

**TRANSPORTATION AND HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
APPROPRIATIONS FOR FISCAL YEAR 2010**

THURSDAY, JUNE 18, 2009

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

The subcommittee met at 9:34 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patty Murray (chairman) presiding.

Present: Senators Murray, Specter, Bond, Alexander, and Collins.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. RAY LAHOOD, SECRETARY

OPENING STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. The subcommittee will come to order. Senator Bond got the message on what to wear today. I see the Secretary and Senator Collins. I did too and I chose not to, just so you know.

Welcome to all of you. Welcome Secretary LaHood. Thank you so much for being here today.

In April of this year Secretary LaHood testified before this subcommittee about the American Recovery and Reinvestment Act. And I'm excited to say that billions of dollars included for transportation projects are now flowing into our communities across the country. In my home State of Washington over \$500 million is beginning to move into projects from Seattle to Spokane creating jobs and boosting our economy.

Today though, we are going to focus on the President's fiscal year 2010 budget request for the Department of Transportation which is critical as we face the challenge of rebuilding our country's transportation infrastructure. And I am glad to see that the President's budget request reflects a renewed interest in improving the entire transportation system. And it recognizes that it takes many different modes of transportation to create an integrated national system.

The President's budget request includes: More than \$51 billion for highways and transit; \$1 billion to continue the investments in high speed rail that were started in the Recovery Act; \$3.5 billion for airport investments; \$1.5 billion for grants to Amtrak; \$175 million to protect essential air service for smaller communities across

the country; and \$15 million for a new initiative within the Department of Homeland Security to improve the security, efficiency and capacity of our Nation's ports and waterways.

I also want to acknowledge the work that Secretary LaHood is doing in coordination with Secretary Donovan at the Department of Housing and Urban Development. Their partnership is an important first step toward helping communities make vital connections between workplaces, family homes and neighborhood schools. And although I'm glad to see important investments being made in the President's budget, I am also painfully aware that we have tough questions to answer this year.

We cannot face these challenges with ideas alone. We must start talking about concrete, realized solutions. The most pressing problem we face today is the looming bankruptcy of the Highway Trust Fund. The Trust Fund needs an estimated \$5 to \$7 billion before August of this year or we may see transportation projects come to a standstill, State budgets will be thrown into crisis and thousands of family wage jobs will be put in jeopardy.

In addition the Highway Trust Fund needs another \$8 to \$10 billion to support transportation programs through fiscal year 2010. As this subcommittee develops its bill for funding programs at the Department of Transportation we cannot allow the stability of the Highway Trust Fund to be called into question. Its stakes are too high for our States, our communities, families and commuters.

Yesterday the Department announced a general framework for extending transportation programs for 18 months, enacting major reforms to those programs and ensuring the short term solvency of the Highway Trust Fund. By offering this framework the Department's announcement is a step in the right direction. However, critical details are still missing and the Department has not yet offered specific ways to replenish the balance of the Highway Trust Fund.

Furthermore the Department's announcement offers very little insight into how it proposes to use cost benefit analysis, focus investments in metropolitan areas and promote this concept of livability. Although the Department is interested in tying together a short term fix for the Highway Trust Fund with reforms to our transportation programs, I do have some very serious concerns about that approach. I do not oppose on principle the effort to improve Federal transportation programs, but I don't want to allow debates over those reforms to prevent us from saving the Highway Trust Fund in a timely manner.

The time has come to discuss specific solutions to the short fall. And these discussions will require Congress to work closely with the administration. But this work requires more clarity and better communication than we've been getting so far.

Another area of concern for this subcommittee is the safety of our air transportation system. Although air transportation continues to be one of the safest ways of traveling, the crash of Colgan Flight 3407 is a reminder that the regulations, inspections and procedures of the Federal Aviation Administration are all in the service of protecting human life. The FAA recently announced it is requiring its safety inspectors to focus their efforts on determining if regional air carriers are complying with Federal requirements for pilot training.

But the crash near Buffalo, New York raises important questions about FAA requirements related to pilot fatigue and qualifications and about the relationship between legacy and regional air carriers.

I know earlier this week the Department and the FAA gathered representatives from air carriers and other industry groups to participate in a summit on airline safety. That summit was designed to address many different aspects of aviation safety. And I will be interested to hear what the Secretary has learned from that meeting.

Finally, I want to express my concern about the administration's proposal for a national infrastructure bank. Investing in our infrastructure is critical. But we need to ensure that it is financed responsibly. Whether this bank is requested from funds appropriated by this subcommittee or included in a proposal for the reauthorization for service transportation programs, I think there are a lot of unanswered questions that need to be addressed.

Again, Secretary LaHood, thank you so much for appearing before us today to provide some additional detail and insight into the President's budget request. And with that I will turn it over to my partner and ranking member, Senator Bond for his opening remarks.

OPENING STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you, Madam Chair. And I agree with the concerns you raised. I welcome an old friend, Secretary LaHood.

I thank him for appearing again before our subcommittee and taking on this very challenging project as we both agree. I think it is wise as a fellow Midwesterner that he knows in hot weather these suits are much more comfortable. And we don't demand adherence. That's the beauty of the two party system, some wear suits and some—anyhow.

To be serious, Mr. Secretary, there appears to be a troublesome communication gap between the administration, Department of Transportation, OMB and the Senate. We're hearing about major policy initiatives after they've been reported without a heads up from the Office of Governmental Affairs, policy or public affairs. In fact the general public had access to the information before many of us did.

In most cases however, we're not hearing anything substantive regarding the transportation budget from the administration. They're going to make—they're going to do all these wonderful things without raising gas taxes, without raising taxes, with no information from OMB how it might be paid for, and that, I might add, with no policy guidance or direction from the Department.

The budget submission that we're trying to work with, as I have indicated to you, lacks some very important details. We don't know how to put this baby together. Because we don't know where the numbers are or how it's all going to work.

We know the devil is in the details in all these things. But these are really big details when a major policy implications for the Nation and we're running out of time to get the answers we need. In fact we will be getting our 302(b) allocations today which will dictate what this subcommittee can or cannot fund.

And I'll tell you the prospects do not look good. I don't see how we, from what I think we're going to get, I don't know how we can do what we have to do. But we need some guidance from you.

The budget has, before, has the same boiler plate language for FHWA, Federal Motor Carrier Safety Administration, FMCSA, National Highway Safety Administration, NHTSA and the Federal Transit Administration, FTA. The language reads, "The administration is developing a comprehensive approach for a surface transportation authorization. Consequently the budget contains no policy recommendation for programs subject to reauthorization including Federal aid highways. Instead the budget displays baseline funding levels for all surface programs."

As we've discussed we got to find out from OMB what these decisions are. And we hope that you will be able to get those. And we will be able to get those shortly. So we can begin work.

I know there are many difficult transportation challenges facing the Nation. But we can't refuse to deal with them or put off the tough decisions because we've got a schedule that we have to meet for this fall. I say only have facetiously that footnote to the boiler plate the budget documents should say, we still don't know how to pay for highways.

Getting the \$36 billion in general funds is probably not going to happen. And the highway number is likely not to be baseline funding from what we know at this point. I hope that will change.

We've been given some other important information since receiving the budget. And that's not good news. The trust fund is going bust, not just for 2010, but for 2009.

Three weeks after getting the budget staff got a briefing that the numbers in the budget for the Highway Trust Fund needed to be updated due to climbing cash balances in the Highway account of the Highway Trust Fund which will cause the fund to run out of money to handle day to day reimbursements. The Highway Trust Fund is now scheduled to fall below \$4 billion around July 3. And DOT has determined that at least a \$4 billion balance is needed in the Highway account to manage cash flows.

Sometime in the near future we're told DOT will give the State departments of transportation 8 weeks' notice of a change in reimbursement policy with a balance falling below zero in mid August. It won't be possible for us to complete our bill and conference by that time. So some solutions have to begin to be debated right now.

Everybody said we wanted to get jobs which were shovel ready. And I was very disappointed that the stimulus package that I felt was flawed and could not vote for did not deal with the rescission in highway funding, that \$8 billion rescission. And the shortfall is something that if you want shovel ready projects there's nothing like contracts that have already been completed the environmental work, the preparation to keep people working. We should have been continuing to build highways.

