

**STATEMENT OF  
THE HONORABLE ELAINE L. CHAO  
SECRETARY OF TRANSPORTATION  
BEFORE THE  
APPROPRIATIONS SUBCOMMITTEE ON  
TRANSPORTATION, HOUSING, AND URBAN DEVELOPMENT AND  
RELATED AGENCIES  
UNITED STATES SENATE**

**March 27, 2019**

**Introduction**

Chairman Collins, Ranking Member Reed, and members of the Subcommittee, thank you for the opportunity to meet today to discuss the President's Fiscal Year 2020 Budget request for the Department of Transportation (DOT). The President's budget proposal – A Budget for A Better America -- continues to emphasize the importance of addressing our Nation's infrastructure needs using smart, effective and modern methods that provide results and maximize our resources.

The President's Budget requests a total of \$84 billion to support transportation programs in FY 2020. About 75% of this request fully funds surface transportation for the "fifth" and final year of the Fixing America's Surface Transportation (FAST) Act and the Federal Aviation Administration's authorized funding levels for the Grants-in-Aid for Airports program. These programs support infrastructure improvements that are critical to maintaining dependable transportation systems that support our growing economy.

The remaining 25% of this request, or \$21.4 billion, funds several high priority investments and important reforms that will strengthen our programs while making them more efficient. This portion of the budget is a \$5.1 billion reduction from FY 2019 enacted levels, because of the additional infrastructure investments the Congress committed to in the two-year Government-wide discretionary funding caps deal. When you deduct those temporary increases, this request provides a robust level for many of the Department's programs and tracks very closely to the FY 2019 enacted appropriations.

## **Comparing DOT Resources Across Years**

Some have noted that the President's FY 2020 Budget request is about 20% less than the FY 2019 enacted appropriations for discretionary programs. While this is technically true for a relatively small subset of the budget, it is misleading and does not tell the whole story. There are two important points to consider.

First, unlike most domestic programs, DOT's mandatory programs are not traditional entitlements. Instead, they result from contract authority that is provided for infrastructure transportation programs. However, these levels are not a given. Every year the Executive Branch and this subcommittee determine what the annual obligation limit should be that ultimately controls the level of investment. With this in mind, a comparison of the Department's overall funding of \$84 million provides a more representative measure for comparison and reflects only a 4% reduction.

Timing also plays a critical role in developing budgets. When the President's FY 2020 Budget was being developed, we did not have a final FY 2019 Appropriation and were operating under a long-term Continuing Resolution. In the absence of a FY 2019 Enacted Appropriation, the Administration relied on its own FY 2019 President's Budget request as the basis for the FY 2020 President's Budget decisions. When we compare the President's Budget request for FY 2019 and FY 2020, the FY 2020 budget provides *an overall 8.9% increase*. Further, compared to the FY 2017 enacted level, prior to the budget cap deal increases, the overall increase for FY 2020 is almost 8%. This reflects the Administration's strong support for funding transportation infrastructure investments even as other portions of the President's Budget were targeted for reductions.

## **Modernizing our Nation's Airspace**

The President's Budget requests \$17.1 billion to support the important work of the Federal Aviation Administration (FAA). The FAA manages our Nation's airspace and directs the safe transportation of 1 billion passengers and 25 million tons of cargo each year. At the same time, the FAA is continually advancing new technologies and innovations that improve its operations and help the Agency keep pace with increasing demand for reliable air services. The FAA's signature NextGen program is focused on integrating these critical safety and innovation technologies into the National Airspace System using the resources across its accounts.

The President's request acknowledges the importance of this program by providing \$1.4 billion in resources specifically dedicated to NextGen initiatives. This is the highest request for NextGen in the Department's history. The President's Budget funds the FAA's overall Operations at \$10.3 billion. While this

level is \$70 million below FY 2019 enacted levels, this is only a slight reduction overall and certainly sufficient to meet the Agency's needs. At the same time, the FAA's Facilities and Equipment program received \$3.3 billion -- a nearly \$300 million increase. These funds will be focused on modernizing FAA's infrastructure to improve safety and reduce flight delays.

