

**STATEMENT OF
VICTOR M. MENDEZ, ADMINISTRATOR
FEDERAL HIGHWAY ADMINISTRATION
HEARING ON
THE FEDERAL HIGHWAY ADMINISTRATION'S
FISCAL YEAR 2012 BUDGET REQUEST
BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES**

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Chairman Latham, Ranking Member Olver, and Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the Federal Highway Administration's (FHWA) fiscal year (FY) 2012 budget request. The President is requesting \$129 billion for Transportation in FY 2012, of which approximately \$70 billion represents the funding request for FHWA. The President's FY 2012 request for the Department of Transportation (DOT) includes the first year of a bold new six-year \$556 billion reauthorization proposal that transforms the way we manage surface transportation for the future. I will focus specifically on the FHWA portion of the budget request.

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 that will safely and efficiently move people and goods.

REAUTHORIZATION GOALS

The Administration's Surface Transportation Reauthorization proposal is designed to accomplish precisely this, and it is the centerpiece of the President's FY 2012 budget. The reauthorization proposal and FHWA's FY 2012 budget request focus on four broad goals: building for the future, spurring innovation, ensuring safety, and reforming government and exercising responsibility.

Building for the Future

America's aging roads and bridges 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. 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. One way the Administration's proposal addresses this challenge is by focusing on rebuilding America's roads and bridges. Increased highway

funding will expand access to jobs, education, and health care in the short term and lay the foundation for our nation's future economic growth.

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 FY 2012 request respond to this challenge in several ways.

The proposal will accelerate and improve project delivery for Federal-Aid projects while enhancing environmental stewardship. It will include provisions to improve project delivery in the areas of environmental review, permitting, integrating transportation planning and environmental review of transportation projects, and efficiencies in contracting. Many of these proposals build on SAFETEA-LU provisions and expand on efforts being implemented under an initiative I launched called Every Day Counts (EDC) to shorten project delivery time and to speed the deployment of new and proven technologies into the marketplace.

Every Day Counts is an innovation initiative that presents new technologies, new ideas and new ways of thinking. Ultimately, it provides the transportation community with a better, faster, and smarter way of doing business. EDC is about taking a select number of effective, proven processes and market-ready technologies and getting them into widespread use. Both can have a direct impact on shortening project delivery and cost avoidance. These new and innovative tools will help us to better meet the transportation needs of America's small towns and rural communities.

Recognizing that competition often drives innovation, the Administration's proposal and the President's FY 2012 budget also include a \$32 billion competitive grant program called 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 in project delivery, and deployment of technology—just to name a few possibilities.

Ensuring Safety

Keeping travelers on our transportation systems safe is Secretary LaHood's top priority. That is why the Department of Transportation is undertaking various strategies in a number of focus areas, including safer highway infrastructure, safer driver behavior, and safer vehicles to reduce the number of highway fatalities. FHWA works closely with our DOT partners, State and local governments, and other partners to ensure the safety of the infrastructure upon which all vehicles and users operate.

The Administration's Surface Transportation Reauthorization proposal almost doubles the investment in highway safety, providing \$17.5 billion over six years to FHWA safety programs that fund long-lasting safety infrastructure countermeasures. It will also provide \$330 million for the ongoing campaign against America's distracted driving epidemic, 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.

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 FHWA programs in a major way. As a result of these changes, we expect to shorten project delivery and accelerate the deployment of new technologies.

The proposal also contains several performance management features. The plan is to transition to a performance-based highway program in incremental stages in the areas safety and state of good repair where there is consensus on definitions and the data is currently available. We will work with owners and stakeholders to reach agreement on performance measures in other strategic goal areas so that we ensure success at the State and local levels. In the safety area, statewide Strategic Highway Safety Plans will guide decisions on what strategies can be most effective in reducing fatalities and serious injuries. Based on these data-driven decisions, States will establish and implement highway safety programs to address the identified problems—optimizing the use of funds to save lives. On the infrastructure side, provisions will ensure that States invest their funding in highway infrastructure and operations to achieve targeted performance results leading to improved National Highway System condition and performance. With a focus on performance management, the proposed budget will provide the resources necessary for State, local, tribal, and other Federal transportation agencies to improve the safety, condition and performance of their highway and roadway system, in ways that protect the environment, provide user access and choices, and take advantage of advances in technology and innovation.

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.