In testimony before our House counterparts on June 4, you testified you're working on solutions to fund \$5 to \$7 billion that will be paid for with offsets. I'd be interested to see what OMB comes up with since that time as well as what the administration believes it will need to do to meet the projected \$8 to \$10 billion shortfall for the Highway Trust Fund in 2010. As I said we'll be voting on

allocations later today, a 302(b) allocation in BA and outlays will at this point not sustain your requested level of general funds at \$36 billion with all of the other expected priorities of the bill.

Another problem I've been talking about and I've asked you about it. Our April 30 hearing on the American Recovery and Reinvestment Act is the rescissions as I mentioned. They'll be September 30; they'll be a looming \$8.7 billion if nothing is done.

Highway funds we thought were going to ARRA to create job stimulation. But without solving the rescission problem there will be massive losses of jobs in the late summer when we need to be putting those projects to work, creating and continuing those jobs and building the highways we badly need. FHWA has helpfully advised our staff that, "This is a very complicated rescission to calculate. And FHWA staff is working hard on it. Although we know the total amount to be rescinded from each State, we still cannot determine the programmatic distribution which many of you want to know."

In other words the Department does know how to make the rescissions or whether they can make rescissions called for or if there's going to be a fix. This is information I hope we will be able to get from OMB. So we can move forward.

Now I also understand that funding for high speed rail at \$1 billion over the next 5 years is the highest priority for the Department and the administration to supplement the \$8 billion in ARRA funding already. The high speed rail guidance that was recently announced has little to spell out how the additional funds will be used. And what the goals for a national rail plan due out in October this year, will try to achieve in terms of a vision.

GAO has reported it is continuing to work on high speed rail oversight. In testimony before the House Appropriations Committee, GAO said, "High speed rail does not offer a quick or simple solution to relieving congestion on our Nation's highways and airways. High speed rail projects are costly, risky, take years to develop and build and require substantial upfront public investment as well as potentially long term operating subsidies."

GAO goes on further to say that there are potential long term benefits of high speed rail. However determining which of any of the proposed high speed rail projects should be built will require decisionmakers to be able to determine a project's economic viability. Meaning whether the total social benefits, offset or justify it, total social cost and what the relative benefits and costs of the alternatives will be.

I will apologize because in the first round of questions I'm going to have to go to an Energy and Public Works mark up this morning which is considering a Clean Water Act amendment proposal that will eliminate the navigable waters limitation on the reach of corps of engineers and EPA guidelines over waters. As a result if this is passed and I have grave concerns about it. It will mean every pond and every puddle in the United States will be subject to Federal guidance.

Every time we have a heavy rain storm the terrace behind my garage in Missouri floods. And I have to get a sump pump to pump it out. Now will I have to get an EIS to pump out that pond that develops?

Senator MURRAY. Are there fish in it?

Senator BOND. Pardon?

Senator MURRAY. Are there fish in it?

Senator BOND. No, mosquitoes. And that's why I need to pump it out. But the problem is if this goes through every single puddle that a high speed rail project crosses will have to get an EIS.

That can add 10 years to a major high speed rail project. It's just a suggestion that we might want to consider when voting on it. Anyhow I digress.

My concern is that there is not sufficient funding, truly, to reduce congestion on our Nation's highways and airports. If as the current guidance outlines, the money goes to so many different projects. We'll be spreading the money so thin and wide we'll have nothing to show for it. Frankly, what will an additional \$1 billion per year in grants do that the previous \$8 billion did not?

Has the administration determined how the question of operating assistance will be addressed on these projects? We should not be paying to build it and then paying a heavy load continually to operate it. There should be conditions on grants to those communities on who and how they plan to pay for operating high speed rail in order to use these tax dollars.

And another major issue that's a real problem in my State with regard to Mexican trucks. We have discussed this. And I'm awaiting additional information from the Department on what, if anything can be done about the Mexican Government's retaliation over the terms of NAFTA on tariffs to the tune of \$2.4 billion of U.S. agricultural and manufacturing exports.

As you know, Mr. Secretary, over \$1.5 billion in manufactured products and \$900 million in agricultural products are impacted by the retaliation. This is something I warned about unsuccessfully every time we've had this debate. It was forced through, signed into law.

And the Mexican Government took the steps that they were totally authorized to take. And according to pork producers the retaliation puts over 12,000 "Ag" jobs and 14,000 manufacturing jobs at risk. We need to know if their plans to live up to the terms of NAFTA and open the border.

Turning to aviation, I am pleased to see that the airport improvement program is funded at a level that is both realistic and sufficient to fund the Nation's airport construction needs which is welcome change from the past administrations, both Republican and Democrat. Unfortunately the good news ends there with increased funding needs for NextGen, a new contract pending for the air traffic controllers and further issues being exposed in the area of aviation's safety. There are a number of top budgetary choices and policy challenges facing the Department.

Mr. Secretary, as you can see we really need some realistic decisionmaking, especially in regards to highways and rescissions. We're not likely to have the funds we need to meet all the Department of Transportation and Department of Housing and Urban Development needs. But the more we work together with the various authorizing committees and the administration in an open, bipartisan manner, the more likely we'll find those solutions.

After all transportation is something that both parties recognize is good for the Nation. And we want to have good common sense solution. Our transportation infrastructure like our highways, roads and bridges are the life blood of our economy, the key to future economic growth and economic recovery. We can't afford to pass the buck because solving these problems is critical to creating jobs, safer travel and economic development.

I thank you, Madam Chair. I apologize for the length of the statement. But I wanted to lay out these concerns. Thank you again, Mr. Secretary for being here.

Senator MURRAY. Thanks very much, Senator Bond. Senator Collins.

STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you very much, Madam Chairman. First let me commend you for allowing your good taste to overcome peer pressure.

Senator MURRAY. Absolutely.

Senator COLLINS. To wear a seersucker suit today. That is impressive as well.

Senator BOND. Now that you bowed to peer pressure.

Senator COLLINS. I did indeed.

Senator BOND. That's good.

Senator COLLINS. Let me say to you and Senator Bond that I am delighted to be a new member of your subcommittee. And I look forward to working with both of you on transportation issues and the other important jurisdiction of this subcommittee.

Maine, like most States has a long backlog of deteriorating roads and bridges. And I was delighted a couple of weeks ago to meet with the head of a road construction company from Maine who told me that as a result of the stimulus bill there are 100 people working doing repaving who otherwise would not have jobs. So I believe we're seeing some early, very positive results of the stimulus package with regard to infrastructure improvements that are so needed.

Nevertheless as both the chairman and the ranking member have pointed out, there is an awful lot to be done. I'm eager, Mr. Secretary, to have you come to Maine and to visit the University of Maine. And see the work that's being done on composites to be used to build bridges that will last longer and offer other advantages.

I'm also pleased that the administration has provided a substantial increase in the essential air service funding. This program is critical for smaller rural States, like Maine, to ensure that the rural regions receive commercial airline service. There are many other important issues that we will discuss today. But I want you to know, Mr. Secretary, that the number one transportation issue in my State is that of truck weights. And I look forward to discussing that issue further with you.

Again, Mr. Secretary, I couldn't help but think how different it must be for you to be sitting on that side of the dais. And I think we're very fortunate to have an individual with your background and understanding of Congress in such an important role in President Obama's cabinet. Thank you, Madam Chairman.

Senator MURRAY. Absolutely. Thank you very much, and Senator Alexander, opening statement.

STATEMENT OF SENATOR LAMAR ALEXANDER

Senator ALEXANDER. Thanks, Madam Chairman. Welcome, Mr. Secretary, look forward to working with you.

I wanted to just call to your attention. The other day they shut down an 8 mile section of Interstate 40 in Knoxville, one of the most heavily traveled interstates in Tennessee for 14 months. And they fixed it.

And usually it would have taken 3 to 4 years. It was called a Smart Fix program. And it was an example of more efficient use of our highways. And we'll have a chance to discuss more, but one of the thoughts I've had for a few years is why don't we have a Federal rating for highway use efficiency?

When we rate cars, you know, by fuel efficiency. And one of your predecessors told me that 40 or 50 percent of our traffic jams are caused by the inefficient use of highways by, you know, trying to fix them at 4 o'clock in the afternoon or wrecks that don't get pulled off the road. I think if you had, Senator Bond and I have both been Governors.