### **Improving Surface Transportation Infrastructure**

Consistent with previous years and the Administration's infrastructure improvement priorities, the President's Budget funds the Federal Highway Administration at the level authorized by the FAST Act to support highway infrastructure improvements and highway safety programs. The President's request does not continue the \$3.3 billion in funding for the discretionary Highway Infrastructure Program, which was new in FY 2018. Instead, it provides substantial additional resources to successful competitive programs. These include \$1 billion to the Infrastructure for Rebuilding America (INFRA) Grant program to supplement the \$1 billion provided by the FAST Act for a total of \$2 billion in INFRA Grants; and \$1 billion to the Better Utilizing Investments to Leverage Development (BUILD) Grant program. The INFRA and BUILD programs have been effective in delivering high returns on investment by encouraging local contributions and partnerships with the private sector. Another \$300 million is provided for the innovative Competitive Bridge Program which encourages States to replace and repair deteriorating bridges cost effectively through project bundling. In addition, the FY 2020 request includes \$500 million to improve the Nation's aging transit assets and infrastructure.

### **Transit's Capital Investment Grant Program**

The Federal Transit Administration's Capital Investment Grant Program supports the construction of new transit, commuter rail, light rail, and bus rapid transit projects. The Administration continues to encourage increased local contributions in the funding of transit projects. The President's Budget provides \$1.0 billion to fund the current portfolio of capital investment projects with signed full funding grant agreements at the time the Budget was developed. In addition, another \$500 million is provided for new projects in the program pipeline as they become ready.

### **Investing in Emerging Technologies and Innovation**

Every day, Americans wake up to new and advanced technological improvements that are changing the way we live, work and enjoy life. Technology is also rapidly changing transportation. The Department has a responsibility to ensure that new transportation systems are integrated into the overall transportation network in a safe and prudent way.

The President's Budget request includes nearly \$300 million to address emerging technologies and innovation. This includes \$203 million for unmanned aircraft systems which will be integrated into the National Airspace, and a new Office of Innovation within the FAA to focus on integration issues resulting from the latest emerging technologies. Another \$25.6 million is requested to protect the public during take-off and reentry of Commercial Space launches.

A total of \$19.2 million is also requested in the National Highway Traffic Safety Administration's budget to oversee the introduction of automated driving systems on our Nation's highways as this technology continues to mature.

### **Amtrak Reforms**

The President's Budget request proposes reforms to Amtrak that would provide efficiencies and reduce costs. Amtrak's new leadership team has been making strides in implementing practical and effective cost saving measures while maintaining quality service. The President's Budget funds Amtrak at nearly \$1.5 billion in total. The Northeast Corridor is funded at \$325 million which funds Amtrak's needs based on traditional spending patterns. Further, the President's Budget includes funding available for rail infrastructure and safety grants – a new approach from previous requests.

The President's Budget includes a proposal to reform the way Amtrak's long-distance routes are managed. These routes are currently fully funded by Federal dollars and account for the majority of the railroad's operating losses. DOT will help lead the way on a new vision, working with stakeholders to develop a rationalized network to provide better, more cost-efficient service. This modernized network will focus trains on shorter distance routes between promising city pairs, while providing robust intercity bus service to currently underserved rural areas via partnership between Amtrak and bus operators.

At the same time, the Department understands that many States and communities may not have the resources to assume immediate financial responsibility for these services. With this in mind, the President's Budget includes \$550 million in transitional grants that would assist States in taking on the management of these newly created State-supported routes. The grants would support the costs of these routes in FY 2020 and would phase down and out over a five-year period.

### **Supporting the Training Needs of the State Maritime Academies**

Along with the U.S. Merchant Marine Academy, the State Maritime Academies provide the education and training needed to successfully support the Nation's needs for qualified and experienced merchant mariners. The Academies

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are currently operating with a fleet of training ships that are either at, or approaching, the end of their useful service life. Funding for the two oldest vessels is already secured and plans are underway to build replacements. The President's Budget includes \$205 million for a third training ship to further this effort.

Thank you again, for the opportunity to appear before you today to discuss the President's Fiscal Year 2020 Budget. I will be happy to answer your questions.

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