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THE PRESIDENT'S PROPOSED FHWA BUDGET FOR FISCAL YEAR 2012

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

MARCH 9, 2011

Printed for the use of the Committee on Environment and Public Works



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ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

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THE PRESIDENT'S PROPOSED FHWA BUDGET FOR FISCAL YEAR 2012

WEDNESDAY, MARCH 9, 2011

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 2:15 p.m. in room 406, Dirksen Senate Office Building, Hon. Barbara Boxer (chairman of the committee) presiding.

Present: Senators Boxer, Inhofe, Carper, Lautenberg and Boozman.

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator BOXER. The Committee will come to order. We are going to do something different. Senator Inhofe and I have decided to waive all opening statements so we can get right to our wonderful witness, Hon. Ray LaHood, Secretary, U.S. Department of Transportation.

We have a vote that starts at 3 o'clock. That means we can be done in an hour, and then if we get all our questions in, you are free to go. So we are going to aim to finish this in about an hour.

So with that, unless my friend wants to say something, anything?

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. No.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

In my 20 plus years of service in Congress, this is the most unusual budget request for the Federal Highway Administration I have reviewed. What is unusual is not the amount requested, although significant, nor is it that it overstates the need; some may argue it is not enough. What is unusual is that it ignores the fact that there is no money to fund it. Because the Highway Trust Fund (HTF) is all but insolvent, we cannot proceed with a bill unless we have a serious discussion about where the money is coming from. Unfortunately, the President's budget chooses to ignore that.

The budget includes $70.4 billion for highways in 2012, which represents a 71 percent increase above the current funding of $41 billion. $27.7 billion of this request is considered a one-time frontloading of the bill ($50 billion spread across all modes of transportation). Funding drops down to $47.4 billion in 2013 then grows from there.

While it is good to see an increased interest in our Nation's roads and bridges, the truth is that the funding levels requested in this budget and in the reauthoriza-

tion proposal are reckless when one considers we have a national debt of over $14 trillion. The President's failure to specify how he would pay for his $556 billion proposal makes me wonder how seriously he wants Congress to consider it. Instead of punting and including a placeholder tax increase of $231 billion over 6 years ($435 billion over 10 years), I think it would have been more useful to provide suggestions on how to achieve his goal along with legislative language that lays out the specifics of his proposal. This is an enormous amount of money to simply assume can be raised. To put it in perspective, it would mean more than doubling the gas and diesel taxes. That is a staggering hole.

The whole purpose of a budget is to make tough choices. This budget proposal does neither. It doubles spending, but does not pay for it. This is irresponsible—especially given the fact that this year's budget deficit will be over $1.6 trillion. Putting aside the lack of attention to the funding shortfalls, from what I am able to tell about the reauthorization proposal, there are some good ideas that I wish we had more information on.

The proposed elimination of 55 programs within the overall Federal-aid Highway Program is a much-needed and appreciated move. These programs are replaced with greater flexibility, allowing states and localities to better address their individual and unique needs. This consolidation is politically difficult to do, and we in Congress will have to follow your example of leadership on this.

Summary documents indicate your proposal moves the program from being focused on bureaucratic processes to focusing on outcomes and ensuring our motorists' tax dollars are well spent. This is obviously a major change, but one that is needed.

The President's budget also proposes rebasing spending from the Highway Trust Fund as 100 percent mandatory. Currently, it is accounted for as both mandatory and discretionary. Rebasing the program to the mandatory side of the budget would provide a great deal of added certainty to State DOTs and contractors. This certainty would increase the likelihood that large, multi-year projects would make it off the drawing board and actually get built.

In addition to a lack of a funding mechanism, I'm concerned about another aspect of your reauthorization proposal. It's not a surprise by any means, but the budget proposes a new livability program funded at $4.1 billion in 2012 going up to $5.1 billion by the end of the bill (in 2017). To put this in perspective, this is almost 10 percent of the total program and over 60 percent larger than the dedicated safety program. This is far too much of the program to spend on things that have little or no impact on Americans' mobility.

I can honestly say that I'm very interested to see the policies you have included in your reauthorization proposal. The budget request reflects this to some degree, but my enthusiasm is overshadowed by the lack of a funding proposal.

STATEMENT OF HON. RAY LAHOOD, SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

Secretary LAHOOD. Madam Chair, my statement is in the record so I am prepared to answer questions.

Senator BOXER. Oh, well, I think you should do a little summary for us. Without reading it, just talk to us.

Secretary LAHOOD. The picture on our budget tells the story. It is a picture of a bridge that is over the Hoover Dam. It connects Nevada and Arizona. The reason that we put it on here is because this is what our predecessors did. They thought big. They thought about how to put people to work and thought about big projects, and this is an example.

This illustrates what the President's budget illustrates, which is a big bold vision for transportation and putting people to work and the fact that a transportation bill can be a jobs bill and can continue to build America. That is what we are here to talk about.

[The prepared statement of Secretary LaHood follows:]

STATEMENT OF HON. RAY LAHOOD, SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION

INTRODUCTION

Chairman Boxer, Ranking Member Inhofe, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the Administration's Fiscal Year (FY) 2012 budget request for the U.S. Department of Transportation. The President is requesting $129 billion for Transportation in Fiscal Year 2012. This includes the first-year of a bold new 6-year $556 billion reauthorization proposal that will transform the way we manage surface transportation for the future.

America is at a transportation crossroads. To compete for the jobs and industries of the future, we must out-innovate and out-build the rest of the world. That is why President Obama called on the Nation to repair our existing roadways, bridges, railways, and runways and to build new transportation systems—including a national high-speed intercity rail network—which will safely and efficiently move people and goods. The Administration's Surface Transportation Reauthorization proposal is designed to accomplish precisely this, and is the centerpiece of the President's Fiscal Year 2012 budget.

It proposes four broad goals: (i) building for the future, (ii) spurring innovation, (iii) ensuring safety, and (iv) reforming government and exercising responsibility.

The Fiscal Year 2012 proposal includes a $50 billion "Up-Front" economic boost that is designed to jump-start job creation while laying the foundation for future prosperity. This initial funding would finance improvements to the Nation's highway, rail, transit, and aviation systems.

I. BUILDING FOR THE FUTURE

America's aging roads, bridges, and transit systems must be addressed. For too long we have put off the improvements needed to keep pace with today's transportation needs. By 2050, the United States will be home to 100 million additional people—the equivalent of another California, Texas, New York, and Florida. More than 80 percent of them will live in urban areas. Concerns about the need for livable communities will increase as communities tackle the need for transportation choices and access to transportation services. If we settle for the *status quo*, our next generation of entrepreneurs will find America's arteries of commerce impassably clogged and our families and neighbors will fight paralyzing congestion. So the Administration's proposal addresses this challenge in three ways:

(1) *Creating a National High-Speed Rail Network:* First, the proposal provides $53 billion over 6 years to continue construction of a national high-speed rail network. It will place high-speed rail on equal footing with other surface transportation programs; include funding for both Amtrak and new "core express," "regional," and "emerging" corridors; and keep the country on track toward achieving a goal of providing 80 percent of Americans with access to an intercity passenger rail network, featuring high-speed rail within 25 years.

