

STATEMENT OF
CHAIRMAN THOMAS E. PETRI
HIGHWAY, TRANSIT AND PIPELINES SUBCOMMITTEE
HEARING ON

Status of the Highway Trust Fund: How the FY 2007 Budget Proposal Impacts
SAFETEA LU
February 15, 2006

Good afternoon. This Subcommittee hearing will come to order.

I want to welcome all of our Members and our witness to today's hearing on "The Status of the Highway Trust Fund: How the FY 2007 Budget Proposals Impacts SAFETEA LU".

The original purpose of today's hearing was to provide Members of the Subcommittee with information on the Highway Trust Fund revenue estimates released last week in the President's 2007 budget and to hear testimony about how the President's budget will affect the implementation of SAFETEA LU.

However, our invited witness from the Department of the Treasury – Robert Carroll – is unable to attend today's hearing. We had invited Mr. Carroll to talk about the drastic differences in the revenue estimates between 2005 and today.

The House and Senate Conferees used the revenue estimates in the President's FY 2006 Mid-Session Review – which were released last July – as the baseline for developing the final SAFETEA LU Conference Report. However, when the President's budget was released on February 6th it contained a \$1.4 billion shift in the receipt estimates for FY 2005 and a \$500 million shift in the estimates for FY 2006.

These drastic changes in estimates – over just 7 months – bring into question the reliability of the estimating process at the Department of the Treasury.

It is unfortunate that Mr. Carroll is unable to be with us today, but we still intend to have him testify before this Subcommittee to explain the factors that influenced the fluctuations in revenue estimates between the Mid-session Review and the President's Budget.

We are fortunate to have Ms. Phyllis Scheinberg, DOT's Assistant Secretary for Budget and Policy, with us today. Ms. Scheinberg was kind enough to come up and brief Mr. DeFazio and me this past fall on the status of the Highway Trust Fund and how possible changes in the Trust Fund may impact SAFETEA LU. That meeting served as the basis for a series of conversations that led to this hearing.

The President's budget shows a negative balance of \$2.3 billion in the Highway Account of the Highway Trust Fund at the end of FY 2009. The Department of Transportation has

said in the past that they will not allow the Highway Account to run a negative balance. When Congress passed SAFETEA LU last summer, it was done with the expectation that the guaranteed funding levels prescribed in that bill would be honored for fiscal year 2005 through fiscal year 2009.

We have invited Ms. Scheinberg here today to address how DOT anticipates dealing with this projected negative balance – specifically, whether or not they will cut spending authorized in SAFETEA LU and, if so, how such cuts will be applied and when they will occur.

We have also asked Ms. Scheinberg to talk about the instances where the President's budget differs from SAFETEA LU. We are very pleased that the budget closely mirrors the authorizing statute we passed last July. However, we would like to hear why the administration has decided to deviate from SAFETEA LU in the following areas:

Funding an unauthorized Open Roads Financing Pilot Program at the expense of State highway formula programs.

Funding NHTSA's vehicle safety activities, which are traditionally funded from the General Fund, from the Highway Trust Fund in a time when the Highway Trust Fund may not be able to support its traditional activities.

Providing \$100 million less than the authorized funding level for the Federal Transit Administration's Small Starts Program.

We look forward to hearing Ms. Scheinberg's testimony on these issues.

I will now yield to Mr. DeFazio for his opening statement.