national interest. Consisting of two components, the Highway Infrastructure Performance Program and Flexible Investment Program, the NHP will give States flexibility to make transportation investment decisions on the larger system of Federal-aid eligible highways by consolidating several existing programs and their eligibilities, including the Interstate Maintenance, National Highway System, Surface Transportation, Highway Bridge, and Appalachian Development Highway System programs. The budget provides $16.8 billion for the Highway Infrastructure Performance Program to maintain and improve the National Highway System, which would include approximately 220,000 miles of roads most critical to our economic competitiveness. The Flexible Investment Program will direct $15.6 billion to maintain and improve highways and bridges on any currently eligible Federal-aid highway and provide specific funding for several critical areas, including metropolitan planning and off-system bridges. In addition to maintaining highway infrastructure in a state of good repair, the program will target investments to improve safety, reduce traffic congestion, and make freight movement more efficient.

The request includes $4 billion for the Livable Communities Program to support planning and investments to help communities increase transportation choices and access to transportation services. The Livable Communities Program will provide States additional flexibility by consolidating and incorporating eligibilities from the Congestion Mitigation and Air Quality Improvement, Transportation Enhancements, Safe Routes to Schools, Scenic Byways, and

Transportation, Community, and System Preservation programs. It will fund transportation projects that improve quality of life in both rural and urban areas, including improved air quality in large metropolitan areas, while providing users with enhanced and affordable transportation choices.

The budget includes $1.4 billion in FY 2013 for the Federal Allocation Program, which will combine inherently Federal responsibilities within five components. The Federal Lands Transportation program will provide $430 million using a performance-based management model to fund projects to improve access to and within the Federal estate on infrastructure owned by the Federal government. The Federal Lands Access Program will provide $177 million for projects that improve access to the Federal estate on infrastructure owned by States, counties, and local governments. The Tribal Transportation Program will dedicate $600 million to fund projects that will provide access to basic community services to enhance the quality of life in Indian country. The Emergency Relief Program will offer $100 million for States to repair and reconstruct Federal-aid highways and roads on Federal and tribal lands following a disaster. Finally, the Workforce Development program will provide $50 million for the On-the-Job Training/Support Services program to support State training programs and the Disadvantaged Business Enterprise/Supportive Services program to develop, conduct, and administer training and assistance programs to increase the proficiency of minority businesses to compete, on an equal basis, for contracts and subcontracts.

The request includes $644 million in FY 2013 for the Research, Technology, and Education Program, which will apply innovative technologies to construct and maintain the nation's roads, bridges, and tunnels, which keep the highway system in a state of good repair. Specifically, the Highway Research & Development Program will include $200 million for research activities associated with safety, infrastructure preservation, environmental mitigation and streamlining, operations, livability, innovative program delivery solutions, and policy. The Technology and Innovation Deployment Program will provide $144 million to address testing, evaluating, and accelerating the delivery and deployment of technologies. The Training and Education Program will offer $40 million to train the current and future transportation workforce.

The budget request includes $500 million in FY 2013 for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program to cover the subsidy cost of providing credit support to surface transportation projects of regional or national significance. TIFIA funding can leverage Federal dollars by approximately tenfold, so that a relatively small Federal commitment can stimulate a large amount of State, local and private investment.

Recognizing that competition often drives innovation, the President's budget also requests $700 million in FY 2013 to establish a competitive Transportation Leadership Awards program to incentivize State departments of transportation, metropolitan planning organizations, tribal governments, and other transportation agencies to make the reforms necessary to institutionalize best practices and innovations in transportation policy.

To oversee the important programs and activities described above, the President's budget requests $441 million in FY 2013 for FHWA administrative expenses. These resources are essential for FHWA to perform critical oversight functions and successfully implement the programs proposed in the budget.

The FHWA FY 2013 budget request will simplify the highway program structure and establish a performance-based highway program in the critical areas of safety and state of good repair. Under this structure, FHWA will provide national leadership to connect America's communities and economies and enhance the safety, condition, efficiency, and livability of our nation's highway system.

Federal Transit Administration (FTA)

The President's FY 2013 budget for FTA requests $10.836 billion, a 2.2 percent increase, or $228 million, above the FY 2012 enacted level. The budget continues the Administration's commitment to expand transit options for Americans and return transit systems to a state of good repair. The budget restates the Administration's call for FTA to have new rail transit safety oversight authority. The budget request will make transit systems more reliable, efficient, desirable, and safe for the tens of millions of travelers who use them every day. Transit is an important part of a balanced transportation system for communities across the country and making investments in public transit helps ensure urban, suburban, and rural communities have a variety of transportation options.