(2) *Rebuilding America's Roads and Bridges:* Second, the Administration's proposal will provide a 48 percent funding increase—to $336 billion over 6 years for road and bridge improvements and construction. A key element expands the current National Highway System to include an additional 220,000 miles of critical arterials. It will also simplify the highway program structure, accelerate project delivery to realize the benefits of highway and bridge investments for the public sooner, and underscore the importance of maintaining existing highway infrastructure in good condition. These investments and reforms will modernize our highway system while creating much-needed jobs.

(3) *Investing in Accessible, Affordable Transit Options:* Third, the proposal will provide a 128 percent increase in funding—to $119 billion over 6 years—for affordable, efficient, and sustainable transit options. It will prioritize projects that rebuild and rehabilitate existing transit systems, including an important new transit safety program, and allow transit authorities (in urbanized areas of 200,000 or more in population) to temporarily use formula funds to cover operating costs.

II. SPURRING INNOVATION

The Administration's Surface Transportation Authorization proposal acknowledges the important role that innovation and modern business tools play in putting our transportation dollars to work wisely. We can no longer afford to continue operating our systems the same way we did 50 years ago, with outdated processes and financial tools that were made for yesterday's economy. Our proposal and the President's Fiscal Year 2012 request responds to this challenge in several ways.

It establishes an Infrastructure Bank to finance projects of national or regional significance. By working with credit markets and private-sector investors, the Infrastructure Bank will leverage limited resources to achieve maximum return on Federal transportation dollars. The bank will initially receive $30 billion over 6 years, will reside within the U.S. Department of Transportation, and will be managed by an executive director with a board of officials drawn from other Federal agencies.

Recognizing that competition often drives innovation, the Administration's proposal and the President's Fiscal Year 2012 budget also includes a $32 billion competitive grant program called the Transportation Leadership Awards. This program's goal is to reward States and local governments that demonstrate transformational policy solutions. Examples include the use of innovative multimodal planning and funding methods, pricing and revenue options, land use guidelines, environmental stewardship measures, economic development strategies, innovation of project delivery, and deployment of technology—just to name a few possibilities.

These new and innovative tools will help us to better meet the transportation needs of America's small towns and rural communities. Increased highway funding will expand access to jobs, education, and health care. Innovative policy solutions will ensure that people can more easily connect with regional and local transit options—and from one mode of transportation to another.

At the same time, our proposal will bolster State and metropolitan planning; award funds to high performing communities; and empower the most capable communities and planning organizations to determine which projects deserve funding.

Innovation must span beyond surface transportation. This is why the President's budget request also includes $3.4 billion for aviation in the $50 billion up-front investment. The budget requests $3.1 billion for airport improvements for runway construction and other airport projects such as Runway Safety Area improvement projects as well as noise mitigation projects. Modernizing our air traffic control systems is critical if we are to meet the needs of the future. The President's Fiscal Year 2012 budget addresses this by providing $1.24 billion for the Federal Aviation Administration's (FAA) efforts to transition to the Next Generation (NextGen) of Air Traffic Control. This funding will help the FAA move from a ground-based radar surveillance system to a more accurate satellite-based surveillance system—the backbone of a broader effort to reduce delays for passengers and increase fuel efficiency for carriers.

III. ENSURING SAFETY

Keeping travelers on our transportation systems safe is my top priority. That is why preventing roadway crashes continues to be a major focus at DOT. The Administration's Surface Transportation Reauthorization proposal will provide $330 million for the ongoing campaign against America's distracted driving epidemic. It will also commit $7 billion to promote seatbelt use, get drunk drivers off the road, and ensure that traffic fatality numbers continue falling from current historic lows. In addition, it almost doubles the investment in highway safety, providing $17.5 billion to Federal Highway Administration (FHWA) safety programs. The Department is also taking a fresh approach to interstate bus and truck safety. Compliance, Safety, Accountability (CSA) is a new initiative that will improve safety and use resources more efficiently. The Administration's Surface Transportation Reauthorization Proposal will dedicate $4.9 billion to the Federal Motor Carrier Safety Administration (FMCSA), and give the Department of Transportation new authority to set tougher safety performance goals for states.

Transit safety is another important priority. Our proposal will, for the first time, entrust the Federal Transit Administration with the authority to oversee rail transit safety across America. In light of recent transit-related accidents, I believe this is critical to ensuring the oversight and accountability our transit riders deserve.

Our safety focus must also include the transportation of hazardous materials and our network of pipelines. The Administration's Surface Transportation Reauthorization Proposal will fund the safety programs of the Pipelines and Hazardous Materials Safety Administration (PHMSA) and will enhance its authorities to close regulatory loopholes and improve its safety oversight. The President's Fiscal Year 2012 budget requests $221 million for PHMSA to help ensure that families, communities, and the environment are unharmed by the transport of chemicals and fuels on which our economy relies.

IV. REFORMING GOVERNMENT AND EXERCISING RESPONSIBILITY

As we move forward together to plan for America's transportation needs, we must also keep in mind the responsibility we all share for using taxpayer dollars wisely. The Administration's Surface Transportation Reauthorization Proposal will cut

waste, inefficiency, and bureaucracy so that projects can move forward quickly, while still protecting public safety and the environment.

Our proposal consolidates and streamlines our current Highway and Transit Programs in a major way. The current system of over 55 separate highway programs will be folded into five new categories. Similarly, six transit programs are merged into one "State of good repair" program and one "specialized transportation" program. As a result of these changes, we expect to shorten project delivery and accelerate the deployment of new technologies.

The Administration's Surface Transportation Reauthorization proposal also includes important reforms that change the way we manage our transportation spending. Consistent with the recommendations of the Fiscal Commission, for the first time, the Budget proposes to subject surface transportation spending to "paygo" provisions to make certain that spending does not exceed dedicated revenue. This approach is designed to ensure that our surface transportation program is paid for fully without increasing the deficit. The proposal will also expand the current Highway Trust Fund into a new Transportation Trust Fund with four accounts—one for highways, one for transit, one for high-speed passenger rail, and one for the National Infrastructure Bank.

CONCLUSION

Thank you for the opportunity to appear before you to present the President's Fiscal Year 2012 budget proposal for the Department of Transportation and our Surface Transportation Reauthorization proposal that will help transform transportation programs over the next 6-years in ways that will benefit all Americans for years to come. I look forward to working with the Congress to ensure the success of this request.

I will be happy to respond to your questions.

Senator BOXER. Well, Mr. Secretary, I will start my 5 minutes of questions. I am not going to read them. I am just going to talk to you.

I think we have an opportunity here to work across party lines, and you represent that bipartisanship, and the two of us do on this issue, to really do something for this country to put all those unemployed construction workers to work, to figure this out.

But recognizing that the Highway Trust Fund, the funds in there are dwindling, we have to figure out how to leverage the funds that we have; how to do a lot more with a lot less. The good news is there are a couple of ways to get there. My idea, which I am working with Senator Inhofe and his staff and my staff have been meeting on, one idea is to expand the TIFIA Program.