I think if you had a list of States 1 to 50 rated based upon their highway efficiency use and Tennessee were 50, somebody could get elected Governor just based on that. And you might see some changes in it. So it's just a thought I have.

I look forward to talking with you. And I appreciate the chance to make a comment.

Senator MURRAY. Thank you very much. Mr. Secretary, with that we will turn it over to you for your opening remarks.

STATEMENT OF HON. RAY LAHOOD

Secretary LAHOOD. Madam Chair and members of the subcommittee, thank you for the opportunity to discuss the administration's fiscal year 2010 budget request for the U.S. Department of Transportation.

The President seeks a total of \$73.2 billion in budgetary resources. This funding level supports the President's ambitious agenda for revitalizing and enhancing our national transportation infrastructure. It's essential that we continue to invest in these assets to keep our highways and rails in good repair, keep our freight and maritime shipping lanes open and keep all modes of transportation operating as efficiently and safely as possible.

Safety always has been and must continue to be our chief concern. That's why over one-quarter of the Department's total budget request supports transportation safety. I want to highlight the President's fund request for some of our critical modes.

First, high speed and inner city passenger rail: As you know President Obama and Congress have made a historic \$8 billion investment to jump start new rail corridors around the Nation. The President's budget proposes to fund a 5 year, \$5 billion high speed rail State grant program.

This represents a major commitment by the Government to offer the traveling public a safe and sustainable alternative to driving and flying. The budget also includes \$1.5 billion in grants to sup-

port Amtrak. When this is combined with the \$1.3 billion provided in funding through the Recovery Act, Amtrak is poised at last to address its long standing capital needs.

With respect to aviation, the President's budget requests nearly \$16 billion for the Federal Aviation Administration. This level will enable us to fund the FAA's highest priorities including \$865 million to keep NextGen air transportation moving forward. With these resources FAA will also be able to fund additional air traffic control positions and invest in nearly 3,500 airport infrastructure projects at 1,500 airports.

The maritime industry also plays a vital role in our economy with nearly half of all U.S. foreign trade by value traveling by water. The President's budget seeks \$346 million for the Maritime Administration. This includes \$15 million for a new Presidential initiative to enable MARAD to work with the Department of Homeland Security on modernizing our inter mobile freight and infrastructure links that tie ports, highways and rail networks into a seamless transportation network.

I'm confident that the President's transportation budget for 2010 will help our Nation continue to develop our most vital transportation assets for the 21st century. Nevertheless one of the most significant challenges our Department faces going forward is the ability to identify sufficient resources to meet our goals. And provide the American people with the transportation system they need and deserve.

I'm grateful to Congress for providing more than \$48 billion in transportation funding through the American Recovery and Reinvestment Act and proud of our tiger team effort in implementing the provisions in the Recovery Act. By working across organizational boundaries the team has been successful in meeting the Congressional deadlines. Every deadline has been met that was put in the law; the historic investment is making it possible for thousands of transportation projects around the country to get underway.

As a direct result we're helping to save or create good paying jobs that so many families and communities need right now. And we're rebuilding, retooling and revitalizing our airports, roads, bridges, ports, transit systems and more. But we must also recognize that the two primary funding sources the Department has long relied on fuel tax and airline ticket taxes are no longer sufficient.

As you know last year the Highway account of the Highway Trust Fund required an \$8 billion cash transfer from the general fund in order to remain solvent. The current reduction in economic activity has made the problem of sustainability even more serious. We remain at risk for yet another cash shortfall in the Trust Fund as soon as mid to late August.

The administration has inherited a system that can no longer pay for itself. Clearly we cannot continue on this path. Therefore we're proposing an immediate 18-month Highway Reauthorization that will replenish the Highway Trust Fund.

Critical reforms are needed as a part of this process to help us better invest, to make better investment decisions including focusing on smarter investments in metropolitan areas promoting the concept of livability to more closely link home and work. I urge Congress to pass this measure before the August recess so that

States do not risk losing the vital transportation funding they need and expect. I assure you we are working on a long-term solution.

PREPARED STATEMENT

We're pledged to work with you and every Member of Congress on the full reauthorization that best meets the needs of the country. And I'm confident we'll find the necessary solutions. Thank you for the opportunity. I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. RAY LAHOOD

Madam Chairman, members of the subcommittee, thank you for the opportunity to appear before you today to discuss the administration's fiscal year 2010 budget request for the U.S. Department of Transportation. The President's request totals \$73.2 billion in budgetary resources, which will support major investments in transportation nationwide that are vital to the health of our economy and the American way of life.

The President's budget continues record level investments in our Nation's transportation infrastructure. At the same time, the budget reflects the growing recognition that traditional gasoline taxes and airline ticket taxes, two of the major sources of funding for the Department's surface transportation and aviation programs, respectively, are outdated and not adequate to support 21st century transportation needs.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009. I want to thank Congress for providing more than \$48 billion in vital transportation funding to both help bring about economic recovery and make lasting investments in our Nation's infrastructure. This is both an investment in our transportation infrastructure and in jobs for Americans. The resources made available from the general fund for transportation infrastructure in the Recovery Act will help to rebuild, retool, and revitalize the vast network of roads, tunnels, bridges, rail systems, airports, and waterways that we have long depended on to keep the economy moving and growing. I am very proud of our TIGER Team effort in implementing the provisions in the Recovery Act. By working across organizational boundaries, the Team has been successful in meeting the Congressional deadlines.

America's transportation systems are the lifeblood of our economy, and when properly maintained can be a catalyst for economic growth. These systems allow people to get to jobs and allow businesses to access wider pools of labor, suppliers, and customers. The ability to move freight efficiently will be critical to our economic recovery. Without efficient transportation routes, economies stagnate. We need to protect, preserve, and invest in our transportation infrastructure to ensure that it can meet our present and future demands.

Above all, we must make our transportation systems safe; where public safety is concerned there is no room for compromise. Over \$18.5 billion, or one-quarter of the total request for the Department, will support transportation safety. I am mindful that safety—on the road, on the rails, in the air, and on the water—has always been, and must continue to be, the central focus of the Department.

SURFACE TRANSPORTATION PROGRAMS

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expires on September 30, 2009. The administration is developing a comprehensive approach for surface transportation reauthorization. Consequently, the budget contains no policy recommendations for programs subject to reauthorization, including those for the Federal Highway Administration, the Federal Motor Carrier Safety Administration, the National Highway Traffic Safety Administration, and the Federal Transit Administration. Instead, the budget displays baseline funding levels for all surface transportation programs.

An overarching concern for surface transportation funding is the status of the Highway Trust Fund. The funding levels set in SAFETEA-LU for fiscal years 2005 through 2009 were designed to spend down the accumulated balance in the Highway Account of the Highway Trust Fund. This has left the Highway Account unable to sustain spending from current highway programs into fiscal year 2010. The sustainability issue became apparent when in 2008 the Highway Trust Fund required an \$8 billion cash transfer from the general fund in order to remain solvent.

The current reduction in economic activity has only exacerbated the problem of sustainability for fiscal year 2010, and we remain at risk of yet another cash shortfall later in fiscal year 2009. At my direction, the Department has shared our internal projections on the status of Highway Trust Fund with you and your staff. As you all know, DOT's highway programs continue to pay out more than the receipts coming into the Highway Trust Fund.

To highlight the growing imbalance between projected Highway Trust Fund revenues and baseline spending, the fiscal year 2010 budget includes lowered Highway Trust Fund funding levels for certain programs (i.e., Federal-aid Highways and Transit Formula and Bus Grants). Such funding reductions would be necessary to maintain positive annual cash balances. For these programs, the budget also includes discretionary budget authority appropriated from the general fund equal to the difference between the baseline funding and the lowered Highway Trust Fund funding levels.

Under the funding scenario presented in the fiscal year 2010 budget, the Federal Motor Carrier Safety Administration and the National Highway Traffic Safety Administration would be funded entirely from the Highway Trust Fund. The split between trust fund and general fund expenditures in all accounts funded by the Highway Trust Fund is for presentation purposes only and not a meant to be a policy recommendation on the part of the administration.