The Secretary's number one priority is transportation safety, and rail transit safety is an area that requires immediate attention from Congress to address glaring vulnerabilities faced by the traveling public. There is considerable concern nationwide about rail transit safety, particularly after recent high-profile collisions and other accidents that killed and injured dozens of passengers and workers and resulted in tens of millions of dollars in property damage.

A Secretarial working group found that the Nation's current approach to rail transit safety oversight is dangerously lacking and haphazard. That working group gave rise to the "Public Transportation Safety Program Act of 2009," transmitted to Congress by the Secretary in December 2009 on behalf of the President. We need to address this urgent need and are pleased that both the House and the Senate have included varying levels of new rail transit safety responsibilities in their surface transportation bills.

The Administration's transit safety legislative proposal repeals an antiquated provision of law dating back to 1964 that prohibits the FTA from establishing even the most minimal safety standards for rail transit systems funded with Federal dollars. For FY 2013, FTA again seeks new authority and funding to greatly improve and oversee 27 underfunded and inadequate State Safety Oversight agencies. Of FTA's $45 million safety request, $36 million would fund up to 25 Federal rail inspectors, if needed, and grants to States to conduct their own rail transit safety oversight inspections. The remaining $9 million will support a new FTA safety and oversight office that will set policies and standards for FTA's rail transit safety program and oversee compliance with FTA grant requirements.

FTA's budget also focuses on the need to bring our nation's transit network into a state of good repair by proposing significant spending on transit capital projects through a new $3.2

billion Bus and Rail State of Good Repair program -- an increase of 21 percent compared to the FY 2012 enacted amount for the fixed guideway modernization and bus programs. Strategic infrastructure investments have long-term economic benefits, but currently those benefits are not being fully realized because of years of under-investment in maintaining and recapitalizing our public transportation infrastructure. As evidence, FTA conducted a study in 2010 that found a $78 billion backlog of bus and rail transit assets nationwide that need to be repaired or replaced. An earlier FTA study found a $50 billion backlog at the seven largest and oldest rail systems.

Replacing and rehabilitating aging transit infrastructure with newer and more reliable track, signal systems, vehicles, and stations will help ensure the safe and dependable transit service expected by the American public. FTA also proposes that transit agencies use State of Good Repair grant funds to purchase asset management systems, which are critical to the success of good capital improvement plans. With these systems in place, transit agencies can systematically monitor the condition of their assets and will be able to make systematic and strategic investment choices. As transit agencies are better able to manage and report on the condition of their capital assets, FTA will be in a better position to measure progress toward a state of good repair.

For FY 2013, FTA requests $2.2 billion for its Capital Investment Grants program, a 14 percent increase above FY 2012 enacted level. These funds will enable FTA to partner with 29 project sponsors around the nation who are undertaking major projects that expand their transit services. Moreover, to provide on-going support for existing transit services, FTA requests $4.8 billion for transit formula grants, including the Urbanized Area Program, Non-Urbanized Area Program, and a new Consolidated Specialized Transportation Grant program. This latter program would improve mobility and job access for low-income persons, and provide transportation options for senior citizens and individuals with disabilities.

All transit agencies regardless of size feel the effects of down-turns in the economy and must manage budgetary pressures by reducing services or raising fares, or both, at the same time the public needs greater transit options to locate and reach jobs. To provide large transit agencies a bridge to recovery, the Budget proposes to give them the option of using up to 25 percent of their urbanized area apportionment to fund operating costs on a temporary and targeted basis.

FTA's budget also includes a new $30 million competitive Livability Demonstration Grant program to test different approaches to promoting livability in urban, rural, and tribal communities and $25 million for a Public Transportation Emergency Relief Program to support the immediate needs of public transportation providers in the wake of natural disasters.

The President's FY 2013 budget makes a strategic investment in FTA's request for administrative expenses. Since FY 1997, FTA has operated at roughly the same staffing level (full-time equivalent or FTE level), while its program size and the number of grants made each year have more than doubled. Moreover, the number of programs and projects with challenging designs and financing strategies has also grown, and this growth does not include the new programs and requirements proposed in this budget. Consequently, FTA requests $121 million for its Core Operations to support 47 additional FTE compared to the FY 2012 enacted level.

This increase will ensure that FTA can carry out its basic fiduciary responsibilities of making and overseeing a multi-billion dollar grant portfolio.