Congressman Mica and I have held hearings together in Los Angeles. He wants to embrace a much more robust TIFIA program.

Now, in your budget, you call for a very large 6-year bill, but you really don't. You say you look forward to working with us on how to fund it. I would respectfully suggest, and this is just me speaking, just for myself, that this TIFIA program could be of enormous consequence.

My understanding is that we are funding it at a very low level and the requests far surpass what we have been funding TIFIA at. The reason I am so drawn to TIFIA is because it is almost 100 percent risk-free for our government. For example, the projects through the TIGER grant that you funded, for which we are so grateful in Los Angeles, the Crenshaw Project, $500 million project only scores at $20 million for the Federal Government. We are going to put people to work, and we are going to take a project that was going to take 30 years to build, built it in 10 years, put all the people to work, and it is a win-win in every way.

So we have been looking at the letters of interest on TIFIA to see what the traffic will bear. My staff tells me that you have iden-

tified $48 billion worth of projects, and obviously that would take $14 billion, and TIFIA is budgeted at a very low level. But just this letter of interest from all over the country, from all over the country, $48 billion of work. It would score at $14 billion.

So I guess my opening question for you is I was disappointed that your TIFIA budget was so low. It doesn't make sense to me, and I am just wondering if we decided that we feel this is an area that we could greatly expand because it costs so little for the Federal Government, because it is so much risk-free, because, and I think Jim Inhofe and I agree on this, the priorities are set by the local people. They are the ones who are coming up with it, not us, not us here.

Would you be willing to work with us and would you support us if we went for a larger TIFIA program, without saying exactly how much?

Secretary LAHOOD. We like the TIFIA Program very much. It is a very innovative, creative financing program. We know there is a lot of interest in it. The answer to your specific question is of course we would be willing to work with you.

One of the reasons that the President created the Infrastructure Bank was to leverage TIFIA against the Infrastructure Bank, along with other funding sources. If you look at projects, you can look at many different sources of funding.

We would have no complaints about working very closely with you on TIFIA, but we think the Infrastructure Bank also offers opportunities for creative, innovative approaches. In Transportation there are funding options such as, the Infrastructure Bank, TIFIA, tolling, Highway Trust Funds, State funds, or a combination of these programs.

Senator BOXER. Right.

Secretary LAHOOD. We like TIFIA.

Senator BOXER. Good.

Now, I wanted to say to my colleague that I just made a mistake when I said $48 billion would cost us $14 billion. It would cost us $1.4 billion. That is the actual score. So if we were to go in that direction, theoretically $1.4 billion could support $48 billion in projects. I just think it is an exciting option for us, and I will turn to my friend.

Senator INHOFE. We are just doing to do this jointly, I think, Madam Chairman.

Yes, the problem, and we have been talking to Mr. Bertram about this. First of all, when you have these exhibits, you have a specific percentage we are using, but they are not all the same. You have some that would be 2 percent, some 10 percent. So I assume that we are striking some.

My question would be, and my concern is, and I am 100 percent in agreement with this, but it is my feeling that we can't get a high enough figure to really put much of a dent in this thing. That is my concern. Your loans have to be ready. The projects have to qualify.

So maybe, Mr. Secretary, maybe Mr. Bertram could respond, too, because we have had some conversations with him.

Secretary LAHOOD. Sure.

Senator INHOFE. What would, in your estimate, would be a maximum, let's say, over a 2-year period that we could do through the TIFIA, which I very much support?

Mr. BERTRAM. Senator, in the budget for 2012, we propose a total TIFIA Program of $450 million, which is almost four times more than the amount that is authorized in SAFETEA-LU. That would translate into about $4.5 billion worth of loans. We think that would be the first year.

The real problem with the way these projects work is that it requires a lot of commitment by either the State or local government to actually put these projects together. We think we could at least do about $450 million worth of subsidy in the first year, and then the Infrastructure Bank would take over that. We think over the next couple of years it would probably be close to $9 billion worth of projects.

Senator BOXER. Well, my friend, we are not going to use any time here. Now, you are so on point because we want to do what makes sense. We don't want to just put a number in there and feel good about it.

In recent years, the number of applications for TIFIA have greatly exceeded the available funding. In 2010 alone, you received 39 letters of interest, that is from our local governments, seeking $13 billion in credit assistance to enable over $41 billion in total combined Federal and non-Federal investments.

So the point I would like to make is it looks like our communities understand this program and they are moving. Now, out of these 39 letters or 34 letters, maybe there were some that were just not good. We are not sure of that. But what I know Congressman Mica is doing over on the House side, he would love to greatly increase this program and he is also looking at what is feasible.

So let me just ask this question. I will yield back. Would you work with us to kind of take apart this information we got from you on these letters?

Secretary LAHOOD. Sure.

Senator BOXER. Just giving us a sense of how many of these were ready for prime time.

Secretary LAHOOD. Sure.

Senator BOXER. Because I think this point is well taken. If we put too big a number in there and it gives false expectations, false hopes, that is foolish. I do feel something between what you suggested and a larger number is right. I think you are way lower than what the interest on the ground is.

The other point I would make is it sends a signal to the local people. It empowers them to take the lead and move forward.

Anyway, I yield back.

Senator INHOFE. Well, no, that is fine. We will just keep this. Why don't you go ahead and finish what you started there because you talked about what may be a reasonable expectation in a year. You might kind of expand that out what you think in years following that.

Mr. BERTRAM. Yes, like I said, we requested $450 million. As you pointed out, the subsidy percentage varies on the specific project, but that would be about $4.5 billion worth of TIFIA loans. The current rules are that TIFIA is one-third of the overall project, which

would be about $13 billion worth of projects that we think could happen in Fiscal Year 2012.

Senator INHOFE. That is just in 1 year?

Mr. BERTRAM. In 1 year. One of the nice things about having a multi-year highway bill is we would actually know how much money is available each of the years. States could actually be able to plan when they would need the financial help.

Senator INHOFE. I really think that we are now talking in terms of something that could be somewhat meaningful.

Go ahead.

Senator BOXER. Yes, my question, a lot of my folks have said, well, could you look at reforming TIFIA. What do you mean? Well, right now, TIFIA can loan up to one-third, is that it?

Mr. BERTRAM. That is correct.

Senator BOXER. Well, if we took it up to one-half, what do you think the pros and cons are of that?

Mr. BERTRAM. Well, the cons are that the amount of the Federal subsidy doesn't go as far. We only get 50 percent private match as opposed to 66 percent. However, it might make TIFIA loans available to projects that would have a harder time getting the 66 percent. I think it is something worth discussing.

Senator BOXER. OK.

Anything else?

Senator INHOFE. No, not on that.

Senator BOXER. Go ahead. You can ask whatever.

