



February 24, 2016

Budget Hearing – Department of Transportation

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, Committee on Appropriations, United States House of Representatives, One Hundred Fourteenth Congress, Second Session

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Chairman Hal Rogers

House Committee on Appropriations

**FY 2017 Budget Hearing – Department of Transportation
February 24, 2016
Opening Statement As Prepared**

Mr. Chairman, thank you for yielding. Secretary Foxx, welcome. No doubt you have been busy since the passage of the Fixing America's Surface Transportation Act, or FAST, Act late last year. This multi-year authorization bill was sorely needed to help your agency – as well as your partners at the state and local levels – implement long-term transportation planning that is so critical to our nation's economic health. I appreciate you being with us today to discuss the Fiscal Year 2017 budget request for the Department of Transportation.

As you know, last year Congress reached an agreement setting discretionary budget caps for Fiscal Year 2016 and 2017. This was a bipartisan agreement, which the President signed. It is disappointing, but not surprising, that President Obama's last budget request essentially tears that agreement to shreds – circumventing the statutory cap on spending with billions of dollars proposed on the mandatory side of the ledger. Perhaps nowhere is this more apparent than in the request for the Department of Transportation.

Overall, you have requested \$98 billion in total resources for the Department of Transportation this year, compared to the Fiscal Year 2016 enacted level of \$76 billion. While there is no one in this room who questions the importance of transportation funding to our nation's economy, your request constitutes nearly a 30% increase in just one year. More importantly, the request shifts \$4.3 billion from discretionary accounts to mandatory funding in order to avoid the agreed upon budget caps. These are critical programs like TIGER, rail, and transit. We both know that these figures and budget gimmicks are unrealistic, and it only serves to make the job of this committee more difficult.

To the contrary, the Committee has worked hard to responsibly reduce discretionary spending and make our government work more efficiently. Mandatory spending, which is largely outside the purview of this committee, now accounts for the majority of the federal budget, and sadly, this Administration refuses to tackle this problem.

I was also disappointed to see an outgrowth of new programs proposed in your budget request. Not only have you prioritized \$17.9 billion for a new Clean Transportation program, but the budget includes no legislative language and few details related to this program. There are also a number of new programs proposed in the Office of the Secretary, which I believe are irresponsible when critical infrastructure is crumbling around the country. Now is not the time to focus on the Administration's pet projects.

Mr. Secretary, your department oversees the critical transportation infrastructure of the nation. You have responsibility for highways, airways, waterways, and railways, all which play an important role in the American economy. I look forward to hearing your testimony today, and I yield back.

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Chairman Mario Diaz-Balart

*Subcommittee on Transportation, Housing and Urban
Development, and Related Agencies
House Committee on Appropriations*

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The Subcommittee will come to order.

Before we get started, I want to recognize our minority clerk, Kate Hallahan. Kate is retiring at the end of the month after 29 years of Federal service. I have thoroughly enjoyed working with Kate. Her knowledge of transportation issues is incredible, and her dedication to the Committee has been unwavering. Kate, you will be deeply missed.

Joe Carlile will be taking over as minority staff director. Joe has been a valued member of the THUD team with a deep understanding of this bill. Congratulations, Joe – we look forward to working with you.

Today we welcome Secretary Anthony Foxx from the Department of Transportation to discuss the general Fiscal Year 2017 budget request.

DOT is requesting a total of \$98 billion in new budgetary resources in Fiscal Year 2017 – almost 30 percent above 2016. However, it is hard to take much of this budget request seriously.

Last year we reached a bipartisan agreement setting discretionary budget caps for fiscal years 2016 and 2017. The Administration’s request for DOT effectively ignores this agreement – an agreement which was signed by the President.

First, you propose \$17.9 billion in new spending for DOT, called the “21st Century Clean Transportation” program. This proposal includes no detail, no legislative language, and is not much more than wishful thinking. The administration proposes to pay for this proposal mostly with new energy taxes. I don’t expect you will see any serious support for new taxes or new mandatory spending from this body.

Second is a more serious violation of the letter and spirit of our bipartisan agreement. You propose taking \$4.3 billion of discretionary programs funded in 2016 and magically shifting those programs to mandatory side of the ledger. You then propose increasing these programs to \$7.4 billion. Your budget also uses a rescission gimmick to hide another \$2.4 billion in additional spending. All told, this budget request exceeds the FY 2017 budget cap by over \$9.8 billion.

This request shows a failure of this administration to set priorities within the caps we all agreed to with last year's budget deal. On this committee, we will live within those caps as we move to complete our work in regular order – and we can't accept gimmicks. We can't take this budget seriously, and it does the Administration a disservice to submit a budget disconnected from reality.

Congress worked in a bipartisan manner to get the FAST Act done last year – and I know you are hard at work implementing the Act. We need to work just as hard – and in the same cooperative manner – to set our transportation priorities for FY 2017 within the 2-year bipartisan budget agreement.

