

STATEMENT OF  
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BEFORE THE  
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION  
U.S. SENATE

HEARING ON

***Surface Transportation Reauthorization: Progress, Challenges, and Next Steps***

May 7, 2014

Chairman Rockefeller, Ranking Member Thune, and Members of the Committee, thank you for the opportunity to appear before you today to talk about the Administration's proposal to reauthorize the surface transportation programs, called the GROW AMERICA Act.

Transportation is a critical engine of the Nation's economy. Investments in the national transportation network over the country's history, and especially the last half of the 20<sup>th</sup> Century, have been instrumental in developing the world's largest economy and most mobile society. However, before the end of this summer the Highway Trust Fund – which funds a significant portion of the construction and repair of our surface transportation system – is projected to become insolvent and just a few weeks later the authorities that underpin our surface transportation programs will expire. Without action, many States, tribal and local communities may be forced to slow or stop work on critical transportation projects that our Nation depends upon to move people, energy, and freight every day, putting jobs at risk and slowing investment in our future. This slow-down may happen well in advance of actual insolvency. Indeed, we have reports that many States are already re-thinking their investment plans due to the uncertainty coming from Congress.

Additionally, it is critical that we boost infrastructure investment as we are not keeping pace with our growing economy, our growing population, and the traveling needs of the public. For example:

- 65 percent of America's major roads are not in good condition. One in four bridges need significant repair or cannot handle today's traffic. 45 percent of Americans do not have access to transit.
- By 2020, the Highway Trust Fund's purchasing power will have dropped by nearly half since 1990, even though the country's population is projected to increase 30 percent.
- Bringing existing transit assets up to a state of good repair will require an annualized investment level of \$18.5 billion through the year 2030, compared to the \$10.3 billion currently being spent per year.

The Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America Act, or GROW AMERICA Act, is a \$302 billion, four-year transportation reauthorization proposal that provides increased and stable funding for our Nation's highways, bridges, transit, and rail systems. The Administration's proposal is funded by supplementing current revenues with \$150 billion in one-time transition revenue from pro-growth business tax reform. This will prevent a Trust Fund shortfall for four years and increase investments to meet national economic goals.

The GROW AMERICA Act will provide States, tribal and local governments with the certainty needed to effectively plan and start construction on projects that will support millions of jobs over the next several years. It will also enable more transformative transportation projects that will improve the Nation's global competitiveness and mobility in communities across the country. Specifically, the GROW AMERICA Act will provide –

- *\$199 billion to invest in our Nation's highway system.* The proposal will increase the amount of highway funds by an average of about 22 percent above FY 2014 enacted levels, emphasizing “Fix-it-First” policies and reforms that prioritize investments for much needed repairs and improvements to the safety of our roads and transit services, with particular attention to investments in rural and tribal areas.
- *\$7 billion focused on car and truck safety measures.* The proposal will also provide \$7 billion for the National Highway Traffic Safety Administration and Federal Motor Carrier Safety Administration to improve safety for all users of our highways and roads.
- *\$72 billion to invest in transit systems and expand transportation options.* The proposal increases average transit spending by nearly 70 percent above FY 2014 enacted levels, which will enable the expansion of new projects that improve connectivity, such as light rail, street cars, and bus rapid transit, in suburbs, fast-growing cities, small towns, and rural communities, while still maintaining existing transit systems. The GROW AMERICA Act proposes a powerful, \$5.1 billion increase from FY14 enacted in investments to address public transit's maintenance backlog to reduce bus and rail system breakdowns; create more reliable service; and reduce delays that make it harder for all commuters to get to work. The proposal also includes the innovative Rapid Growth Area Transit Program, which will provide \$2 billion over four years to fast growing communities for bus rapid transit and other multimodal solutions to get ahead of the challenges caused by rapid growth.
- *Improve project delivery and the Federal permitting process.* The GROW AMERICA Act will build on recent efforts to expedite project approval timelines while delivering better outcomes for communities and the environment. The proposal expands on a series of successful efforts by the Administration to expedite high priority projects and identify best practices to guide future efforts without undermining bedrock environmental laws or public engagement. Not only will important projects break ground faster, but the increased level of transparency and accountability will lead to delivering better environmental outcomes, as the proposal will improve interagency coordination by advancing concurrent, rather than

sequential, project reviews and will improve transparency of project reviews and timelines through online “dashboards.” It will also increase flexibility for recipients to use Federal transportation funds to support environmental reviews, and help to integrate overlapping requirements.

- *Tools and resources to encourage regional coordination and local decision making.* The proposal includes policy reforms to incentivize improved regional coordination by Metropolitan Planning Organizations (MPOs), which are local communities’ main voice in transportation planning. The GROW AMERICA Act also strengthens local decision making in allocating Federal funding so that local communities can better realize their vision for improved mobility. High-performing large MPOs will be granted control of a larger portion of funds under two Federal transportation programs – the Surface Transportation Program (STP) and the Transportation Alternatives Program (TAP) – and these MPOs will also receive funds through a set aside under the new Fixing and Accelerating Surface Transportation (FAST) program.

The GROW AMERICA Act will take critical steps to safeguard the traveling public. The Act addresses safety vulnerabilities on our transportation network – vulnerabilities that pose a potential threat to the health and welfare of all American workers and families. Specifically, the Act will –

- Expand authority to protect the public from automobile defects. The Act will strengthen safety regulators’ ability to hold automobile manufacturers accountable for defects that can cost lives.
- Take steps to improve truck and bus safety by streamlining the federal truck- and bus-safety grant programs to provide more flexibility for States to take fast action to address regional and evolving truck- and bus-safety issues.