Senator INHOFE. At one time, Mr. Secretary, I did want to get into this BARR Program. I know that it is not even an NPRM yet, but there is some discussion in terms of what is going to come from that program. I at least want to use this to weigh in on this because I believe that there are a lot of security concerns that we haven't had a chance to talk about. Some would not be appropriate in an open session, but I do believe that the capacity to maintain a position where you are not identified in that system, and I can actually talk about that personally, is something that is worthy of discussion.

It probably isn't appropriate to bring up in this Committee hearing.

Secretary LAHOOD. Senator, I would like to come by and talk to you about this because I have looked into this. We are going to put the program in the *Federal Register* and ask for comments from people. I know you are a pilot and I know you know the value of this program and we should talk about it.

Senator INHOFE. That is fair.

Senator BOXER. Mr. Secretary, I know that you have drastically streamlined the Highway Program and transportation programs. That is something we are working very hard on to make sure that this happens.

Could you just briefly explain how many programs you took and what you whittled it down to?

Secretary LAHOOD. We collapsed 50 programs into 5, and we think that all of these things that have been created over a period of time and transportation bills, it is not that we have really eliminated anything, but people are going to compete for these dollars in a competitive way and people are talking about streamlining.

Well, this is our way of streamlining. This is our way of compressing a bunch of programs into five and hopefully eliminating some bureaucracy, but not eliminating the opportunity for creative people around the country to apply for these funds.

Senator BOXER. Well, what I like about it, and I am sure my colleague agrees, is that all these set-asides are so complex, and sometimes some programs get funded higher than they should be and the money isn't used, and others are shorted. So if we streamline it down, I don't know if we get down to five here, but we are working with the staffs on both sides to come up with a plan, I think it is going to help us quite a bit. I think at the end of the day, we will save funding and we will certainly have I think better results. Because we are not forcing the Department to say you must fund X, and if you don't think there is anything valuable there, and you can give to another program.

I wanted to talk about an unpleasant subject, H.R. 1, unpleasant for me, unpleasant for you. I don't know, maybe a little pleasant to my friend. I don't know.

See, he is not listening to this.

H.R. 1 includes several provisions that would rescind funding from transportation programs such as the TIGER II grants and high-speed rail. I am very concerned about it because, as we said, construction is at such a low level in this country since the housing crisis, and transportation infrastructure will create jobs.

So what impact have you quantified, I'm talking about H.R. 1 that cuts the TIGER grants, have you put together the impact you think these reductions in the TIGER grants and high-speed rail will have on our national transportation network and on jobs?

Secretary LAHOOD. We have looked at that, and I can submit this for the record, but billions of dollars would be rescinded because of language that is in H.R. 1, including some TIGER money, ARRA grants, high-speed rail money. These are investments that have been made with the idea that they create jobs. This is a job creation program and for people who are in the Congress that want to create jobs, rescinding money is not the way to do it.

These projects were provided to communities and to grantees and to high-speed rail corridors because they create jobs and they also solve problems and create opportunities in America.

[The information referred to follows:]

The terminations and reductions proposed in H.R. 1 would have negatively impacted State and local economies and the State of infrastructure across the country. H.R. 1's proposed termination of the TIGER II grants that were awarded in Fiscal Year 2010 alone would have affected 41 projects in 34 States for a total of $556.6 M. Of these, 17 projects, a total of $140 M, are in rural areas.

Both large and small projects have a huge impact on their regions. Investments in the freight rail system can move thousands of truckloads of goods off the roads and onto rail, relieving road congestion, decreasing road maintenance costs, increasing highway safety, and improving speed and safety on existing rail lines. Transit investments will spur economic development well beyond the Federal investment, bringing jobs and business to undeveloped areas. In rural areas, transit investment will improve access for local communities and connect cities with each other in more efficient ways. Across the Nation, replacing aging bridges and correcting highway and street safety issues will reduce accidents and congestion.

Below are a few examples of the impact this funding will have on communities, nationwide:

- The Federal investment of $47.6 M in Atlanta Streetcar project will serve 1 million passengers per year and could the potentially bring $500 M of economic development to underdeveloped areas.
- Tower 55 in Ft. Worth, TX will cost the Federal Government $34 M, but improving the signaling and crossings at the Nation's most congested freight rail intersection will save $900 M in supply chain costs.
- Connecting the Port of Miami, FL to the Hialeah Rail Yard will eliminate 102 million truck miles from the highway system, saving fuel, reducing carbon emissions and traffic congestion and lowering the cost of road maintenance.
- Replacing two aging bridges that connect Ann Arbor with the University of Michigan will reduce delays and congestion for the 48,000 vehicles that cross over using just one lane of traffic in each direction every day.
- The Northwest Tennessee Port in Lake County is the biggest economic development initiative in that region in decades. It will bring 2,300 additional jobs to the region and make cargo loading and unloading easier and provide a more efficient access to the rail system.
- The Great Plains Freight Rail project improves over 150 miles of track between Kansas and Oklahoma, which will increase speed, reduce congestion and increase at-grade safety.
- Reconstructing South Dakota's branch line between Mitchell and Chamberlain, SD will take 7,000 truckloads of grain off the roads and on to rail, increasing capacity and efficiency.
- The Moline Multimodal Station will improve transit connectivity and access for the citizens of Moline as well as restore a vital link for passenger rail between Chicago and Iowa City.

Senator BOXER. Well, today it is no great secret that both plans are not going to get enough votes, but I have to say as we work together to find an answer to this problem, and we have a serious problem, we need to look at these transportation grants because I have one in my State. Everybody expected it was made, but the money isn't obligated. It takes a little longer. They just cut the legs out from under these TIGER grants.

Secretary LAHOOD. People are expecting this money and some of them are starting to realize now that if H.R. 1 were to pass in the Senate, this money would go back to the Federal treasury. Their dreams and aspirations and projects for high-speed rail, transit, light rail projects, streetcars and roads and bridges, would go back to the treasury.

Senator BOXER. Well, I just want to note that Los Angeles is a case in point where, as I said, for a $20 million score, that is what it cost the Federal Government, they rewarded a $500 million grant, and $500 million to begin this very important project that the local people voted for. This is just a pathetic situation because for a $20 million score, we are going to lose $500 million worth of jobs. That is a lot of jobs. That is more than 10,000 jobs.

So I hope after we get these votes out of the way today, maybe we can have some bipartisan discussion about the next one that we agree on where we spare these kinds of investments that really do create jobs.

Senator Inhofe, and then I'll go to Senator Lautenberg.

Senator INHOFE. I know that Senator Lautenberg wants to talk about this.

I think we are making some headway in talking about, as we started off with TIFIA. Now, on the streamlining comments that the Chairman talked about, I agree, although I think we can even go further talking about some of the problems we are facing in the Endangered Species Act and others, they limit the amount that can be done with the same amount of money.

I also agree with your statement about, I kind of wish that we had made that statement a little bit louder back when Senator Boxer and I were trying to increase the amount of money out of the $800 billion stimulus that would go to roads, highways and bridges. If we had done that, I think things would be a lot better off today and our job would be a lot easier.