FEDERAL HIGHWAY ADMINISTRATION FY 2012 BUDGET OVERVIEW

The President's budget request for FHWA in FY 2012 represents a new paradigm in funding our nation's highways, including \$42.8 billion for a restructured Federal-aid highway program and \$27.7 billion in "Up-Front" funding that is designed to jump-start job creation while laying the foundation for future prosperity. This Up-Front funding includes:

- \$25 billion to fund investment in critical highway infrastructure on the enhanced National Highway System;
- \$2.2 billion to fund significant improvements at land port-of-entry (LPOE) facilities, which link directly to the transportation infrastructure at border crossing locations; and
- \$450 million to fund the growing demand for highway credit assistance through the Transportation Infrastructure Finance and Innovation Act (TIFIA) program.

The Administration's six-year Surface Transportation Reauthorization proposal would provide \$336 billion from FY 2012 to 2017 for highway programs. Most significantly, this proposal reflects a 48 percent increase in funding for road and bridge improvements and construction from the \$227 billion authorized in SAFETEA-LU. Taken together, these investments will modernize our highway system while creating jobs, simplify the highway program's structure, and establish a performance-based program in the critical areas of safety and state of good repair.

If we look at some of the details in FHWA's budget request, we see its true promise. Almost 60 percent of the budget request is dedicated toward improving the condition and performance of an enhanced National Highway System, one that would carry 55 percent of all traffic and 97 percent of all truck-borne freight. In addition, through 2017, the proposal would enable States to reduce the backlog of cost-beneficial bridge repairs, rehabilitations, and replacements to almost one-half of its 2006 level. And, it would mean that by 2017, almost 70 percent of the miles traveled on the National Highway System would take place on pavement with good ride quality.

Built on past successes, the new structure strives to enhance the safety, condition, efficiency, and livability of our nation's highway system. The proposal consolidates more than 55 programs, each with their own emphasis and eligibility requirements, and increases the flexibility to invest the funds. The new Federal-aid highway program includes five core programs: Highway Safety Improvement Program; National Highway Program; Livable Communities Program; Federal Allocation Program; and Research, Technology, and Education Program.

Highway Safety Improvement Program

The revamped performance-based Highway Safety Improvement Program (HSIP) (\$2.5 billion) almost doubles the Federal investment in infrastructure safety programs to reduce fatalities and serious injuries on all public roads. This data-driven program will provide \$2.2 billion for infrastructure-oriented safety improvement projects, with the flexibility to use up to 25 percent of funds for education, enforcement and emergency medical services investments if needed to

address specific safety problems in the State. The program also features funding for rural road safety, as well as a new \$293 million Highway Safety Data Improvement Program designed to focus on collection of more complete and accurate roadway inventory data, use of data to identify problems, and use of analytical tools and processes to identify and prioritize safety treatments. The program continues the requirement that each State develop a Strategic Highway Safety Plan that will address how all available funds (Federal, State, and local) will be used to achieve safety performance targets. States will also be required to develop an annual implementation plan describing how the HSIP funds will be used to achieve the State's performance targets.

National Highway Program

The new performance-based National Highway Program (\$32.4 billion) targets investment to maintain a state of good repair on roads critical to the national interest while also providing flexibility to the States for making transportation investment decisions on the larger system of Federal-aid eligible highways. The National Highway Program funds investments targeted at reducing traffic congestion and making freight movement more efficient, which supports DOT's economic competitiveness strategic goal and the Administration's National Export Initiative. The proposal streamlines and consolidates portions of several existing programs including Interstate Maintenance, National Highway System, Highway Bridge, and the Surface Transportation Program into two new subprograms:

- **Highway Infrastructure Performance Program**—A \$16.75 billion formula-based program designed to improve the infrastructure condition and performance on an expanded National Highway System. This 220,000-mile network includes the Interstate System, all principal arterials, intermodal connectors, and other roads important to mobility, commerce, national defense, and intermodal connectivity. The enhanced system is an objectively defined network of national interest that will operate as a cohesive highway system to support interstate commerce and economic competitiveness.
- **Flexible Investment Program**—A \$15.6 billion formula-based program that provides flexibility to the States and local governments to invest in infrastructure preservation, congestion mitigation, or performance improvement projects on the 995,000 miles of Federal-aid eligible highways.