Federal Railroad Administration (FRA)

The President's FY 2013 Budget requests $2.7 billion for FRA's rail safety and passenger rail programs. Of this amount, the budget includes $2.5 billion for the National High Performance Rail System. These funds are for developing high-speed rail infrastructure and passenger stations, equipment procurement, and building institutional capacity as well as for continuing to maintain our existing rail assets and operations. This funding represents the first year of a six-year $47 billion proposal to substantially improve the nation's passenger rail.

FRA is working with States across the country to plan and develop high-speed and intercity passenger rail corridors. These projects include upgrades to existing services, as well as entirely new rail lines exclusively devoted to 125 to 220 miles per hour trains. These corridors will promote economic expansion, create new choices for travelers, reduce National dependence on oil, and foster livable urban and rural communities.

FRA is already putting America on track towards providing rail access to new communities and improving the reliability, speed, and frequency of existing lines. To date, Congress has provided more than $10 billion in grant funding for high speed rail through the American Recovery and Reinvestment Act (ARRA) and annual appropriations for FY 2009 and 2010. Interest in this program is strong: 39 States, the District of Columbia, and Amtrak have submitted applications -- well in excess of the available funding -- for projects and corridors in every region of the country.

FRA has invested over 85 percent of the current High Speed Rail funds in five key regions. This funding will improve existing services, spur new passenger rail capabilities, and initiate long-term planning activities. Ninety-five percent of the funding is committed to corridors that will operate at 90 miles per hour or faster -- and nearly 50 percent of these dollars support corridors that will operate at speeds greater than 125 miles per hour. These projects will ultimately lay thousands of miles of track and ties, build new stations and make existing facilities more functional, comfortable, and accessible for all passengers, install advanced signaling and communications systems, and procure hundreds of modern and more efficient locomotives and passenger cars. Going forward, FRA will continue to focus on projects offering the greatest public benefits, as well as those projects ready for implementation.

Since 2009, FRA has obligated 98 percent of the Recovery Act funding and we are committed to our 32 State partners in providing assistance through monitoring, oversight and project management until those projects are completed. Our strict "Buy America" requirement ensures that tracks, cross-ties, train sets, construction materials, and new stations are built in America and support domestic manufacturers and suppliers. With 154 rail projects in five key regions, high speed rail reaches out to 65 percent of the population. In Normal, IL, more than $200 million in privately-financed station-oriented development is underway. Our state partners in the Midwest recently launched 110 miles-per-hour service on 90 miles of track between Kalamazoo, Michigan and Porter, Indiana – the fastest trains outside of the Northeast Corridor.

However, the effort is only beginning. The plan is to expand the service and cut nearly two hours off the Detroit-Chicago passenger rail trip within three years.

To further safety, the President is requesting $196 million for operations and rail safety programs. While the rail industry has experienced one of its safest decades ever, our goal, as always, is to make it even safer. The budget will enable FRA to build upon the successes achieved, and expand new and innovative approaches like our statutorily endorsed Risk Reduction Program.

The request will support FRA's ability to successfully complete the remaining statutory mandates set forth in the Rail Safety Improvement Act of 2008, which include new regulations, studies, and reports. It will also ensure successful oversight and management of previously appropriated high speed and intercity passenger rail grants including development, necessary analysis, and safety factors testing. In addition, this request supports major projects, and allows FRA to move forward with implementation of innovative technologies like Positive Train Control as well as new initiatives that address human factors contributing to accidents and incidents.

States are embarking on some of the most ambitious, most complex rail infrastructure projects in decades, and FRA has responded with new training programs to get our inspectors up to speed. Consensus-based safety initiatives under the umbrella of the Railroad Safety Advisory Committee and similar partnerships continue to pay immense dividends. Simultaneously, the Risk Reduction Program and Confidential Close Call Reporting System are burgeoning industry-wide efforts to build an even stronger safety culture. Combined, these efforts will help FRA continue to drive down the number of accidents, fatalities and injuries – including those at highway rail-grade crossings and along rights of way – even as our network expands.

Conclusion

Thank you for the opportunity to appear before you to present the President's FY 2013 budget request for the Federal Aviation Administration, the Federal Highway Administration, the Federal Transit Administration, and the Federal Railroad Administration at the U.S. Department of Transportation. The President's budget charts a bold new course for transportation infrastructure investment in the United States. We look forward to working with the Congress to put people back to work making a transportation system that is the envy of the world – and an America that is built to last. We will be happy to respond to your questions.

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