Using the Federal Highway Administration as an example, the baseline funding level presented in the fiscal year 2010 budget is \$41.8 billion, a 1 percent increase from the amount provided by Congress in the fiscal year 2009 Omnibus Appropriations Act. However, the Highway Trust Fund can only support an estimated \$5.7 billion in contract authority, and an equivalent obligation limitation. The balance—\$36.1 billion—is assumed to be provided from a new discretionary general fund appropriation.

Does this mean that we will have a \$36 billion shortfall in the Highway Account of the trust fund in fiscal year 2010? No. During any given year, most of the payments from the Highway Trust Fund are for funding commitments that were made in previous years. By fiscal year 2010, the majority of revenues that will be deposited into the Highway Trust Fund will be needed to cover cash outlays from those prior-year commitments.

The President's fiscal year 2010 budget reflects the fact that over the long term, we will need to identify a new funding solution to ensure that we continue to meet our Federal surface transportation infrastructure investment needs. However, I need to emphasize that this budget is a "placeholder" and this presentation does not reflect the administration's recommended funding levels or approach for the next surface transportation reauthorization.

The administration inherited a difficult problem—a system that can no longer pay for itself. There simply is not enough money in the Highway Trust Fund to do what we need to do. The fiscal year 2010 budget frames the challenging spending decisions facing policymakers. Clearly as we approach the reauthorization of surface transportation programs, we will need to think creatively as we search for sustainable funding mechanisms.

I want to assure you that we will soon have a plan to address the potential Trust Fund shortfall this summer. We believe very strongly that any Trust Fund fix must be paid for. We also believe that any solution must be tied to reform of the current highway program to make it more performance-based and accountable, such as improving safety or improving the livability of our communities—two priorities for me.

FEDERAL AVIATION PROGRAMS

The Federal Aviation Administration is in a similar situation as DOT's surface transportation programs in that its current authorization also expires at the end of the current fiscal year. The Vision 100—Century of Aviation Reauthorization Act originally expired at the end of fiscal year 2007, and since that time the Federal Aviation Administration has been operating under a series of short-term extensions. Current aviation taxes and expenditure authority are authorized through September 30, 2009.

The Airport and Airway Trust Fund provides all of the funding for the Federal Aviation Administration's airport improvement, facilities and equipment, and research and development activities, as well as approximately 70 percent of the Federal Aviation Administration's operations. As of the end of the current fiscal year, DOT estimates that the Airport and Airway Trust Fund will have a cash balance of approximately \$9.5 billion and an uncommitted balance of \$929 million. The uncommitted balance takes into account the amount of cash needed to cover commitments that have already been made. As such, the uncommitted balance is generally

used as an estimate of available resources for new commitments. The fiscal year 2010 budget projects that the uncommitted balance will drop to \$334 million by the end of fiscal year 2010. Although the budget estimates a small uncommitted balance in fiscal year 2010, the end of year 2010 cash balance is estimated to be \$8.75 billion and the Federal Aviation Administration will have more than sufficient resources to implement its programs in fiscal year 2010.

The President's budget requests nearly \$16 billion for the Federal Aviation Administration in 2010. The budget also assumes some basic elements of a reauthorization proposal. The current financing system is based largely on aviation excise taxes that depend on the price of a passenger's airline ticket rather than the actual cost of moving flights through our Nation's aviation system. Starting in 2011, the budget assumes that the air traffic control system will be funded with direct charges levied on users of the system. While the budget does not include a detailed reauthorization proposal, the administration believes that the Federal Aviation Administration should move toward a model whereby the agency's funding is related to its costs, the financing burden is distributed more equitably, and funds are used to pay directly for services the users need. The administration recognizes that there are alternative ways to achieve its objectives, and wants to work with Congress and stakeholders to enact legislation that moves toward such a system.

Unlike the budget presentation for surface transportation programs, the fiscal year 2010 budget request of nearly \$16 billion for the Federal Aviation Administration is not a "placeholder" and, in fact, would fund the Federal Aviation Administration's highest priority requirements.

The request includes \$865 million for the Next Generation Air Transportation System (NextGen)—an increase of close to \$170 million from the fiscal year 2009 enacted level. NextGen is an evolutionary process that will transform the way the national air transportation system operates. The outcome will be reduced congestion and delays, improved safety, and reduced noise and emissions.

In addition, the budget request includes funding to increase the number of air traffic controllers by 107 and the number of safety staff by 36. This will improve the Federal Aviation Administration's safety oversight function and meet its current need to continue to hire a new generation of air traffic controllers in advance of the anticipated retirements.

The budget request would provide \$3.5 billion for the Airport Improvement Program. This level of funding will support an estimated 3,500 infrastructure projects at an estimated 1,500 airports, including the rehabilitation and maintenance of existing infrastructure, compliance with design standards, and improved airport capacity.

HIGH-SPEED AND INTERCITY PASSENGER RAIL

In the 20th century, the United States built highway and aviation networks that fueled unprecedented economic expansion, fostered new communities, and connected cities, towns and regions.

The President's fiscal year 2010 budget proposes to help address today's transportation challenges by investing in a world-class network of high-speed passenger rail corridors that connect communities across America. Building on the \$8 billion provided for high-speed rail in the American Recovery and Reinvestment Act of 2009, the President's budget proposes to fund a 5 year, \$5 billion high-speed rail State grant program. This represents a major commitment by the Federal Government to provide the traveling public with a viable alternative to driving and flying.

The budget also includes \$1.5 billion in grants to support the National Railroad Passenger Corporation (Amtrak)—\$572 million for operating grants and \$930 million for capital and debt service grants. When combined with the \$1.3 billion in funding provided for Amtrak under the American Recovery and Reinvestment Act, the fiscal year 2010 request will allow Amtrak to begin to address some of its long-standing capital requirements.

MARITIME PROGRAMS

The U.S. maritime industry plays an important role in today's global economy. In terms of the value of cargo, more than 48 percent of U.S. foreign trade and 6 percent of our Nation's domestic commerce travels by water. The fiscal year 2010 budget request includes \$346 million for the Maritime Administration. This request fully funds the Maritime Security Program at \$174 million and provides \$153 million for Operations and Training, including a \$12 million increase for the U.S. Merchant Marine Academy for operational and capital improvements.

In fiscal year 2009, the Maritime Administration took positive steps to address and remediate certain internal control issues related to budget implementation at

the Academy. These steps include significant financial management reforms at the Academy and technical assistance for new Academy leadership. I have also directed MARAD to establish a "blue ribbon" panel of experts who will examine and report to me on the Academy's long-term capital improvement needs.

The budget also provides an increase of \$15 million under MARAD Operations for a Presidential initiative to support integrated planning with the Department of Homeland Security for development and modernization of intermodal freight infrastructure that links coastal and inland ports to highway and rail networks.

The fiscal year 2010 request for the Saint Lawrence Seaway Development Corporation includes nearly \$17 million for agency operations and fully funds the second year of the Seaway's 10-year Asset Renewal Program.

Before I conclude my testimony I also want to mention two other notable items in the President's fiscal year 2010 budget request for DOT. This request will enable the Pipeline and Hazardous Materials Safety Administration to fill 18 additional pipeline safety inspection and enforcement positions. This will bring the total number of inspection and enforcement positions up to 135 in fiscal year 2010, meeting the target in the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006.

Finally, the administration is committed to maintaining small communities' access to the National Airspace System. The budget provides \$175 million for the Essential Air Service (EAS) program to fulfill current program requirements as demand for subsidized commercial air service increases. The budget drops an earlier proposal to restructure the eligibility criteria for airports to receive EAS funding, but also acknowledges that the program design must be updated and made more cost effective. The administration is committed to working with Congress to develop a more sustainable program that will provide better value for passengers and the American taxpayer.

Thank you for the opportunity to appear before you today to discuss the President's fiscal year 2010 budget proposal for the Department of Transportation. I believe that this proposal offers bold initiatives and charts a new course for transportation infrastructure investment in the United States over the years to come. I look forward to working with Congress and transportation stakeholders to make this reality.

I will be pleased to respond to your questions.

HIGHWAY TRUST FUND

Senator MURRAY. Thank you very much, Mr. Secretary. Let me just say that as you know most of the spending that comes out of the Highway Trust Fund over the coming year is going to be used to reimburse our States for projects that they actually developed a year or so ago. So basically most of today's spending from the Trust Fund was committed a long time ago.