The U.S. transportation system moves more than 52 million tons of freight worth nearly \$46 billion each day, or almost 40 tons of freight per person per year, and freight tonnage is expected to increase 62 percent by 2040. The GROW AMERICA Act will make critical investments to help improve the safe and efficient movement of freight across all modes of transportation - highway, rail, port, and pipeline. Without new investment, supply chains degrade, hindering job growth and harming retailers, manufacturers, and the millions of American consumers who need their goods to be transported efficiently and affordably. Specifically, the GROW AMERICA Act will -

- *Provide \$10 billion for a multi-modal freight program that strengthens America’s exports and trade.* The GROW AMERICA Act will help make critical investments to improve the efficiency of the movement of goods throughout our transportation system and help accommodate future growth, in part through providing \$10 billion over four years to establish a new multimodal freight grant program to fund innovative rail, highway, and port projects.

- *Align planning among the Federal government, States, ports, and local communities to improve decision-making.* The GROW AMERICA Act incentivizes States to collaborate and establish long term freight strategic plans that will help inform a National Freight Strategic Plan assembled by the U.S. Department of Transportation that will serve as the basis for how the Department can best support freight movement. Additionally, the GROW AMERICA Act will give shippers and transportation providers a real seat at the table for making investment decisions.

The GROW AMERICA Act will expand economic growth, and create jobs and new opportunities for Americans. The President is dedicated to enhancing opportunity for all Americans and US businesses by investing in transportation projects that better connect communities to centers of employment, education, and other critical services. Specifically, the GROW AMERICA Act will -

- *Support ladders of opportunity to the middle class.* Today, 45 percent of Americans lack access to public transportation, limiting the options of many Americans to jobs, education and other necessities. The GROW AMERICA Act will provide improved access to safer and less expensive transportation options for millions of Americans in part by investing \$72 billion in public transportation and expanding transportation options for millions of Americans. This proposal includes \$2 billion for an innovative Rapid Growth Area Transit Program to provide new bus rapid transit and other multimodal solutions for rapidly growing regions. The GROW AMERICA Act includes \$245 million for workforce development to enhance the size, diversity, and skills of our Nation's construction and transportation workforce through collaborative partnerships with the U.S. Department of Labor, States, and non-governmental organizations.
- *Provide a significant investment to enhance safety and modernize our rail infrastructure to meet growing market demand.* The Act will invest \$19 billion over four years, including nearly \$5 billion annually for high performance and passenger rail programs with a focus on improving the connections between key regional city pairs and high traffic corridors throughout the country. The Act will also improve rail safety and provide certainty to States and local communities by dedicating sustained funding to make the transportation investments necessary to improve our infrastructure and support our economic growth. The Act also builds on current investments to vastly improve the system in areas ranging from Positive Train Control (PTC) implementation to enhancing flexibility in financing programs that will better enable the rehabilitation of aging infrastructure.

The GROW AMERICA Act will provide more bang-for-the-buck through innovative project finance and delivery improvements. In a time of tight fiscal and budgetary constraints, the President's proposal includes a number of measures to ensure that the American public is getting the most out of Federal transportation infrastructure investments that lead to better outcomes for all Americans. Specifically, the GROW AMERICA Act will -

- *Utilize competitive funding to spur innovation.* The proposal will provide \$5 billion over four years - an increase of more than 100 percent - for the highly successfully TIGER competitive grant program and \$4 billion embedded in the highway and transit requests for a competitive

grant program called Fixing and Accelerating Surface Transportation (FAST). Modeled after the Department of Education's Race to the Top program, FAST will reward States, Tribes, and MPOs that adopt bold, innovative strategies and best practices in transportation that will have long-term impact on all projects across the transportation programs.

- *Incentivize cost-effective investments.* The proposal will strengthen the performance incentives to maintain safety and conditions of good repair, and expand research and technology activities in order to improve the productivity of our transportation systems, thereby increasing taxpayer return on investment.
- *Provide \$4 billion to attract private investment in transportation infrastructure.* The Transportation Infrastructure Finance and Innovation Act (TIFIA) program leverages Federal dollars by facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly. The GROW AMERICA Act calls for \$4 billion in funding over four years, which could support up to \$40 billion in loans for transportation projects. The GROW AMERICA Act will strengthen the Railroad Rehabilitation and Improvement Financing (RRIF) Program by allowing the Department to reduce the cost of obtaining a loan in some cases, making RRIF more accessible to short line and regional railroads. The proposal will raise the cap of Private Activity Bonds (PABs) to \$19 billion, making room for more projects considering a public-private partnership approach to be able to take advantage of this cost-saving tool.

The Administration proposes to fund the GROW AMERICA Act through a pro-growth, business tax reform, without adding to the deficit. The President's Budget outlined a proposal to dedicate \$150 billion in one-time transition revenue from pro-growth business tax reform to address the funding crisis facing surface transportation programs and increase infrastructure investment. This amount is sufficient to not only fill the current funding gap in the Highway Trust Fund, but increase surface transportation investment over current authorized levels by nearly \$90 billion over the next four years. When taking into account existing funding for surface transportation, this plan will result in a total of \$302 billion being invested over four years putting people back to work modernizing our transportation infrastructure. We believe that a comprehensive approach to reforming our business taxes can help create jobs and spur investment, while ensuring a fairer and more equitable tax system that eliminates current loopholes that reward companies for moving profits overseas and allow them to avoid paying their fair share. While we are putting forward this pro-growth financing plan to encourage bipartisan efforts to support a visionary infrastructure plan, we are open to all ideas for how to achieve this important objective, and will look forward to working closely with this Committee and all Members of Congress of both parties on a solution that will invest in more job creating transportation projects.

Thank you and I look forward to your questions.