

**STATEMENT OF
THE HONORABLE RAY LAHOOD
SECRETARY OF TRANSPORTATION**

BEFORE THE

**COMMITTEE ON THE BUDGET
UNITED STATES SENATE**

February 24, 2010

Introduction

Chairman Conrad, Ranking Member Gregg and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Administration's fiscal year (FY) 2011 budget request for the U.S. Department of Transportation and discuss some of our successes implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act). As President Obama made clear in his State of the Union address, his number one priority in 2010 is accelerating the pace of job creation. Transportation is an important part of his plan to put Americans back to work. The President's budget proposes \$100 billion for a jobs package that includes critical investments in transportation and infrastructure in addition to clean energy investments and tax cuts for small businesses. The President has called for new investments in a wide range of infrastructure, such as highways, transit, rail, aviation, and water, designed to get out the door as quickly as possible. The President has specifically emphasized additional funding for multimodal transportation infrastructure programs such as the Recovery Act's TIGER program, which has proven successful in encouraging merit-based infrastructure investment that leverages federal dollars. In the first round of recently announced TIGER grants, the Department received more than \$60 billion in applications for \$1.5 billion in awarded funding, including several billion for innovative projects that would be difficult to fund under existing programs and authorities.

The Administration's FY 2011 budget request for the U.S. Department of Transportation reflects the importance of strengthening our nation's transportation system. In my first year as Transportation Secretary, I have travelled throughout the country and I know first-hand how important a safe and reliable transportation system is to all Americans. The President's request totals \$79 billion, a nearly \$2 billion increase over FY 2010 levels. These resources will support the President's top transportation priorities: improving transportation safety, investing for the future, and promoting livable communities.

Highway Safety

Safety is and will continue to be our top priority, and reducing highway fatalities is one of the Department's High Priority Performance Goals. The budget contains a number of new initiatives to increase road, transit, and aviation safety. One of the most serious issues facing drivers today is distracted driving. We must end the dangerous practice of unsafe cell phone use or texting while driving. Too many lives have been lost already due to distracted driving. Working together, I believe that we can stop this dangerous practice -- and save lives. The President's Budget requests \$50 million for the National Highway Traffic Safety Administration (NHTSA) for a new incentive grant program to promote State laws to curtail unsafe cell phone use and eliminate texting while driving. Today, our children don't think twice when they "buckle up" -- and our goal is that tomorrow, our future generations won't think twice about putting down their cell phone so that they can drive safely. This new program will work alongside NHTSA's other highway safety programs in making our highways safer for everyone. The President is also asking for funds to support 66 additional personnel for NHTSA to be assigned to highway and vehicle safety issues, and \$7 million for the Federal Motor Carrier Safety Administration for 118 new truck safety personnel.

NextGen

The future of aviation is in our hands. The President's FY 2011 plan includes over \$1 billion -- an increase of \$275 million over the fiscal year 2010 levels -- for "NextGen" -- the program to modernize the air traffic control system. Currently, the Federal Aviation Administration is undertaking a long-term effort to improve the efficiency, safety, and capacity of the aviation system. But while we are talking about the future of aviation, I'm pleased to report that it's happening now. The funds requested under the fiscal year 2011 budget request will support the transformation from a national ground-based radar surveillance system to a more accurate, satellite-based surveillance system. This system is already being used in the Gulf of Mexico, which is improving the safety and accuracy of air traffic services in the Gulf. We will be building on the successes of our research and development, to improve capacity to the flying public. We will be developing more efficient routes through the airspaces, and improving aviation weather information. As always, as we launch these critical new applications, we will continue to keep our strong focus on safety. Under my budget request, our vision of a modernized air traffic control system is becoming a reality.

High Speed Rail

The budget also continues President Obama's vision to better connect communities with a new, high-speed rail network. The budget includes an additional \$1 billion for High Speed Rail. This request builds on the historic \$8 billion down payment provided through the Recovery Act, and continues the five year, \$5 billion pledge made in the fiscal year 2010 budget. The \$2.5 billion provided to the Department for high speed rail grants last year along with our recent announcements of the first awards of the High Speed Rail Program will put us one step closer to making High Speed Rail a reality.

This is an exciting time for the nation. Looking ahead, high-speed rail will one day provide the traveling public with a practical alternative to flying or driving, particularly in highly

congested areas. With trains efficiently connecting city and business centers, travelers will enjoy a new level of convenience not available in many parts of the country today.