We need to fix the Highway Trust Fund to make good on those commitments that are now already out there. Our home States have been spending their own funds on these eligible transportation projects with the assurance that they're going to be reimbursed. So if we don't make good on our promise than we're going to throw our States into a financial crisis right when many of them are already facing really distressful times during this economic recession.

Now I just heard you testify that it's necessary to include reforms to the transportation programs as part of the legislation to fix the Highway Trust Fund before the August break which I think we've got 5 weeks left of session to do that. Those reforms are important. They affect future decisions about transportation projects and not just the reimbursements that are going to occur over the coming months.

So let me ask you why is it necessary to reform the transportation programs in order to save the Highway Trust Fund over the short term?

Secretary LAHOOD. We at least need to have a discussion about this. Our priority is to work with OMB and the Congress to find the money to plug the Highway Trust Fund for the next 18 months. During our discussions we should at least talk about the way forward and begin discussions about some reforms.

Our priority will be to work with all of you to plug the Highway Trust Fund, to find the money to do it and to pay for it. We'd like for part of our discussion to be about reforms because we know that over the next 18 months as we work with Congress, we're going to be talking about reforming the transportation program.

I want to be clear on this. We're going to work with all of you to find the money to plug the Trust Fund, to pay for it.

Senator MURRAY. OK.

Secretary LAHOOD. During our discussions we'd like to talk about reform.

Senator MURRAY. OK. But one of my concerns—and you're raising some interesting points about transportation and supporting livable communities. It sounds good.

But those are major reforms to our transportation system that you're asking us to define in a few short weeks of Congress and pass by August to get the Highway Trust Fund fixed. So I mean, do you think Congress can enact major reforms in the 5 weeks we have before the end?

Secretary LAHOOD. From the day that the President was sworn in on January 20 through February 14 the Congress passed a \$780 billion Economic Recovery Plan. The answer is that we can have discussions. Whether we can get to the point where we can include these as a part of our fix for the Highway Trust Fund, we'll have to see.

Senator MURRAY. But here's—

Secretary LAHOOD. Madam Chair, let's throw it out there and see if we can have a discussion. That's all.

Senator MURRAY. Yes. I think discussions about how we reform our transportation system are important. But as a realist I know that we've been sent a judicial nominee. We have appropriations mark ups to get out. The President wants us to do health care reform. And we basically have 5 weeks of session.

So I'm very concerned that the Highway Trust Fund being put into the mix of some major policy discussions won't see the light of day. And what we'll end up with is our States who are waiting for this money will get caught in that. And that's what I'm asking you to understand.

Secretary LAHOOD. Our No. 1 priority is to fix the Highway Trust Fund, to pay for it, to find the money. Along the way here if we can have discussions about these other things, I think we should.

Senator MURRAY. Conversations are great. Passing legislation is hard. I just want to make sure we're all committed to getting the Highway Trust Fund fixed by August.

Secretary LAHOOD. You have my commitment to do that.

Senator MURRAY. OK. Thank you. I appreciate it.

And the conversation is important. But I am concerned about some of the lack of details from your announcement. You're offering

a general framework for us. But we can't wait very long for a proposal.

So can you explain to me how we would fix the Highway Trust Fund? Whether the fix would be paid for and how we'd pay for it? Is that part?

Secretary LAHOOD. The fix will be paid for and our staff is working with OMB to——

Senator MURRAY. Can you tell us when we'll see a proposal?

Secretary LAHOOD. Very soon.

Senator MURRAY. OK, because obviously recess is fast upon us. So I'm very concerned about that. So as soon as we——

Secretary LAHOOD. I take your point.

AVIATION SAFETY

Senator MURRAY. OK, very good. Let me ask you about the Colgan air crash.

The Department has taken a number of actions to improve aviation safety. And I know you've pulled together some meetings with representatives to talk about safety improvements. I know we've been promised that we're going to see some drafting on new rules on flight time, pilot flight time, that are based on scientific research. And the Department is talking about relying on voluntary actions from the airlines.

Do you think that voluntary actions will get us to where we need to be?

Secretary LAHOOD. Well, let me first say that we have probably the most qualified FAA Administrator in the country. Randy Babbitt is superb, experienced, a 25 year pilot, commercial pilot, businessman and former President of the Airline Pilots Union. Nobody knows these issues better than the FAA Administrator.

The meeting that we held at the FAA a few days ago had an overflow crowd. We had people that wanted to come and we just didn't have room.

These folks came up with very, very good suggestions. Randy made it very clear and I made it very clear to them that we want to work with the airlines. We want to work with the pilots unions. We want to work with everybody.

We're not going to sit around on our hands and wait for something to happen. If things don't happen quickly we're going to take action either by suggesting legislation to Congress or by rule making.

Senator MURRAY. OK.

Secretary LAHOOD. We're not going to wait until January until the NTSB makes its report. We're going to give them a little time here to think about some of the things that were suggested and recommended. I guarantee it.

We're going to take action. Safety is our No. 1 priority in all of our modes.

MEXICAN TRUCKS

Senator MURRAY. OK, very good. And just real quickly in my last few seconds, Mexican trucks?

We have been working on this subcommittee long and hard on this. Senator Bond mentioned it in his opening remarks. The punitive tariffs are impacting everybody right now.

Can you give me a quick update on where the administration's progress is on developing a plan?

Secretary LAHOOD. We are making the final tweaks to the proposal. It involves a lot of different agencies. It involves agriculture, transportation, the State Department. There are a lot of players here.

We're putting the final tweaks on it and we hope to begin to meet with you folks and your staff to explain what we've tried to do collectively to address the issues that many Senators expressed to us about their concerns about safety and the Mexican truck program.

Senator MURRAY. OK. Well we hope to be able to mark up our bill fairly soon after the July recess. So hopefully we can get it before then so we can get this resolved. Thank you.

Senator Bond.

Senator BOND. Thank you, Madam Chair and Mr. Secretary. I second the questions that the chair asked. And I won't go into them here. But you and I have had a discussion about the funding.

On Mexican trucks I would point out that this subcommittee has in the past put all kinds of safety requirements and safety standards and guidelines and inspections on the Mexican trucks. From what we have understood they have met every single one of those tests. And now it would seem to me that the negotiations would have to be with our partner to the South on what we can do since we have violated the terms of agreement of NAFTA.

And it's wonderful that all the agencies are talking to each other. But the problem is we have to resolve the dispute with Mexico. Is that—is the Government of Mexico involved in the discussions?

Secretary LAHOOD. I met with 28 Members of Congress to try and discern what it takes to get Senators and House Members to the notion that we can develop a very safe program. I heard lots of good suggestions and recommendations and lots of ways to measure safety.

We've included those in our proposal and very soon you'll be seeing that. Frankly, we have not shared that with the Mexican Government.

It's an internal document based on conversations and recommendations that we got from Members of Congress who frankly didn't like the program, but we have not shared it with the Mexican Government if that's what you're asking me.

HIGHWAY TRUST FUND

Senator BOND. Well we have for 3 years put mores to every good idea that we've got and we put on it. And to my knowledge they've done enough. Some—if people don't like the program they're going to have to explain it to the 25,000 American workers who are going to lose their jobs.

But moving onto the Highway Trust Fund, if there's a fix are you—do you agree with the current Highway Transit split, 80/20? And I would ask you, the budget has assumed a \$36 billion general

fund appropriation for highways. Are those funds going to be used for title 23 eligible activities only like the trust fund dollars?

Secretary LAHOOD. The fix is going to be for highways and transit. Is that what you're asking?

Senator BOND. Yes. I mean is there a separate—are you going to keep the same splits?

Secretary LAHOOD. Yes, sir.

Senator BOND. Or are you going to have different funds?

Secretary LAHOOD. No, we're going to fix both and the formulas. We're not going to change those.

Senator BOND. ARRA provides 10 percent for operating assistance on transit. Is it going to be the policy of the administration to support operating assistance in the future?

Secretary LAHOOD. The supplemental bill that is pending now in the Senate includes a provision that allows for 10 percent to be used for operating. If you all pass that and the President signs it, it will be the law.

Senator BOND. Going forward are you recommending because if you start—if we start subsidizing operating assistance we're going to have to have a whole lot larger budget allocation than we have. That's the thing I'm worried about.