Secretary LAHOOD. I know we are pressed for time here and we want to get to Senator Lautenberg. Let me just tell you this, we got $48 billion out of the stimulus bill. It created 15,000 projects, roads, bridges, runways, a number of projects, and put 65,000 people to work over a 2-year period that would not have happened if Congress had not done that.

Our stimulus worked, you have not read any bad stories about boondoggles, earmarks, sweetheart deals, none of it. It was all spent correctly the way you told us to do it. We know that our money works to put people to work. The idea that billions of dollars are going to be rescinded does not help put Americans back to work.

Senator INHOFE. Mr. Secretary, I agree with you, except if that had been instead of $48 billion, $200 billion, then we would be in a lot better shape.

Secretary LAHOOD. Well, Senator, I didn't write the bill. If you and I had written the bill——

Senator INHOFE. I didn't even vote for it.

Senator BOXER. Well, Senator Inhofe and I were working really hard behind the scenes and we did manage to get that number up from $28 billion or something to the $48 billion number, but we both were very distressed and our staffs were working behind the scenes, but let us move on.

Senator Lautenberg, I am going to give you 6 minutes and you can work in your opening statement and questions.

STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator LAUTENBERG. There is an interesting thing here, and the Chairman knows that I like to play with words. So when I see the two of you working together, I say this is where the twains meet.

Senator BOXER. The twains meet.

Senator LAUTENBERG. Forgive me.

Anyway, our colleagues on the other side of the aisle are fond of saying that we need to run government more like a business. Well, I had experience there and I co-founded a successful company, led it for many years, and that company that three of us started now has 45,000 employees. It is one of America's top companies in terms of records of success.

That is because we constantly reinvested in the business. Unfortunately, the House Members, Republicans, seem to think that investment is a dirty word and they want to slash funds as we have all agreed here thus far that are a requisite for our country's future. The sledge hammer approach to managing the economy would send hundreds of thousands of Americans on unemployment lines. That includes almost 3,500 workers in New Jersey's construction industry.

So the Republican plan does not prepare us for the future. It leaves our roads clogged, our bridges crumbling, our rail lines congested and our air foul.

So fortunately, President Obama and Secretary LaHood, we thank you, Mr. Secretary, have outlined a bold vision for the future of transportation, investing and repairing, expanding existing infrastructure, as well as building much-needed new projects like high-speed rail.

I would just add that there is a very important safety factor here, and every day nearly 100 people are killed on our highways. That is not just a statistic. There are lives lost, someone's child, someone's parent, 100 times a day. That is why I am continuing to push to curb super-size trucks, make motorcycles safer and keeping drunk drivers from getting behind the wheel.

So we know that the majority of Americans, 71 percent, said they want us to find common ground on improving roads, rail and bridges. They recognize that transportation is a key to economic success.

With that, Madam Chairman, I ask that the balance of my opening statement be included in the record.

Senator BOXER. Without objection.

[The prepared statement of Senator Lautenberg follows:]

STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM THE STATE OF NEW JERSEY

Madam Chairman,

Our colleagues on the other side of the aisle are fond of saying we need to run the government more like a business. Well, I co-founded a successful business and led it for many years—so I know that if the other side brought their governing philosophy to a private company, that company wouldn't last very long. That's because to succeed in business, you must constantly re-invest in it.

Unfortunately, House Republicans seem to think "investment" is a dirty word. They want to slash funding for our country's future, which would stifle economic growth. Their sledgehammer approach to managing the economy would send hundreds of thousands of Americans to the unemployment line—including almost thirty-five hundred (3,500) workers in New Jersey's construction industry. The Republican plan does not prepare us for the future—it leaves our roads clogged, our bridges crumbling and our rail lines congested.

Fortunately, President Obama and Secretary LaHood have outlined a bold vision for the future of transportation—investing in repairing and expanding existing infrastructure as well as building much-needed new projects like high-speed rail. The Administration's budget also doubles funding for transportation safety.

Every day, nearly one hundred (100) people are killed on our highways. That's not just a statistic; these are lives lost—someone's child or parent. One hundred (100) times a day. That's why I'm continuing my push to curb super-sized trucks, make motorcycles safer and keep drunk drivers from getting behind the wheel.

This focus—on strengthening our transportation infrastructure and making our roads safer—reflects the will of the American people. In a survey just last month, an overwhelming bipartisan majority of Americans—seventy-one (71) percent—said they want us to find common ground on improving roads, rail and bridges.

They recognize transportation is a key to economic success. It is smart investments that will bring that success—not short-sighted cuts.

Our friends on the other side of the aisle say we can't afford these kinds of projects right now. But as any successful business person will tell you, if you want to be prosperous tomorrow, you must make wise investments today. We can't forget that the history of our country is told through great public works projects like the George Washington Bridge—which was built during the Great Depression—and the interstate highway system, which was built over a forty- (40) year span, even when the country was in a recession. The bottom line is that this isn't the time to stop investing in the future of our country.

So I look forward to hearing from you, Secretary LaHood, about how we can work together to make transportation a national priority and keep our country moving forward.

Thank you.

Senator LAUTENBERG. I would like to ask the Secretary, and I heard you say it, Mr. Secretary, we want to confirm. House Republicans are attempting to take back funding that was already awarded for transportation projects across the country, like a project in Jersey City to redevelop an old industrial site into a thriving neighborhood. Now, what might be the effect be on economic development and job growth if funding for these projects is eliminated?

Secretary LAHOOD. It would be billions of dollars. H.R. 1 rescinds about $7.4 billion in DOT resources; $3.6 billion is rescinded in the regular DOT ARRA Program. It amounts to billions of dollars. The opportunity for those that have been awarded these funds create jobs will be lost.

Senator LAUTENBERG. Well, we have to do what we can to make sure that these things don't happen. I am not sure whether we have the ability to do that.

Now, Federal law prohibits large trucks weighing more than 80,000 pounds from using InterState highways. Some have proposed eliminating that ban. Now, what happens with heavier trucks? What does it do to the safety of drivers and passengers on our highways and our already-stressed infrastructure? So what happens if we eliminate that ban, Mr. Secretary?

Secretary LAHOOD. We know this is a very controversial issue. It is obviously a big safety issue and it is one that we are seriously looking at the Department of Transportation. We will work with Congress as you all work through a transportation bill.

Senator LAUTENBERG. CDC found that re-arrest rates are 67 percent lower per drunk driving offenders when they have ignition interlocks than for just those who had their license suspended. Are interlocks important enough to be mandatory, do you think, for all convicted drunk driving offenders?

Secretary LAHOOD. We know that over 20 years of research has shown that ignition interlocks can reduce recidivism by 50 to 90 percent. We have value at our Department when we base our decisions on good data. We know we have credibility and we will continue to work on the research and continue to work with you, Senator.

Senator LAUTENBERG. Thank you.

One last thing, Madam Chairman. Since the Federal motorcycle helmet law was repealed in 1995, motorcycle fatalities have more than doubled. In November, the National Transportation Safety Board added motorcycle helmet laws to its most-wanted list.

Do you agree with NTSB? Or do you have enough information to say that it is time to require helmets to be worn by all motorcycle operators and passengers?

