DEPARTMENTS OF TRANSPORTATION, TREASURY, THE JUDICIARY, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2006

TUESDAY, MARCH 15, 2005

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Christopher S. Bond (chairman) presiding.

Present: Senators Bond, Bennett, Cochran, Stevens, Domenici, Burns, Murray, Byrd, and Dorgan.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. NORMAN Y. MINETA, SECRETARY

ACCOMPANIED BY:

JEFFREY A. ROSEN, GENERAL COUNSEL
PHYLLIS SCHEINBERG, ACTING ASSISTANT SECRETARY, BUDGET AND PROGRAMS, AND CHIEF FINANCIAL OFFICER

OPENING STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Good morning and welcome. The Subcommittee on Transportation, Treasury, the Judiciary, HUD, and Related Agencies, now commonly known as "THUD," will come to order.

This is the first hearing of the newly reconstituted appropriations subcommittee. It is quite a mouthful and, in many ways, it is just as diverse and complex as the VA/HUD Appropriations Subcommittee that I most recently chaired before the Appropriations Committee was restructured.

But I acknowledge and welcome my new ranking member, Senator Murray. I think everyone knows of my high regard and close working relationship I had with Senator Mikulski, with whom I exchanged the gavel on VA/HUD Appropriations. Senator Mikulski is a close friend, and because of my high regard and friendship, we were able to forge an excellent bipartisan working relationship. Things change in life and time marches on. We take on new responsibilities and challenges. Certainly there is no lack of challenges in this restructured appropriations subcommittee. I look forward to developing a relationship and strong friendship with my new ranking member, Senator Murray.

This is going to be a demanding subcommittee with diverse and divisive issues. I know we are both pragmatists. We are here to do a job and that job is to pass an appropriations bill. I know we will get that done.

We welcome Transportation Secretary Norm Mineta, appearing before us today to testify on the administration's budget request for the Department of Transportation for fiscal year 2006. We are old friends, and for the last several years, we have been working together with others from my perch as chairman of the Senate Subcommittee on Transportation and Infrastructure of EPW on reaching a consensus on highway spending. I am disappointed that reaching a consensus on highway spending has proved to be so elusive and that passage of the highway authorization bill has been delayed for 3 years primarily due to disagreements over funding levels.

To be clear, I am an infrastructure Republican who supports funding for highways and transportation. Our Nation's network of roads keeps communities and families connected to one another and serves as the primary system for moving goods and products that are the lifeblood of our economy, and a good transportation system is necessary to reduce the fatalities we have in transportation in too many areas.

I also take great pride in the national highway system that began with Highway 70 in St. Charles, Missouri in 1956. Our highway system soon will reach its 50th anniversary, which only underscores the need for more than a facelift as we move further into the 21st century. There are new demands created by a global marketplace that require we move our goods and products more quickly and more efficiently. For the United States to compete, we have to make the necessary investments in our highways, waterways, and airways.

Beyond the necessary movement of goods, investing in transportation also benefits jobs and stimulates the economy. The Department of Transportation has estimated that every $1 billion of new Federal investment creates more than 47,500 jobs. Moreover, according to the Associated General Contractors, failure to enact a 6-year transportation bill could result in the loss of some 90,000 jobs.

To that end, I am pleased to see that the budget request adjusts the total spending level for the 6-year transportation authorization bill to $284 billion. The willingness to increase the funding level for the reauthorization bill by $28 billion is a step in the right direction. Nevertheless, this accommodation on the part of the administration, in my view, still falls short of the investment that is needed to maintain and repair our Nation's crumbling infrastructure, much less to construct the new roads to reduce time spent in traffic and make needed safety improvements in rural and urban roadways.

Secretary Mineta, as you know, I speak from the twin pulpit of both the primary Senate transportation authorizing and appropriations subcommittees in seeking your support and commitment to reach an accord with adequate funding for a 6-year highway bill.

I expect this bill to complement our efforts and funding decisions on this subcommittee.