Secretary LAHOOD. We're going to follow the law. In the supplemental there's a provision that allows for money to be used for operating.

When I've testified before Congress before I've said I'm open minded about this. It makes no sense to send money out to these transit districts to buy buses if there's nobody there to drive them or there's nobody there to operate the transit district.

The House has spoken on this, eventually I think you all will and if the President signs it, it will be the law. We'll follow the law.

HIGH SPEED RAIL

Senator BOND. Well, I have some other questions about the burdens. For example, on the high speed rail strategy the—we need some guidance on there. Without some guidance from the Department I'm concerned we could end up in an unfortunate situation where States in each rail corridor go down their own way creating operating inefficiencies, greater operating and maintenance costs.

And are there steps you can then take to assure that there is a process for developing common specifications. For example, for rail locomotives latest technology and what can the Department do in the short term to encourage American companies to invest in locomotive manufacturing and renew a domestic manufacturing capability?

Secretary LAHOOD. We put guidance out yesterday for all those that have high speed rail interest. We think it's very good guidance. We think it really gives people an opportunity to see what we're looking for.

We have set a deadline for September to receive applications. We'll review those and then we'll determine how the money is going to be spent.

This money is going to be spent correctly. And according to the guidance that we have given to people. We developed the guidance after traveling around the country and holding, I think, 11 or 12

regional meetings and inviting all the high speed rail enthusiasts to come to Washington and meet with the Vice President and myself.

We've had lots of meetings on this. We think we're headed in the right direction. But I want to assure you that the \$8 billion will be spent correctly to really jump start our opportunities to have high speed rail.

AIR TRAFFIC CONTROLLERS

Senator BOND. We want to make sure that there's guidance there to assure that it's spent wisely.

Mr. Secretary, I know the top priority is to settle the dispute between the air traffic controllers and the FAA. I'm concerned about what the dollar cost of it because there's nothing in the budget for it. And I just got some figures that of the 74 of the top 100 controllers earn more than the Vice President of the United States and the Speaker of the House.

Now maybe they're worth more than that. But of the top 1,000 contributors, 300-411 earn more than \$198,000 which is more than a Cabinet Secretary, you make, Majority and Minority Leaders of Congress. And I just wonder if you're going to be able to meet the needs if those salaries continue to go up.

Secretary LAHOOD. Well just by way of background for the subcommittee, we have engaged Jane Garvey to lead the negotiations. Two mediators have been hired.

They've closed out many issues and they're very close on several others. The final issues will be salaries and vacation and those kinds of things.

We're working with Jane and her team on what it's going to cost to really get into an agreement with the controllers. We're closer than we've ever been and this process has worked very well.

Senator BOND. Thank you, Mr. Secretary. I thank the chair. If you'll excuse me I have some votes to go take in another committee.

Senator MURRAY. Alright, Senator Collins. Thank you very much, Senator Bond.

Senator COLLINS. Thank you, Madam Chair. Mr. Secretary, I want to associate myself with the question that Senator Murray brought up about the safety of regional carriers. In my State even the largest airports in Bangor and Portland are primarily served by regional commuter airlines.

In fact, in Bangor, almost 80 percent of the passengers are being carried on commuter airlines. Even in Portland our largest airport, it's more than 71 percent. Do you anticipate the administration presenting a plan to ensure the safety of commuter airlines?

Secretary LAHOOD. Yes and very soon. Again, after our meeting Randy Babbitt will be traveling around the country and visiting with people who could not come to Washington. He's going to do that very quickly.

I had a conference call for over an hour with the family members of those that perished in the flight in Buffalo. They offered me some very good suggestions and recommendations. When Randy gets back from this little regional tour that he's going to be on and after we assess whether the airlines and the pilots are going to be

able to comply with some of the things that were recommended, we will have a good report with good recommendations about whether we think there should be legislation or rule making or if some of these things are going to be done voluntarily.

We have to assure the flying public that when they get on a commuter airline, it's safe and that the pilots that are flying them are well trained and well rested. That's—it's the bottom line. We're committed to doing that.

TRUCK WEIGHTS

Senator COLLINS. Great. Thank you. I appreciate that commitment.

I mentioned in my opening statement that the biggest transportation issue in the State of Maine has to do with truck weights. And I want to give you a little more background on that issue. Right now trucks weighing up to 100,000 pounds are permitted on the interstate highways in New Hampshire, Massachusetts, and New York as well the Canadian provinces of Quebec and New Brunswick.

But when they are traveling through Maine they're only allowed on Interstate 95 from the New Hampshire border until they get to Augusta, Maine. Interstate 95 continues another 200 miles in Maine up into Aroostook County to Houlton. The result is that the heaviest trucks are forced to leave the Interstate and travel through small villages, through downtown Bangor.

In the last couple of years there have been two fatalities in Bangor involving heavy trucks that have been trying to navigate through busy downtowns or on rural roads and neighborhoods. This just doesn't make sense. The State police have implored us to fight for an increase in the weight limit because they believe that it will reduce the number of accidents.

The State legislature has passed a resolution with the support of the Governor and the entire delegation urging Congress to address this issue. This is bicameral, bipartisan. Everyone is for it.

And unfortunately we've had a great deal of difficulty in trying to correct this disparity. As you can imagine this is also a big economic issue. There's more wear and tear on secondary roads in our State because of the heavy trucks.

It's a commerce issue when trucks traveling from Canada down through Maine have to carry lower loads. It's an energy issue as well because we're putting more trucks on the road. I realize that this requires a legislative fix, but I would ask today that the Department work with Maine officials on both sides of the aisle, State and Federal, to help us develop a plan to remedy what is a serious safety and commerce issue. So I'm asking you today if you will help us address this important issue.

Secretary LAHOOD. I certainly will and we're looking at this in the Department. When I was in New Hampshire and Vermont recently to announce some road projects with Senator Sanders in Vermont and Senator Shaheen in New Hampshire, people raised this issue with me and both the Senators also raised it with me.

I know it's a very, very critical issue and we will work with the Congress on the way forward to try and find the right fix for it.

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

Senator MURRAY. Thank you very much. Senator Specter.

MAGLEV

Senator SPECTER. Thank you, Madam Chairwoman. Mr. Secretary, thank you for taking on this important, tough job. Thank you for your trips to Pennsylvania, including Cumberland County last week.

There is considerable public interest, as you know, on using the Stimulus funding and getting into action. And that issue becomes more sharply focused as you see the public opinion polls expressing concerns about the deficit and the national debt. And I think the public concerns would be allayed to some extent, although it's a mounting problem from what I sense in my State and nationally be allayed to some extent if the funds were allocated and people could see some results from them.

Let me thank you for your prompt action in releasing the \$950,000 from the Federal Highway Administration to the Federal Railway Administration. That is very, very helpful on the MAGLEV. Pursuing MAGLEV there has been appropriations of \$45 million for the eastern part of the State which could be awarded to MAGLEV.

That appropriation was made sometime last spring, the spring of 2008. And there has been concern about matching funds from Pennsylvania on the 20 percent. But I would ask you to take a look at that to see if some of it could be advanced to the extent we can get those matching funds.

Because I think Governor Rendell would be anxious to move ahead. And the work on the robotic arms to construct it could begin. So if you would take a look at that.

Secretary LAHOOD. Yes, sir.

Senator SPECTER. I would appreciate it.

Secretary LAHOOD. I'll do it.

Senator SPECTER. There's a different MAGLEV low speed from the University of California which is south of Pittsburgh. And there is \$1.5 billion in the stimulus package which could be allocated. And that project is looking for \$200 million to move ahead.

And that would come in the category. And I know how many you have on your plate and how many items you have. But if that money could be forthcoming, people could see where it is going.

The trip you made to Cumberland County was very helpful because they see a bridge being constructed. Secretary Napolitano was at the Philadelphia airport on baggage handling for explosives. They can see \$26 million. So there again, it would be very, very helpful.

One of the key rail projects in Pennsylvania is Schuylkill Valley Metro which would run from center city Philadelphia to Reading and would take an enormous amount of pressure off the Schuylkill expressway. And that's a virtual parking lot. And we have scaled that back from some \$2 billion using existing lines to a much, much lesser figure. But it's still a problem of getting it lined up with a local match.