Secretary LAHOOD. Senator, we believe that it is up to the States to decide helmet law issues.

Senator LAUTENBERG. Well, we hope that we can induce States to use good judgment and help save money and save lives in their States. It was on the books for some time, and unfortunately we lost it along the way.

Thanks very much, Madam Chairman. I appreciate it.

I thank the Secretary.

Senator BOXER. Thank you, Senator.

Secretary LAHOOD. Thank you.

Senator BOXER. Senator Lautenberg, thank you for all your years you have put into safety because that has got to be a key element of our bill as we move forward.

Senator Inhofe, please go ahead.

Senator INHOFE. Let me mention something first. This is very unusual to do this in this Committee, but I am going to do it because we have Cindy Babbitt, who is a County Commissioner in Oklahoma, and some of her people came up with her. I said, you need to be watching, come in and see what we are up against.

Stand up, Cindy, so they know who you are. She is beautiful. All right.

Senator BOXER. Cindy.

Senator INHOFE. She is very, very conscious about what we are trying to do, trying to get some roads and highways and the problems. I actually worked with her back when we were doing the previous reauthorization.

Now, two things, if you would, Mr. Secretary. First of all, when we did our bill in 2005, $286.4 billion, I believe it was, something right now I think most people realized at that time that that really just barely maintained what we had. There are several of us who wanted to do a lot better. That was the best we could do and that was good.

Now, we are looking at the big issue and that is what are we going to do for a 6-year bill, if it happens to be a 6-year bill. So I wanted to ask two things. The first one is if you look on, and I will give this to you because it is CRS–4, the congressional Research Service. What they have done, this is a table that has all the laws and regulations and executive orders potentially applicable to the NEPA process for transportation projects.

I know you guys have seen this before, but what I would like to ask you to do is get one of your staff to go through each one of these items and see what would we have to do to either eliminate or moderate in some way, because this is something that directly relates to the number of miles that we can pave out there, the number of bridges that we can build.

Is that all right?

Secretary LAHOOD. Absolutely, and we will work with you on this to streamline. We have streamlined in our proposal and the President's budget. We have streamlined and compressed a lot of programs.

Senator INHOFE. Yes, I think primarily what you have done is consolidation and that is good. I am all for it.

Secretary LAHOOD. Right.

Senator INHOFE. But this is another area where specifically I requested that they put this table together talking about all these things that we might be able to address.

Now, the second thing is, and I think the figure you came out with was $556 billion, and I would like to have you tell me where that figure came from and any ideas on how we could reach and achieve that figure.

Secretary LAHOOD. We know that the Highway Trust Fund is deficient. We know it has been a great resource over the years. Obviously, we would continue to use the Highway Trust Fund and some of our other opportunities that we have had in our programs. We talked about TIFIA. We need to work with Congress on finding the way to pay for a plan that really becomes a jobs bill, we want to work with Congress on the path forward to finding a way to pay for it.

Senator INHOFE. I agree with you on a jobs bill, but it is also a life-and-death bill. We had a young lady drive under a bridge in Oklahoma City, a clump of concrete killed her. She was the mother of two small children. I mean, this is really critical.

People used to say in Oklahoma that, well, that's a newer State; you don't have the crumbling infrastructure that we have in New York and Pennsylvania and other places. That is not true anymore because in some of the more mature parts of the country, they have already replaced a lot of that stuff, and ours is just reaching the point where it is a crisis in my State of Oklahoma.

We go back and forth with Missouri as to which State has the worst bridges. That is not something I am real proud of. Having the position that I have and the position that Senator Boxer has, we have a little more of a responsibility I think than some of the others.

So we have spent hours and hours trying to see what we could do to augment just the deteriorating Highway Trust Fund and we talked to you probably several hours also. Some things are not on the table, and I understand that. In fact, the President and I both agree as far as the tax increase is concerned.

But that is the big problem. We can talk about all these other things, but we just really need to get a reauthorization bill. It has to be robust, and the figure that you use, I would buy in a heartbeat if we could figure out a way to pay for it.

Secretary LAHOOD. We will work with you on it.

Senator INHOFE. We do have Senator Baucus who has an interest and several others that are working with us.

Secretary LAHOOD. We will work with you on the pay-for. The increase in the President's budget for roads and bridges, is a 48 percent increase over 6 years, with $338 billion just for roads and bridges because we know there are a lot of roads that need repair and we know there are a lot of bridges that need repair or replaced.

Senator INHOFE. I agree, but again it is easy to put that in a budget, but you still have to pay for it.

Secretary LAHOOD. Yes, sir.

Senator BOXER. Well, Mr. Secretary, I echo my colleague on this. We need to work together. He is very honest with me. When I say over and over again that with the Highway Trust Fund dwindling because it is a good news-bad news story. It is good news because people are getting better fuel economy. It is bad news because the Highway Trust Fund is slipping. I am looking for ways to get more money in there, but it is hard to come by. My feeling is, because I drive a hybrid, I am not paying my fair share and I would be very willing when I get——

Senator INHOFE. That is all right. You ought to see what I am driving. We average out.

Senator BOXER. I am sure we average out, but you are paying more for the roads than I am. I may be on the road as long as you are, but I am getting 50 miles to the gallon. OK? So I am not filling up the car and you are paying more than I am.

So my point is it is not fair to him. I mean, I think I am wise to do this, but if he wants to do what he wants to do, it is fine. But we all should pay our fair share.

So I think vehicle miles traveled is the way to go, but I don't seem to get much excitement when I mention it. I think we could do it easily when you re-up your registration, honor system, just how many miles I had now. But I don't have any takers.

Indexing the gas tax, indexing it, not raising it, I could do that. I wouldn't raise it, but I could index it. We have a little support, not that much, but I think Senator Inhofe is being honest about that. I don't know that we get anywhere with it. We don't even know if the President would go that far with us.

So we are coming down to one word: leverage. We have got to leverage. The good news the people in my State and I think in most States, they really want to have a decent transportation system. They want to be able to go on the highway and have a smooth ride and not be practically thrown out of their vehicle because of the bumps in the road. It really happens here in this area. You sit in the back of a car, you are hitting the ceiling even with a seatbelt on.

So we are going to have to leverage. That is all. You have already said, you and Chris Bertram, that you are willing to work with us. I come back to TIFIA because I see the broad support it has. So you are open to talking with us and seeing if there is a way.

I don't want to just put a number in there to feel good about it. I want to make sure we can handle it and see what other reforms to the program that my colleagues think are worthwhile, if any. So that is one.

The other thing is Senator Kerry is working on a broad Infrastructure Bank that deals with a whole lot of things: water, sewer, broadband, transportation, transit. I don't know where he gets the $10 billion. We haven't really gone that far to give seed money to it. I would like to ask you where you would go to get that, No. 1.

The other idea was discussed with Ron Wyden. I don't know if he has spoken to you yet, but he has this plan for just transportation bonds. It would just strictly be for transportation. I don't know if he has spoken with you about it. Could you just comment broadly on the Kerry proposal?