Consequently, I am disappointed the administration is proposing some $59.5 billion in new budgetary resources for DOT which is a decrease of $2.1 billion or 4 percent from the enacted level of the current year. While I respect and support the efforts of the administration to reduce the deficit, I do not believe it appropriate to balance the Federal books on the back of critical transportation infrastructure programs.

For example, the Airport Improvement Program is slated for one of the largest reductions in the entire fiscal year 2006 budget, despite the proven track record that enhances airport safety, capacity, and security. After the program received high marks in the OMB PART process, I am at a loss to understand why this program remains in the sights of the budget gnomes.

This is not to say that transportation spending should automatically be spared from the budget axe, but I do believe we must continue to increase the Nation's investment in transportation, especially highways and roads. To be blunt, this investment means a strong economy, safety, especially for the youth of our Nation, increased employment, decreased congestion, and enhanced security.

In particular, the Department of Transportation's Conditions and Performance Report estimates that Federal investment in roads must increase by 17 percent per year simply to maintain our Nation's existing highway and bridge system. Improving the system would require some 65 percent more than currently invested. I think our own eyes and experiences speak directly to this issue. We live in one of the most affluent and economically prosperous areas of the country and every day we are confounded by unflagging traffic congestion, often during non-rush hour time, as well as unavoidable and significant potholes and other road damage, which is often covered with steel plates, if we are lucky. Our bridges are often down to one lane. Unfortunately, we have little in the way of options to avoid either the congestion or other road problems. It has gotten worse over the last few years and will likely continue to worsen without substantial investment.

More troubling, some 43,000 people are killed on our roads and highways each year. In Missouri alone, traffic fatalities have increased from 1,098 in 2001 to 1,123 in 2004. We cannot eliminate all traffic fatalities, but we must make our highways and roads safer, and we can only do that through investment.

Finally, I am very concerned about the reductions throughout DOT's fiscal year 2006 budget request. For example, regardless of my position, elimination of funding for Amtrak seems politically unlikely, not practical. However, assuming the adoption of real reforms, I do not see where the needed funds can come from without putting some other program or priority at risk.

I am thankful that the administration has included $146 million to support the Federal Railway Administration's rail safety activities, an increase of $8 million over the fiscal year 2005 level. While helpful, this increase seems to underestimate the real needs. In the last 9 weeks alone, there have been more railway accidents than at any time since FRA began tracking the data.

PREPARED STATEMENT OF SENATOR CHRISTOPHER S. BOND

I have much to learn about the funding needs of DOT, but I have a pretty good guess right now. I will have questions for today, for the record and in the future. Mr. Secretary, I look forward to your testimony today and to our future dialogues.

It is now my pleasure to turn to my new ranking member, Senator Murray.

[The statement follows:]

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The subcommittee will come to order. This is the first hearing of the newly reconstituted Senate Appropriations Subcommittee on Transportation, Treasury, the Judiciary, HUD, and Related Agencies. It is quite a mouthful and is, in many ways, just as diverse and complex a subcommittee as the VA–HUD Appropriations Subcommittee that I most recently chaired.

First, I want to acknowledge and welcome my new Ranking Member, Senator Murray. I think everyone knows of my high regard for Senator Mikulski, with whom I exchanged the gavel at the VA–HUD Appropriations Subcommittee. I consider Senator Mikulski a close friend and because of my high regard and friendship we were able to forge an excellent, bipartisan working relationship. However, as with all things in life, time marches on and we take on new responsibilities and challenges. I look forward to the new responsibilities and challenges of this restructured appropriations subcommittee. I also look forward to developing a new relationship and hopefully a strong friendship with my new Ranking Member, Senator Murray. This will be a demanding subcommittee with many diverse and likely divisive issues. However, I know we are both pragmatists; we are here to do a job and that job is to pass an appropriations bill and I know we will get this job done.

I welcome Transportation Secretary Norman Mineta for appearing before us today to testify on the administration's Budget Request for the Department of Transportation (DOT) for fiscal year 2006. We are old friends and, for the last several years, we have been working together with others from my perch as Chairman of the Senate Subcommittee on Transportation and Infrastructure of the EPW Committee on reaching a consensus on highway spending. I am disappointed that reaching a consensus on highway spending has proven to be so elusive and that passage of the highway authorization bill has been delayed for 3 years primarily due to disagreements over funding levels.