There is \$24 million which would lapse on September 30. And I would ask you to take a personal look at that, not to reprogram it because that program is alive. It's been a long time in coming.

But some think it would be enormously important. And even when we're trying to take people off the highways and OPEC oil and pollution and all the rest of it because that I'm determined to see that happen and so is Senator Casey and so is the Pennsylvania delegation.

Secretary LAHOOD. I'll look into it and get back to you.

[The information follows:]

DOT is waiting for the fiscal year 2011 appropriations bill to determine the status of the funds earmarked for the Schuylkill Valley project.

HIGH SPEED RAIL

Senator SPECTER. OK. I'd appreciate that. There's another rail line, Scranton to Hoboken, which would enable some tentative plans for a Wall Street West to be constructed in Northeastern Pennsylvania to take the pressure off of Wall Street into Manhattan. And the concerns which have been expressed in having all of those very important records and matters in one concentrated spot in light of what happened to the Trade Center.

I'm not looking to make any predictions or say anything which would cause something to happen. But it's a target area. And there is now a 30 day public comment period on the environmental review.

And when that finishes it would be very helpful if there was a response from the Department of Transportation on the next step moving forward. I've given you quite a laundry list here, Mr. Secretary. But you've got some of the really critical projects as they affect transit.

Let me ask you—give you a chance to respond a little bit as to what you see with the \$8 billion on high speed rail. That is an item which would be very beneficial on the Philadelphia to Pittsburgh run.

Where do you see the allocation of funds coming on that?

Secretary LAHOOD. We put the guidance out yesterday and it's up on our Web site so everybody can see it. We know that all the real enthusiasts have already read it. Some are putting together their applications right now for funding.

I believe that by September we will receive applications. Some will come from a State, and some will come from regions, multistate regions. I know that Governor Rendell is very interested in this program. He's attended every meeting that we've ever had on high speed rail whether it's here in Washington or in Pennsylvania.

I think he and his team will be very aggressive in putting together a proposal that will comply with the guidance that we put out yesterday. This idea that \$8 billion may not be enough I think is nonsense. It's 8 billion times more than we've ever had at the Department.

It also is the first time in the history of the country that anyone has paid attention to high speed rail to this extent. I guarantee you this when President Eisenhower signed the interstate highway bill

all the lines weren't on the map and all the money was not in the bank.

We're starting and this is a very good start. With your help over the next 5 years and with another \$5 billion, we're going to help people in America realize their dreams. We will also answer the question for people who travel abroad to Spain, Europe or Asia and come back having ridden on 250 mile an hour train. Why don't we have it in America? Because it's never been a priority.

It's a priority for the President. It's a priority for the Congress who put \$8 billion in the bill and we're going to make it happen.

Senator SPECTER. Good. Senator Kerry and I had put in the bill some time ago for \$15 billion. And there's a lot of interest in the Congress. And we will back you up.

My final comment is another thank you on my list here. We got \$8.5 million for a transit station for Southeastern Pennsylvania Transit Authority in Croydon, Pennsylvania. And we had a ground breaking on that facility.

And that again was very helpful because it shows the people that the monies allocated to the stimulus package are being spent for a useful purpose. And the more of that the better to give some public confidence when they're looking at a deficit or looking at a debt that there's a real purpose behind it. And they're getting something for their money, so again, my thanks on that item.

Secretary LAHOOD. Thank you, sir.

Senator MURRAY. Thank you very much, Senator Specter.

Senator SPECTER. Thank you.

ERAM PROGRAM

Senator MURRAY. Mr. Secretary, I wanted to ask you about the ERAM program. It's an essential part of FAA's air traffic control system. It's the program that replaces outdated software that is used to manage our air traffic at high altitudes.

And until recently that program has been operated on budget and ahead of schedule. But this year the aggress for that schedule that the FAA set for the program slipped a bit. Now the FAA is saying this program is still going really well. And it can be used to control traffic this year.

But I want you to know I hear a very different story from the air traffic controllers who are in those facilities and testing that software. They tell me that ERAM is not operational and the schedule is unrealistic. Can you explain to me the different levels? Are you hearing that from air traffic controllers?

Secretary LAHOOD. Every time that I travel around the country I do visit air traffic control towers. I get an earful from the folks that work there. I've not heard about this.

Randy Babbitt's No. 1 priority is safety and that's the reason we had the safety summit. Prior to the Buffalo crash we would always say our No. 1 priority is NextGen, getting these TRACONS to a level where we have very capable people working as controllers in these TRACONS. We want to give them the best equipment possible.

I will look into that issue. As I said I've been all over the country and I've not heard about it.

I'll start asking the question when I go visit.

Senator MURRAY. OK. I'd appreciate that. And if we could follow up with you on that—

Secretary LAHOOD. Right.

Senator MURRAY. With some of the concerns we're hearing.

Secretary LAHOOD. Sure.

ADSB TECHNOLOGY

Senator MURRAY. That'd be great.

The FAA has also been highlighting ADSB as a centerpiece of its modernization efforts. That's the program that will allow the agency to replace its radars with the satellite based technology. Now the FAA has mandated that the airlines equip their airplanes with ADSB technology by 2020.

I don't believe that mandate will be a success unless the airlines themselves see the benefit of investing in ADSB. And that means the FAA has to be able to change its regular operations to make use of that technology. Can you talk to me a little bit about what the Department is doing to make the case for equipping planes with the ADSB?

Secretary LAHOOD. I've personally had discussions with the airline industry and I know that, again, this is a priority for Randy. He understands this probably as well as anybody because of his pilot experience.

We've had some discussions with our friends at the White House about this in terms of what it's going to cost to implement a program like this. We realize that it's a very costly program.

I just read recently where United just ordered a whole bunch of airplanes from Boeing. They're going to obviously be equipped with the kind of equipment that is going to be necessary to connect with what we're going to be putting in as our new NextGen equipment. We're going to work with the airlines on this.

They want us to be helpful because this is a very costly thing for them and they're not exactly making a lot of money right now, as you know.

Senator MURRAY. Right. It's a very tough time.

Secretary LAHOOD. Right.

LIVABLE COMMUNITIES INITIATIVE

Senator MURRAY. OK. I wanted to ask you, separate from the Highway Trust Fund that we talked about earlier. I want to ask about the Livable Communities Initiative.

And I really do want to acknowledge your work in reaching out to Secretary Donovan from HUD and Administrator Jackson from EPA. I know that earlier this week all three of you unveiled a set of six principles for the administration's livability initiative. And as part of that you said that it needs to be easier for local and regional governments to coordinate housing and transportation planning.

The authorizing committees I know are working on drafting bills for the next surface transportation authorization. If we want this new legislation to be informed by the Livability Initiative we've got to move very fast beyond the general principles and see some of the specific changes. And I wanted to ask you when you thought we

could hear from you about some of the barriers in Federal law to integrated housing and transportation planning.

Secretary LAHOOD. I think very soon. Our staffs have been meeting and I think we're putting together proposals right now.

Within the next 30 days or so we can have what we're really putting on paper in terms of our opportunities to work with HUD and to work with EPA and to figure out what barriers exist and what changes need to be made in any kind of legislation.

Senator MURRAY. OK. I'm very much looking forward to seeing what you have—

Secretary LAHOOD. Great.

Senator MURRAY. In terms of specific proposals on that.

Secretary LAHOOD. I appreciate your support on this too.

WATER TRANSPORTATION

Senator MURRAY. OK. And I want to ask you about water transportation. Our ports and waterways provide a great opportunity for both freight and passengers to get traffic off our roads. This is something we know well out in the Pacific Northwest with the Columbia River System and Puget Sound.

So I'm really pleased that the administration is showing an increased interest in the maritime sector. One indication of this is the President's proposal for a new joint initiative with the Department of Homeland Security to increase security capacity and efficiency of our Nation's ports. It's a proposal that will develop the Nation's inner mode of freight infrastructure by linking our coastal and inland ports to highways and rail networks.

Can you talk to me a little bit about that this morning? And tell me what you see and envision?

Secretary LAHOOD. We need to make sure that the ports are secure. Congress has given us some directives on this.

In order to comply with what we believe are opportunities to secure ports and to make sure that things that move in and out of ports are what they should be and that they don't cause a threat to people that live in those areas, we are combining our efforts with Homeland Security. We've put money in the President's proposed budget to deal with that.

