STATEMENT OF
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BEFORE THE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

HEARING ON

Oversight of the U.S. Department of Transportation's Implementation of Map-21 and Fiscal Year 2015 Budget Request for Surface Transportation

March 12, 2014

Chairman Petri, Ranking Member Norton, Members of the Subcommittee:

Thank you for inviting me here today on behalf of Secretary Anthony Foxx to report on our progress in carrying out the provisions of the Moving Ahead for Progress in the 21st Century Act (MAP-21), and to discuss the 2015 Budget.

Since my appearance before you almost a year ago, I have moved from the position of Federal Transit Administrator to the Office of the Secretary where I serve as Acting Under Secretary for Transportation Policy. With me today is Federal Motor Carrier Safety Administration (FMCSA) Administrator Anne Ferro, Federal Highway Administration (FHWA) Deputy Administrator Greg Nadeau, Federal Transit Administration (FTA) Deputy Administrator Therese McMillan, and National Highway Traffic Safety Administration (NHTSA) Acting Administrator David Friedman.

Since the beginning of the Obama Administration, the USDOT has worked extensively to rebuild our nation's infrastructure, put Americans back to work, provide greater access and build efficiency into the system, while ensuring safety as a top priority.

Given the current condition of our nation's surface infrastructure, our roadways, railways, and transit systems continue to require substantial levels of Federal funding. Consequently, our underlying policies supporting our infrastructure investment programs require a system overhaul. What is clear is the Highway Trust Fund could face insolvency by as soon as this summer. Secretary Foxx and the USDOT team have been sounding an alarm on this concern for several months.

The highway account of the trust fund is likely to dip below the critical $4 billion funding level as soon as July and the transit account will fall below $1 billion sometime in August. Absent action by Congress to replenish the Trust Fund, USDOT will be required to implement cash management measures to preserve a positive balance in the trust fund and head off insolvency. If the trust fund were to become insolvent, hundreds of thousands of jobs across the nation could be at risk and our ability to address the many road, rail, and transit needs in every state will be severely impeded. We look forward to partnering with you to avoid an untenable impact to transportation construction activity this summer.

MAP-21 started in the right direction. It repositioned programs, and reformed critical aspects of the way our infrastructure is built, roads and bridges are maintained, and projects are delivered. We believe more needs to be done.

MAP-21 made initial progress in some important areas:

1. Transportation Infrastructure Finance and Innovation Act (TIFIA). By expanding TIFIA funding, MAP-21 encouraged advancements in establishing a process and deepened the purse for credit assistance.
2. MAP-21 also built upon initiatives to increase efficiency. The law expanded FHWA's Every Day Counts program, which is designed to further increase innovation and improve efficiency, effectiveness, and accountability in the planning, design, engineering, construction and financing of transportation projects. Similarly, MAP-21 helped enable FTA to streamline the approval process for the New Starts & Small Starts Capital Investment Program, shaving project delivery time.
3. Performance measurement. MAP-21 created a streamlined, performance-based measurement for transparency and accountability as we work to ensure our transportation investments improve safety, reliability, and mobility.
4. Goods movement. MAP-21 called for a better understanding of goods movement by establishing the designation of a national highway freight network.
5. Safety. MAP-21 created new grants to help states start to address emerging safety issues.

Going forward, and pursuant to our budget proposal, the Administration will be proposing further reforms through a $302 billion, four-year transportation reauthorization plan that increases and provides stable funding for our nation's highways, bridges, transit, and rail systems. This plan is a real investment in our system:

1. Fix-It-First. This plan is directed at reducing and eliminating the massive investment backlog caused by years of deferred maintenance on highways, bridges, transit systems, and airports nationwide. The proposal will increase the amount of highway funds by 22 percent annually, for a total of about $199 billion over the four years. Within FHWA, it creates a new program aimed at repairing structurally deficient Interstate Highway System bridges, improving safety on rural roads, and supporting a state of good repair on the National Highway System (NHS).

2. Ladders of Opportunity. One of the highlights of the reauthorization plan is creating Ladders of Opportunity for our citizens that will increase access to the jobs and education that will help them improve their lives. A well-functioning transportation network is critical to America's economic future. The Administration's plan includes more than $2 billion over four years for a new Rapid Growth Area Transit program that will link people to jobs and educational opportunities in fast growing areas. In addition, a workforce development program will support and enhance the size, diversity, and skills for our nation's transportation workforce through partnerships with the public and private sectors.