Secretary LAHOOD. Buy America bonds have been very, very successful all over the country. I am going to see if Chris can find the numbers, but they have been very successful and they have allowed for the ability to do some very important projects. I have committed to Senator Wyden and Senator Thune, who is his cosponsor on this, and Senator Snowe and others to help on Buy America bonds.

Senator BOXER. Yes, well, could you ask Chris? Would you help me out here? I know they have been hugely successful.

Secretary LAHOOD. Right.

Senator BOXER. My State has probably taken tremendous advantage of it. But would you explain to me again how they work?

Mr. BERTRAM. The Buy America bonds are basically a different form.

Senator BOXER. Is it Buy America or Build America?

Mr. BERTRAM. It is Build America. Sorry. It is basically another form of financing for State and local governments, and rather than it being tax exempt, it is a matter of the government paying a subsidy to the bondholder.

Senator BOXER. OK. So for example, let's say I am going to use Senator Inhofe's State. If they decide, the local people, that their priority was rebuilding a bridge and they came to this program, they would borrow the money from the Federal Government.

Mr. BERTRAM. No, no. They would issue bonds.

Senator BOXER. They would issue bonds and we back them?

Mr. BERTRAM. No, we don't back the bonds. We would just pay a certain amount of the interest to the bondholder.

Senator BOXER. OK. So the cost to us is the interest on the bond.

Mr. BERTRAM. Yes.

Senator BOXER. We pay it to the State? For example, in this case, or the local people? Or we pay it to the bondholders?

Mr. BERTRAM. I believe we pay it to the bondholders.

Senator BOXER. We pay it to the bondholders. So an individual anywhere in the country who felt that was a good buy would buy, let's say, a $5,000 bond and then the Federal Government would pay that individual the interest.

Mr. BERTRAM. I believe so, but we can get you the details.

Senator BOXER. Would you do that?

Mr. BERTRAM. Yes.

[The information referred to follows:]

The American Recovery and Reinvestment Act of 2009 ("ARRA"), authorized State and local governments to issue two general types of Build America Bonds as taxable governmental bonds with Federal subsidies for a portion of their borrowing costs. The subsidies take the form of either tax credits provided to holders of the bonds or refundable tax credits paid to State and local governmental issuers of the bonds. Build America Bonds have different levels of Federal subsidies and program requirements depending on the particular type of bond.

The first type of Build America Bond provides a Federal subsidy through Federal tax credits to investors in the bonds in an amount equal to 35 percent of the total coupon interest payable by the issuer on taxable governmental bonds which represents a Federal subsidy to the State or local governmental issuer equal to approximately 25 percent of the total return to the investor (including the coupon interest paid by the issuer and the tax credit). This type is referred to in this response as "Build America Bonds (Tax Credit)."

The second type of Build America Bond provides a Federal subsidy through a refundable tax credit paid to State or local governmental issuers by the Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors in these taxable bonds. This type is referred to in this response as "Build America Bonds (Direct Payment)." The level of the 35 percent Federal interest subsidy on Build America Bonds (Direct Payment) is deeper than the corresponding approximately 25 percent Federal interest subsidy on Build America Bonds (Tax Credit). Additionally, ARRA provided for a third type of Build America Bond known as "Recovery Zone Economic Development Bonds," which provided for a deeper Federal subsidy through a refundable tax credit paid to State or local governmental issuers in an amount equal to 45 percent of the total coupon interest payable to investors in these taxable bonds.

In general, Build America Bonds (Tax Credit) could have been issued to finance any governmental purpose for which tax-exempt governmental bonds could be issued under and must comply with all requirements applicable to the issuance of tax-exempt governmental bonds. Accordingly, Build America Bonds (Tax Credit)

could have been issued to finance the same kinds of expenditures (e.g., capital expenditures and working capital expenditures) and could have involved the same kinds of financings (e.g., original new money financings, current refundings, and one advance refunding) as tax-exempt governmental bonds.

The eligible uses of proceeds and types of financing for Build America Bonds (Direct Payment) were more limited than for Build America Bonds (Tax Credit). In general, Build America Bonds (Direct Payment) could have been issued to finance governmental purposes for which tax-exempt governmental bonds could be issued but could have been used to finance only capital expenditures as contrasted with working capital expenditures. Build America Bonds (Direct Payment) generally were not to be issued to refinance capital expenditures in "refunding issues". The Department of the Treasury shall pay to the issuer of such bond 35 percent of the interest payable under such bond on such date.

Senator BOXER. So that is the Ron Wyden-John Thune proposal. Did you say Olympia Snowe is on it?

Secretary LAHOOD. She has been active in supporting that program. What happens is they take that money and leverage against TIFIA and leverage against State money and leverage against other things and put their whole package together. It is a way to leverage some money.

Senator BOXER. For sure.

Mr. BERTRAM. We did about $48 billion worth of transportation projects with those bonds before the program expired at the end of last year.

Senator BOXER. OK.

Senator Boozman.

Senator BOOZMAN. Thank you, Madam Chair.

Thank you for being here. We appreciate your service to our country in so many different ways and all that you have done.

One of the things that there is a lot of bipartisan agreement here in Congress, I think, is about the need to address the doubling of freight tonnage over the next 25 years. Your proposal creates a new freight office, but there is not an actual freight program. Can you talk to us a little bit about that?

The reality is that our truckers are contributing a tremendous amount into the Trust Fund and I guess, like I say, if you could kind of elaborate on that, that would be real helpful.

Secretary LAHOOD. Are you talking about truck freight?

Senator BOOZMAN. Yes, sir.

Secretary LAHOOD. Yes, we have a good relationship with our friends in the truck freight business and we work with them on a regular basis. The program, I am going to let Chris talk about the program for a minute, but I would say over the 2 years that I have been in this job, we have worked closely with our friends in the trucking business.

Mr. BERTRAM. The main benefit of the budget proposal is the investment in highways and bridges, which would benefit the trucking industry, as well as the Infrastructure Bank, which would do large multi-modal projects and get rid of bottlenecks.

Senator BOOZMAN. OK. So that is what the freight office is going to do is perform that function?

Mr. BERTRAM. The freight office would coordinate between the Federal Railroad Administration, the Federal Highway Administration, the Infrastructure Bank in terms of planning for, identifying bottlenecks and how to address those.

Senator BOOZMAN. There is a lot of controversy over the budget and things like that, and we are talking a lot about that. One of the things I would like to comment on and just ask your opinion, in the last Highway Reauthorization, we spent a lot of money and people spent a lot of time doing a study as to what we needed to do to make our transit more effective in the future.

So one of the things I would like for somebody to do is search through there and tell me, not now but in the future, how we have addressed some of their proposals. One of their major proposals, and I get so frustrated with this, is the bottlenecks that we see in getting things authorized. I don't know how long it takes. I think they cited 10 years or something like that for a major road construction program to get up and running and finished and things.

All of us, as Congressmen and Senators, deal with that all the time, trying to get things moving. I have a project that literally has been authorized, money allocated, and we are 10 years into it and we are still studying.