Rail Transit Safety

The President's request also includes resources to address rail transit safety. While rail transit is safe, we must take substantive steps now to make it even safer for the future. We are all well aware that rail transit has the potential for catastrophic accidents resulting in multiple injuries, considerable property damage, and heightened public concern. Following the recent tragic accidents in Washington DC, Boston, and San Francisco, it is clear that we need to strengthen the safety oversight of transit rail operations. Our budget requests \$30 million to establish a new transit safety oversight program within the Federal Transit Administration, which has never before been granted safety oversight authority. This program will implement a comprehensive safety oversight strategy, as proposed in the Administration's transit safety bill, to establish common safety standards nationwide and to ensure the safety of our nation's transit riders.

Investing in Transportation Infrastructure

As we continue to focus on improving transportation safety, we must also rethink the way we invest in our future transportation infrastructure. That is why the President's plan includes \$4 billion to establish the new National Infrastructure Innovation and Finance Fund (Infrastructure Fund). This is the first year of a 5-year plan to capitalize the fund with \$25 billion. This Fund will invest in projects of regional or national significance, and marks an important departure from the Federal Government's traditional way of spending on infrastructure through mode-specific grants.

Instead, the Infrastructure Fund will directly provide resources for projects through grants or loans, or a blend of both, enabling us to effectively leverage non-federal resources, including private capital. The projects funded under the Infrastructure Fund will be based on demonstrable merit and analytical measures of performance. Only the most worthwhile projects from around the nation will be selected. Projects eligible for funding from the Infrastructure Fund consist of multi-modal projects that include highway, transit, rail, aviation, ports and maritime components. This marks a bold new way of thinking about investments in our transportation infrastructure and will become a key component of the Administration's future surface transportation proposal.

The reauthorization of the Nation's surface transportation programs is complex and has critical long-range implications for the future. While the President and the Congress continue to work on a long-term strategy for surface transportation, the President's plan continues the current levels of spending: \$42.1 billion is proposed for highways and bridges and \$10.8 billion for transit. Within this funding, \$1.8 billion is included for "New Starts" and "Small Starts", and \$150 million to enable the Washington Metropolitan Area Transit Authority to focus on badly needed safety-related infrastructure improvements. Reauthorization is a challenging issue facing our nation and I look forward to working with the Congress to design a new Federal surface transportation program that leads to higher performing investments, increases transportation options, and promotes a sustainable environment.

Livability

The President's plan also provides a record investment to make our communities more livable. Our budget request allocates over \$500 million toward investments that support the President's multi-agency Partnership for Sustainable Communities. We have joined with the Department of Housing and Urban Development and the Environmental Protection Agency to stimulate comprehensive regional and community planning efforts that integrate transportation, housing, energy and other critical investments. Together, we will help state and local governments make smarter investments in their transportation infrastructure, to better leverage that investment and advance sustainable development.

Recovery Act

February 17th marked the one-year anniversary of the Recovery Act and I am pleased to report that much has been accomplished to improve transportation infrastructure throughout the Nation. Overall, the Recovery Act provided \$48.1 billion for transportation programs to be used for improvements to our Nation's highways and bridges, transit systems, airports, railways, and shipyards. To date we have obligated \$35 billion on more than 12,500 projects nationwide. Nearly 20% of these funds have already been expended as projects get underway and move towards completion – creating jobs throughout the transportation sector.

In addition, Section 1512 of the legislation calls upon Recovery Act fund recipients to report on the number of jobs created on individual projects. We have now completed two rounds of recipient jobs reporting. Based on the numbers reported during each round, we are averaging about 41,000 direct full time equivalent jobs reported for transportation programs nationwide based on the recent October – December 2009 reporting period. I want to emphasize that the jobs estimates included in this report are only those directly associated with the individual transportation projects and do not include the many other jobs created as due to increased demand on supply chains and other supporting services. When these indirect jobs are also taken into account, it is clear that the Recovery Act resources have made a significant impact on jobs and we expect these numbers to hold steady as some of the larger transportation projects continue to come on-line.

Conclusion

Thank you for the opportunity to appear before you to present the President's FY 2011 budget proposal for the Department of Transportation and discuss some of the successes of the Recovery Act. This plan supports our Nation's key transportation priorities, and makes investments that will benefit all for years to come. I look forward to working with the Congress to ensure the success of our newest initiatives.

I will be happy to respond to your questions.

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