This administration and the Department are taking a great deal of interest in ports. The \$1.5 billion in discretionary money, if you look at the guidance that we put out, will create some opportunities to enhance ports around the country to do exactly what you were saying initially in your statement here. We also are going to highlight the idea of the Marine Highway which can relieve congestion certainly all along the area where you live and the State you represent, all along that coastline where there are ports all along there.

It's not only making sure that they're secure, that they're safe, that what comes in and out of there is checked properly, but also to highlight the importance of their expansion and using the Marine Highway as another alternative to relieve congestion on land.

Senator MURRAY. Well as part of that we're very acutely aware in my State and several other States about the ability of our ferry system to get people off of roads. And I wanted to know if you

thought that the next authorization, if you'll support me in helping make our ferry system better supported within the authorization.

Secretary LAHOOD. Absolutely. The money that was in the economic recovery for that program is well over subscribed. There's a lot of interest in this. There's no question about it.

Senator MURRAY. That is not surprising to me. And I think that helps make our case.

Secretary LAHOOD. Right.

Senator MURRAY. That there's a capacity out there that if we invest—

Secretary LAHOOD. Exactly.

Senator MURRAY [continuing]. That will really help us out.

Mr. Secretary, you've been very kind to answer a number of questions this morning. We have a number of other Senators who were not able to be here today who want to submit questions to you including Senator Byrd who is unable to be here. But he asked that we submit questions on his behalf.

Secretary LAHOOD. Certainly.

Senator MURRAY. So I will do that for you.

ADDITIONAL COMMITTEE QUESTIONS

And the record for this hearing will be open for another week so that Senators can submit questions for the record. And again, Mr. Secretary, thank you so much for being here today.

Secretary LAHOOD. Thank you. Thanks for all your support for all of our issues too. We really appreciate it.

Senator MURRAY. And we're looking forward to seeing you out in my State to see some of this on the ground or water.

Secretary LAHOOD. Yes. We'll be there. Thanks for your leadership.

[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 ROBERT C. BYRD

Question. Mr. Secretary, on February 26, 2009, you and I met in my office to establish what I had hoped to be a positive working relationship. During our meeting, I strongly emphasized the importance of providing funding to complete the Appalachian Development Highway System (ADHS), noting that finishing Corridor H was of great interest to me and my constituents. You indicated enthusiastically that you would work with me and West Virginia transportation officials in this regard.

Knowing full well that West Virginia Governor Joe Manchin also recognizes the importance of completing Corridor H, I was not surprised when he advised you in a March 2, 2009 letter of his intentions to make \$21 million available from the American Recovery and Reinvestment Act (ARRA) for several Corridor H contracts. Soon after his letter was sent to you, two news stations aired one-sided stories about Corridor H, ridiculing the State's efforts to complete this project. Much to my dismay, and that of the thousands of West Virginians who have been patiently waiting for the promise of this highway for nearly half a century, State officials suddenly, and with little explanation, redirected the \$21 million toward other projects, letting an opportunity to make significant strides on this project go by the way side.

Mr. Secretary, I have a copy of the March 18, 2009 letter that State officials sent to your office indicating that the State made a decision to divert funds from Corridor H on its own accord. However, rumors abound in my State that someone from the administration contacted WVDOT officials to strongly recommend that stimulus funds for Corridor H be directed elsewhere in light of the recent news stories.

Mr. Secretary, I would like to know, for the record, did you, a member of your staff, or any other official of this administration contact officials of the West Virginia Department of Transportation to suggest that the \$21 million in ARRA funds

originally intended by the State for Corridor H be redirected toward other projects as a means to downplay the impact of the recent news stories about Corridor H?

Answer. The West Virginia Division of the Federal Highway Administration (FHWA) has worked very closely with the West Virginia Department of Transportation (WVDOT) during the planning, programming, design and construction of projects funded by the American Recovery and Reinvestment Act (ARRA). Initially, the WVDOT included the subject \$21 million Corridor H project as a candidate for ARRA funding. During the programming and evaluation of candidate projects, it became clear to WVDOT that other "shovel ready" projects were better candidates for ARRA funding. The specific issue of concern was that the contract, which involved the construction of two bridges on new location, would not immediately provide transportation benefits since subsequent construction providing highway linkage to the bridges had not been funded at that time. The delivery of immediate transportation benefits was an important criterion that WVDOT applied in its selection of ARRA projects. All other large corridor expansion projects receiving ARRA funds in West Virginia met the goal of providing "usable highway sections" immediately upon their completion.

This decision in no way reflected a shortcoming on the part of the project; rather, it reflects the challenges of constructing major facilities such as Corridor H in West Virginia's difficult topography. It is not uncommon for a phase of a complex project to be available to the traveling public only after subsequent funding allows for the completion of a "useable section" of roadway. In this case, the WVDOT identified alternative funding that could easily be used to ensure that the project was constructed within almost the same timeframe.

Question. Mr. Secretary, I am also concerned that the administration, in its fiscal year 2010 budget request, offered up for cost-saving purposes the \$9.5 million I added to the fiscal year 2009 Omnibus Appropriations bill to advance construction of Corridor H. This action has sparked widespread panic throughout West Virginia, with newspapers reporting that the administration has cancelled the project outright. I will quote from the most recent editorial from the Charleston Gazette, "Now the Obama administration wants to cancel the rest of Corridor H. The White House's 2010 budget supplement marked it for elimination even though President Obama otherwise champions stimulus spending for construction jobs to help overcome the recession. Why does the White House want to erase these jobs and deny West Virginians better transportation?"

Frankly, Mr. Secretary, I ask myself the same question. Corridor H has been designated as a nationally significant highway, is clearly authorized, construction is progressing based on available funds, and is poised to serve as national security evacuation route in the event of a catastrophic event in the Washington, DC region. The mountains of West Virginia, while beautiful and majestic, make it extremely costly and difficult to build modern highways in the State. Formula monies just don't get it done when it comes to people's safety and livelihood. I make no apologies in my efforts to advance a project that was promised over 40 years ago and that will result in improved freight flow for this region of the country, and improved safety and enhanced economic development opportunities in West Virginia.

Mr. Secretary, this country made a promise to the people of Appalachia in 1965 to open up regions of isolation with a modern highway system. The recent actions of this administration are clearly contrary to that commitment. What may I tell my constituents is the official position of this administration with regard to completing Corridor H?

Answer. I can assure you that this administration is fully committed to completing Corridor H and to fulfilling the promise made to the citizens of Appalachia back in 1965.

As evidence of that commitment, I would like to report on the efforts of our Division Office in West Virginia that works locally with the WVDOT to advance the construction of the Appalachian Development Highway System (ADHS).

The Division has worked diligently with the WVDOT to ensure that ADHS dollars are programmed and obligated promptly as they become available.

The Division was directly and intimately involved in the negotiation of the settlement agreement executed in 2000 that allowed construction work to resume on Corridor H after all work was halted by the lawsuit filed by Corridor H Alternatives. Our Division Office has and will continue to diligently monitor, manage, and implement the ongoing requirements of this agreement, which serves to help safeguard the continued progress of the project from additional legal challenges.

When Governor Joe Manchin III began his term, he promised to focus the efforts of the WVDOT on a limited number of major corridors, including Corridor H, Corridor D, the Mon-Fayette Expressway, WV Route 9 and U.S. 35. This focus by the WVDOT has, in turn, enabled our office to also focus the efforts of FHWA staff in

helping to complete these corridors. The Division created a new position dedicated exclusively to the completion of these major corridors.

The WV Division of FHWA along with the Appalachian Regional Commission (ARC) and the WVDOT provided technical assistance and support at the recent Corridor H Celebration Event in Moorefield on September 17, 2009. This event served to update the public regarding the progress and future plans for completing the Corridor.

Importantly, our WV Division has worked closely with WVDOT and the ARC to identify potential innovative financing techniques that can accelerate the delivery of remaining Corridor H construction. "Advance Construction" authorizations are now used where appropriate to give contracts a "running start" using State funds which are then converted to Federal funds.

CONCLUSION OF HEARINGS

Senator MURRAY. Thank you. The subcommittee will stand in recess, subject to the call of the Chair.

[Whereupon, at 10:43 a.m., Thursday, June 18, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]