So I guess can you comment, are we making any improvements in our efforts to get things rolling? That is an effort that doesn't cost any money, not doing away with the process. I had the opportunity to be with Mr. Oberstar in Minnesota and saw the bridge that they completed in a year. That project would have taken forever in the conventional way. But the different agencies, OSHA, all of these agencies instead of being kind of the adversarial relationship, were helpful in getting the things done.

Secretary LAHOOD. One of the things that we have talked about a great deal is streamlining the process. Senator Inhofe had asked me to look at a long list that was presented by the CRS, which lists a whole host of things that have to be done before anything can ever get off the ground.

We intend to streamline the process. We think it takes too long also and that there are too many bureaucracies and bureaucratic red tape. We have a Highway Administrator who runs our Federal Highway Administration who's a former Secretary of Transportation in Arizona and he knows full well how long it takes to get something done.

So between what he is doing and what we have as a goal, we intend to streamline because we think it does take too long for these projects.

Senator BOOZMAN. No, I guess, and again, I guess I would like to learn is it taking longer now than it was now since that report came out? That is kind of the frustrating thing that we are getting at.

Secretary LAHOOD. I think what we will do, Senator, is come by and brief you on that and really give you our best information.

Senator BOOZMAN. OK. Thank you very much.

Thank you, Madam Chair.

Senator INHOFE. Let me just make a comment about something Senator Boozman said.

Senator BOXER. Go ahead.

Senator INHOFE. He is talking about the project that was done up in Minnesota. Because it had to be done immediately, it was done quickly. The same thing happened in Oklahoma with one of our bridges going over one of our canals, and down in Port Isabel,

Texas, the same thing. It was something that was actually done. It was done in 4 months what would normally take 10 years.

So I haven't thought about that, looking at those and saying could that be used as a model? At least we did away with a lot of these things on this list that I gave you, and since that happened have there been any adverse results as a result of that? When you have to do something, you do it.

Secretary LAHOOD. The other thing I would use as an example, what I stated before, is that Congress did provide $48 billion in ARRA. Over the last 2 years, we put a team of people together, everybody at DOT working every day together to make sure that money was spent correctly, by the book and was spent within the time that was given to us.

So we did build some roads and bridges and runways. We did it in a way that respected the laws, but also in a way that made sure that we could do it within the time provided, which was an 18-month period.

So we can do it. We know how to do it. We put a team of people together every day and we got it done in the period of time that Congress told us to; $48 billion, 15,000 projects, 65,000 people went to work.

Senator BOXER. Do you want to take another round? It is fine with me if you do.

Just talking about how we are going to speed things up, in California we had a special trial that was set up whereby our highway projects, as I understand it, had a very interesting oversight. We took NEPA and CEQA, because California has some tough environmental laws, and we said for purposes of these projects, we will work together with them rather than have a whole separate process, one for NEPA, one for CEQA, time delays and the rest.

Could you report on that, Mr. LaHood or Mr. Bertram?

Mr. BERTRAM. It was a delegation program in the last bill that basically said that if a project met CEQA, it also met the NEPA requirements.

Senator BOXER. That is right.

Mr. BERTRAM. It has been successful. We can get you details.

[The information referred to follows:]

California is the only State that is participating in the pilot program authorized by Section 6005 of SAFETEA-LU. The pilot program allows the California Department of Transportation (Caltrans) to assume FHWA responsibilities for the National Environmental Policy Act (NEPA) as well as for other Federal environmental laws for most highway projects in California. The pilot program allows Caltrans, which has waived its sovereign immunity as a prerequisite to entering the pilot program, to make the final NEPA decisions on State as well as local highway projects, thus eliminating the need for FHWA review and approval. In a January 2011 Report[1] to the California Legislature, Caltrans stated "the median time savings for approval of final Environmental Assessment on all Caltrans' projects was 17.9 months (and an average of 12.3 fewer months) under the Pilot Program as compared to prior to the Pilot. The median and average time savings are substantially greater for an Environmental Impact Statement (EISs) than for Environmental Assessments (EAs). However, due to the small sample size of EISs (six pre-Pilot Program and one Pilot Program final EISs), these savings are not statistically significant. It is also difficult to draw conclusions from this small sample size." FHWA believes it is too early in the process to determine, overall, what time savings have resulted from the pilot program for State administration of NEPA and other Federal environmental laws. More time is needed to gather information on the various projects that have been

[1] http://www.dot.ca/gov/hq/env/nepa_pilot/pdf/AB2650—jan2011.pdf

completed in California under the program, especially the more complex and controversial projects.

Senator BOXER. My understanding is it has been. In the hearing that Congressman Mica and I had in Los Angeles, we had environmentalists tell us that they liked the way it worked. So I mention it because not all States have strong environmental laws like we do, but in States that have equivalencies, it seems to me you can substitute the State for the Federal or they work together. I just throw that out there. We are very happy with it in our State. We haven't had any complaints about it.

Anybody else have any questions for the good Administrator, the good Secretary of Transportation?

Yes, go.

Senator INHOFE. Just one comment since you brought this up on the delegation. We were given that opportunity and we rejected it. We rejected it for a number of reasons, one of which is the liability that we could be incurring and some other things. So I am not sure who would, if that were a program, who all would want to participate in it.

Senator BOXER. OK. Well, I mean it is States' rights. If it is optional and the State wants it, in our case it worked beautifully. We found that we had more streamlining. The people were happy with it. The local people were pleased with it.

So I don't think we should force anyone to do it, but if it is available, I certainly think we ought to make it available. There is nothing that I heard that didn't work out.

So, anybody else?

Well, thank you.

Secretary LAHOOD. Thank you very much.

Senator BOXER. Do you have anything else you would like to say in closing?

Secretary LAHOOD. No.

Senator BOXER. We will leave the record open for a couple of days, but I just want to say, Mr. LaHood, first of all congratulations on your son's electoral victory.

Secretary LAHOOD. Thank you. Thank you for changing the hearing.

Senator BOXER. You wanted to be there at his swearing-in and we were thrilled to accommodate you.

Secretary LAHOOD. Thank you.

Senator BOXER. I guess like father, like son, like son, like father, but he is very fortunate to have you as a role model.

Secretary LAHOOD. Thank you.

Senator BOXER. We really are hopeful in a very tough atmosphere in the Senate, and we all admit that. A lot of us don't see eye to eye on a lot of things. We seem to be moving together on this. I think that is really crucial. So I, again, would ask you on the record: Will you be available to us? Because we are going to be putting together our bill in a bipartisan way. The big four hopefully can back it and we will move it forward. But will you be available?

Secretary LAHOOD. I will be available whenever you need me.

Senator BOXER. We are going to need you because we don't want to put together a bill that you don't like.

Secretary LAHOOD. Absolutely.

Senator BOXER. We want to do something that you feel comfortable with.

Secretary LAHOOD. We will be here.

Senator BOXER. OK.

We stand adjourned and we thank you so much.

Secretary LAHOOD. Thank you very much.

[Whereupon, at 3:05 p.m. the committee was adjourned.]

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