3. Investment in Freight Networks and Improved Goods Movement. A dedicated freight funding program will foster national economic growth and improve the efficiency and reliability of freight movement. The plan includes significant incentives to encourage coordinated investment in freight infrastructure and will give shippers, truck and rail industry representatives a meaningful role in crafting investment decisions in partnership with state and local officials.

4. Credit Assistance: Building off of MAP-21's expansion of TIFIA, the President proposes to continue the program at $1 billion per year. These resources will continue to fund loan subsides to assist with financing nationally or regionally significant transportation projects. The TIFIA program leverages Federal dollars in a time of limited budgetary resources, facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly.

5. Competitive Grants: The Transportation Investment Generating Economic Recovery (TIGER) grant program has been popular among mayors, governors, and Members of Congress since its creation five years ago. It provides for advancement of key projects and has allowed us to support projects that are difficult to fund through formula programs such as port linkage with highways and rail. TIGER facilitates the integration of multiple modes of transportation in ways that magnify economic impact, making it possible to reward sponsors who bring additional funds to the table. The plan includes $5 billion for an expansion of the TIGER discretionary competitive grant program. It also envisions a $4 billion Fixing and Accelerating Surface Transportation (FAST) competitive program to incentivize transformative projects and programmatic reforms that improve transportation outcomes.

6. Transit: The plan increases investment in the nation's transit system to a total of $72 billion over four years. By further focusing on the transportation needs of growing suburbs and the deferred maintenance of cities, this investment will include $11 billion over four years for the New Starts program (new transit construction) and $3.5 billion per year in additional funds to address the estimated $86 billion maintenance backlog. Additionally, the entire transit program is merged within the Transportation Trust Fund (TTF).

7. High-Performance Passenger Rail: The plan would create a rail account within the TTF to support the development of high performance passenger rail with $19 billion over four years for rail programs. It would nearly triple the current spending on rail and lock in

long-term funding, including $7 billion to initiate new passenger rail services and substantially upgrade existing corridors; and approximately $5 billion for system preservation projects to improve performance of existing rail. Over the next 35 years the U.S. population is expected to grow over 30 percent. We need to accommodate this growth in rail capacity, because other forms of transportation—such as aviation and highways—are approaching capacity.

The Administration's $302 billion plan will be paid for through existing revenue and $150 billion in pro-growth transition revenue from business tax reform. This plan will fend off insolvency, provide stability and allow communities to better plan to protect their surface transportation infrastructure to make it more efficient, effective and safe.

This plan will:

1. Increase capacity to move people and goods. It is estimated that by the year 2050 our country will experience an increase of over 100 million residents—to prepare we need a transportation system smart enough to plan along social trends and economic lines.

2. Connect Americans. The reauthorization proposal dedicates investments in transportation projects that better connect communities to centers of employment, education and services.

3. Deliver major projects more efficiently. The Administration's policies in this area will help to facilitate the President's goal of reducing the permitting and approval time for major infrastructure projects in half, while creating incentives for better outcomes for communities and the environment. To this end, the plan further advances and introduces improvements to the project delivery system through a range of measures.

4. Create more resilient communities. Building on the Sandy Task Force recommendations, the plan will encourage more resilient designs for highway, transit, and rail infrastructure, and smarter transportation planning to reduce fuel use, conserve energy, and build for the challenges and risks of the future, rather than the past.

In the coming weeks, we will formally transmit a legislative proposal to Congress to provide the programmatic details behind each of our plans. We hope the Committee will invite the Department back to discuss them.

The Administration's plan will not only allow States and local units of government to effectively plan their project pipelines, supporting millions of well-paying jobs over the next several years, but also will enable them to invest in more transformative transportation projects that improve our global competitiveness, while improving safety for all road users.

MAP-21 set us on a path to addressing these challenges, and I can assure you that the Department's plan for its successor proposes solutions that will not only avoid a near-term funding crisis, but also provides stability to American families and workers and businesses in rural, suburban, and urban communities across the country.

Conclusion

We look forward to working closely with this Subcommittee as we build on the reforms contained in MAP-21 to bring infrastructure improvements to Americans in a faster, better and smarter way. The Administration's surface transportation reauthorization plan will provide a blueprint to do this, while ensuring solvency for some of the country's most critical programs. We are happy to assist in any way toward advancing the next surface transportation bill that will ensure Americans quality of life and facilitate economic growth for years to come.

Thank you for the opportunity to appear before you today. I look forward to answering any questions you may have.

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