I look forward to working with you as we make the hard choices necessary to meet our Nation's infrastructure needs – all while being accountable to the taxpayer.

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Closing

I thank the Secretary and the DOT staff for your answers and participation. The Committee staff will be in contact with your Budget Office regarding questions for the record.

I know we have a number of questions to submit and I would imagine other members of the subcommittee do, too.

If you would please work with OMB to return the information for the record to the subcommittee within 30 days from Friday, we will be able to publish the transcript of today's hearing and make informed decisions when crafting the Fiscal Year 2017 bill.

Next Wednesday, we will see the Administrators of the Federal Aviation Administration and the Federal Railroad Administration.

Mr. Price, any final comments?

With that, the hearing is adjourned.

[Bang the gavel]

**STATEMENT OF
THE HONORABLE ANTHONY FOXX
SECRETARY OF TRANSPORTATION
BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION, HOUSING, AND URBAN DEVELOPMENT AND
RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES**

February 24, 2016

Introduction

Chairman Diaz-Balart, Ranking Member Price, and members of the Subcommittee I want to thank you for the opportunity to meet with you today to discuss the President's fiscal year (FY) 2017 budget plan for the Department of Transportation. The President's request totals \$98.1 billion in resources that will support the Department's top priority, safety. This plan is focused on the future with high impact investments in the safe integration of emerging technologies, such as autonomous vehicles and unmanned aircraft systems (UAS). It supports improvements that have the potential to transform transportation systems, save lives, and reduce carbon emissions. The President's Budget charts a path towards fundamental changes in the way the government balances and integrates transportation options in planning for the future.

Enhancing Surface Transportation

The surface transportation investments in the President's FY 2017 Budget build on the recently enacted *Fixing America's Surface Transportation (FAST) Act*, which President Obama signed into law on December 4, 2015. The *FAST Act* is an important down-payment for building 21st Century surface transportation systems. It includes a series of important changes, to improve the efficiency of permitting and project delivery, including a number of provisions fostering ladders of opportunity, establishes new freight-focused funding programs, and makes changes to a number of the Department's safety programs. These changes include creating a new grant program and enhancing authority with respect to recalls, civil penalties, and the collection of safety data.

However, the *FAST Act* largely maintains current programs – including the traditional funding and program distribution between highway and transit funding, with limited support for multimodal plans and projects. While the *FAST Act* included authorization for rail programs, rail funding will continue to be determined on an annual basis, without the certainty provided by the multi-year trust fund structure that currently supports highway and some transit programs.

Thus, the FY 2017 Budget builds on the *FAST Act*, taking the next steps to reform funding streams and encourage better planning and projects at the State and regional levels

through increased investment in areas such as rail and transit. It also includes a series of new, multimodal programs that increasingly cut across traditional siloes, in support of more comprehensive regional strategies that connect communities and support climate and greenhouse gas reduction goals.

To address these concerns, the President's request directs investments over a 10-year period towards a 21st Century Clean Transportation plan that reflect America's changing demographics and economy, while at the same time providing access to opportunity.

- As more Americans move to cities, regions, and megaregions, it is time for us to reassess how we plan for and use our limited transportation dollars.
- At the same time, this Clean Transportation Plan recognizes the impact today's transportation systems have on climate change and the environment and seeks to build incentives that will encourage new, cleaner forms of transportation and better land use planning.
- This plan also acknowledges the important role that innovation and technology play in keeping transportation safe, reliable, and efficient by requesting funds for programs such as a new autonomous vehicle deployment pilot that will yield important benefits.

Overall, the President's Budget request represents a combination of these proposed 21st Century Plan investments and funding for the Department's traditional transportation programs. Key elements of the request include the following:

Investing in Clean, 21st Century Surface Transportation Options that Reflect America's Changing Demographics and Provide Access to Opportunity

Enhances clean transportation options for American families: Over the next decade, the Budget invests an average of nearly \$20 billion per year in new investments to reduce greenhouse gas emissions and provide new ways for families to get to work, to school, and to the store. The Budget would expand transit systems in cities, fast-growing suburbs, and rural areas; make high-speed rail a viable alternative to flying in major regional corridors; modernize our freight system; and expand the successful Transportation Investment Generating Economic Recovery (TIGER) program to support high-impact, innovative local projects.

Supports investment decisions towards a "21st Century Regions" approach that reflects a changing demographics and economy: Currently, the majority of Federal transportation funding flows, via formula, through the State. To address the shifting demographics in America, this Budget balances that funding stream, by directing billions of dollars through regional governments, such as Metropolitan Planning Organizations, empowering them to play a stronger role in decision-making. Over a 10-year period, the Budget invests an average of \$10 billion a year towards a series of new, innovative multimodal programs that improve the balance of funding and decision-making and will accelerate the move towards smarter, cleaner, and more integrated communities. The funding would flow across transportation modes to support transit-oriented development; reconnect downtowns divided by freeways; and, bicycle and pedestrian networks.