Livable Communities Program

The new Livable Communities Program (\$4.1 billion) establishes place-based planning, policies, and investments to help communities increase transportation choices and access to transportation services. This program will fund transportation projects that improve quality of life in both rural and urban areas, provide users with enhanced transportation choices, and improve air quality in large metropolitan areas. The program continues activities eligible under several current programs and consolidates them under one program consisting of three components:

- Livable Communities Program—A new \$3.4 billion formula-based program to enable recipients to deliver transportation projects for rural and urban areas that benefit quality of life.
- Investments for Livable Communities Grant Program—A new \$500 million discretionary grant program to promote innovative, multi-modal, and multi-jurisdictional highway projects.
- Livability Capacity Building Grant Program—Continues the \$200 million discretionary grants program requested in the FY 2011 Budget to support livability-related capacity building across the country.

Federal Allocation Program

The new Federal Allocation Program (\$1.4 billion) consolidates several existing programs with inherently Federal responsibilities into one program with five components:

- Federal Lands Transportation Program—\$430 million for projects that improve access within the Federal estate (national forests, national parks, national wildlife refuges, national recreation areas, and other Federal public lands) using a performance management program model on infrastructure owned by the Federal government.
- Federal Lands Access Program—\$177 million for projects that improve access to national forests, national parks, national wildlife refuges, national recreation areas, and other Federal public lands.
- Tribal Transportation Program—\$600 million for projects that improve access to and within Tribal lands using a performance management program model.
- Emergency Relief Program—\$100 million for States for the repair and reconstruction of Federal-aid highways and roads on Federal lands following a disaster.
- Workforce Development—\$50 million for the On-the-Job Training/Support Services program to support State training programs and the Disadvantaged Business Enterprise/Supportive Services program to develop, conduct, and administer training and assistance programs to increase the proficiency of minority businesses to compete, on an equal basis, for contracts and subcontracts.

Research, Technology, and Education Program

The Research, Technology, and Education (RT&E) Program (\$641 million) provides for a comprehensive, nationally-coordinated research, technology, and education program that will advance DOT organizational goals, while accelerating innovation delivery and technology implementation. The proposal restructures existing FHWA research, development and technology activities into three parts:

- Highway Research & Development Program—\$200 million for research activities associated with safety, infrastructure preservation, environmental mitigation and streamlining, operations, livability, innovative program delivery solutions, and policy.
- Technology & Innovation Deployment Program—\$144 million to address testing, evaluating, and accelerating the delivery and deployment of technologies.
- Training & Education Program—\$40 million to train the current and future transportation workforce, transferring knowledge quickly and effectively.

In addition, the State Planning and Research program (SP&R) would continue, as a two percent take-down from three core programs (National Highway Program, HSIP, and Livable Communities), with 25 percent of the available funding directed to research purposes.

Other Key Components of the FHWA Budget Proposal

In addition to the Up-Front funding and the five core programs within the new Federal-aid highway program structure, the 2012 budget includes a number of other key components.

First, it includes \$20 million to establish a Surface Transportation Revenue Alternatives Office. This office will evaluate a range of revenue-generation options with the potential to replace the petroleum-based system currently used to fund surface transportation programs.

FHWA also requests \$1.3 billion in FY 2012 to implement the Transportation Leadership Awards program. This competitive grant program will provide funding to State DOTs, tribal governments, and metropolitan planning organizations with ambitious yet achievable plans for implementing proven strategies to further the DOT strategic goals to strengthen collaboration among different levels of government; allocate funding to projects based on performance and outcomes; and encourage the development of a multimodal transportation system focused on connecting people to opportunities and goods to markets.

To effectively oversee the program activities described above, FHWA will require \$441 million in General Operating Expense funding for staff and other support costs. These resources are essential for FHWA to perform critical oversight functions and successfully implement the new programs proposed in the budget.

CONCLUSION

The FHWA FY 2012 budget request will simplify the highway program structure and establish a performance-based highway program in the critical areas of safety and state of good repair. In addition, the proposal will fund transportation projects that improve quality of life in both rural and urban areas, provide users with enhanced transportation choices, improve air quality in large metropolitan areas, and spur innovations that will shorten project delivery and accelerate the deployment of new technologies.

As President Obama has indicated, maintaining and improving our infrastructure is at the heart of our effort to "win the future." His budget reinforces that vision with a bold roadmap for investing in a 21st century infrastructure. The investments proposed for FHWA in FY 2012 will support thousands of jobs, make our roads safer and our communities more livable, and lay a foundation for future economic growth. I look forward to working with you and other members of Congress in the weeks and months ahead to ensure the success of this request.

Mr. Chairman, thank you for the opportunity to appear before you today. I would be happy to answer your questions.

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