The President's Budget fully supports FAST-authorized funding levels for surface transportation programs, aimed at keeping the system safe and in a state of good repair. In

addition to the proposed increases for surface programs, the Budget fully funds *FAST Act* levels for FY 2017, across transportation modes which include: \$44 billion to invest in the Nation's critical highway and bridge systems; nearly \$10 billion to support operations of public transit systems across the Nation; roughly \$730 million for the National Highway Traffic Safety Administration (NHTSA) to research and develop new, life-saving technologies and programs; and over \$640 million to support nationwide motor carrier safety through the Federal Motor Carrier Safety Administration (FMCSA).

Advances Public and Private Sector Collaboration to Accelerate Cost-Competitive, Low-Carbon Technologies and Intelligent Transportation Systems

Continues the transition to the Next Generation Air Transportation System (NextGen): The Budget requests a total of \$1 billion to support NextGen. This includes \$877 million for NextGen Capital investments, an increase of \$22 million above FY 2016, which will advance modernization efforts; enhance automation; implement satellite-based surveillance capabilities; improve data communication practices and technology; and maximize traffic flow.

Funds pilot deployments of safe and climate-smart autonomous vehicles to create better, faster, cleaner urban and corridor transportation networks: To accelerate the development and adoption of autonomous vehicles, the Budget includes \$3.9 billion over 10-years for large-scale deployment pilots to develop a common multistate interoperability framework for connected and autonomous vehicles.

Ensures Transportation Safety Keeps Pace with Changing Technology and Organizational Needs

Integrates surface transportation technologies safely into the transportation system: High impact investments will support activities such as NHTSA's New Car Assessment Program (NCAP), to test vehicle safety through state-of-the-art equipment and more realistic crash dummies. The Budget invests \$35 million in FY 2017 for this integration.

Strengthens regulatory enforcement agencies across the Department through resources and organizational changes: Across the Department, agencies are taking action to strengthen the regulatory and enforcement capabilities that are key to protecting the safety of travelers and movement of goods.

- Investments would provide over \$47 million for NHTSA's Office of Defects Investigation to improve its effectiveness in identifying safety defects quickly, ensuring remedies are implemented promptly, and notifying the public of critical defects.
- The Budget's \$295 million request for the Pipeline and Hazardous Materials Safety Administration (PHMSA) also includes proposed organizational changes to elevate the role of research and analysis in support of regulatory development and enforcement.

Supports rail safety through research and development and implementation of positive train control (PTC): The Budget includes \$213 million to support the Federal Railroad Administration's (FRA's) rail safety and development programs, including implementation and enforcement of PTC, as well as related track and bridge safety activities, and another \$53 million

for additional safety research. This includes \$12.5 million to analyze and demonstrate the safety and environmental benefits of Electronically Controlled Pneumatic brakes.

Protects our maritime interests: The Budget provides over \$428 million for the Maritime Administration to implement programs that promote the economic competitiveness, efficiency, and productivity of U.S. Maritime transportation.

Invests in 21st Century Government and Project Delivery

Modernizes permitting and project delivery: The Budget supports investments, consistent with new requirements in the FAST Act, that ensure we are making 21st Century investments through 21st Century delivery mechanisms. The Budget expands the Administration's progress to expedite permitting and approval processes while protecting safety and the environment.

Supports ongoing establishment of a National Surface Transportation and Innovative Finance Bureau: Building on the Administration's successful Build America Investment Initiative, the FAST Act created a new office to streamline and improve the application processes for credit programs, expedite project delivery, and promote innovative financing best practices. The Budget requests resources for implementation, as well as \$275 million for the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, along with flexibility to also use resources from a range of new multi-modal programs to cover credit subsidy costs.

Protects cybersecurity and data integrity: The Budget includes \$15 million to continue improvements to the Department's cybersecurity protections, and another \$4 million to assist the Department in meeting the requirements of the Digital Accountability and Transparency Act of 2014.

When taken together all of these new initiatives support our expanding freight network, and address the ongoing need for improvements in the transportation options that support ladders of opportunity for all Americans.

Preparing for Reauthorization of the FAA

Planning for the future of the FAA: The President's FY 2017 Budget request includes a total of \$15.9 billion to support the ongoing work of the Federal Aviation Administration (FAA). This funding level would provide the FAA with "steady-state" funding overall when compared with FY 2016 levels. The FAA's authorization is set to expire on March 31, 2016. As new legislative proposals are offered and considered, the President's budget continues to propose expanded funding flexibilities that would help FAA manage its resources in a more efficient and effective way.

Thank you again, for the opportunity to appear before you today and I will be happy to answer your questions.