To be clear, I am an infrastructure Republican who supports funding for our highways. Our Nation's network of roads keeps communities and families connected to one another and serves as the primary system for moving goods and products that are the lifeblood of our economy. I also take great pride that our national highway system was born in St. Charles, Missouri in 1956. Our highway system will soon reach its 50th anniversary, which only underscores the need for more than a facelift as we move further into the 21st century—there are new demands created by a global marketplace that requires that we move our goods and products quicker and more efficiently. For the United States to compete, we must make the necessary investments in our highways, waterways and airways.

Beyond the necessary movement of goods, investing in transportation also benefits the creation of new jobs and stimulates the economy. DOT estimates that every $1 billion of new Federal investment creates more than 47,500 jobs. Moreover, according to the Associated General Contractors, failure to enact a 6-year transportation bill will result in the loss of some 90,000 jobs.

To that end, I am pleased to see that the budget request adjusts the total spending level for the 6-year surface transportation authorization bill to $284 billion. The willingness to increase the funding level for the reauthorization bill by $28 billion is a step in the right direction. Nevertheless, this accommodation on the part of the administration falls far short of the investment that is needed to maintain and repair our Nation's crumbling infrastructure, much less construct new roads to reduce the time spent in traffic and make much needed safety improvements in rural and urban roadways.

Secretary Mineta, I speak from the twin pulpit of both the primary Senate transportation authorizing and appropriations subcommittees in seeking your support and commitment to reach an accord with adequate funding for a 6-year highway bill. I expect this bill to complement our efforts and funding decisions on this subcommittee.

Consequently, I am disappointed that the administration is proposing some $59.5 billion in new budgetary resources for DOT which is a decrease of $2.1 billion or 4 percent from the enacted level. While I respect and support the efforts of the administration to reduce the deficit, I do not believe that it is appropriate to balance the Federal books on the back of critical transportation infrastructure programs. For example, the Airport Improvement Program is slated for one of the largest reductions in the entire fiscal year 2006 budget request, despite a proven track record that enhances airport safety, capacity, and security. After the program received high marks in the OMB PART process, I am at a loss to understand why this program remains in the sights of the budget gnomes.

This is not to say that transportation spending should automatically be spared from the budget axe, but I do believe that we must continue to increase the Nation's investment in transportation, especially highways and roads. To be blunt, this investment means a strong economy, safety for families, especially the youth of the Nation, increased employment, decreased congestion and enhanced security.

In particular, the Department of Transportation's Conditions and Performance report estimates that Federal investment in roads must increase by 17 percent per year simply to maintain our Nation's existing highway and bridge system. Improving the system will require some 65 percent more than currently invested. I think our own eyes and experiences speak directly to this issue. We live in one of the most affluent and economically prosperous areas of the country and every day we are confounded by unflagging traffic congestion, often during non-rush hour time, as well unavoidable and significant potholes and other road damage which is often covered with steel plates if we are lucky. Our bridges also are often down to one lane. Unfortunately, we have little in the way of options to avoid either the congestion or our other road problems. It has gotten worse over the last few years and likely will continue to get worse without substantial investment.

More troubling, more than 40,000 persons are killed on our roads and highways each year. In Missouri alone, traffic fatalities have increased from 1,098 in 2001 to 1,123 in 2004. While we cannot eliminate all traffic fatalities, we must make our highways and roads safer and we can only do that that through investment.

Finally, I am very concerned about reductions throughout DOT's fiscal year 2006 budget request. For example, regardless of my position, elimination of funding for Amtrak seems politically unlikely, not practical. However, even assuming the adoption of real reforms, I do not see where the needed funds can come from without putting some other program or priority at risk. I am thankful that the administration has included $146 million to support the Federal Railway Administration's rail safety activities, an increase of $8 million over the fiscal year 2005 enacted level. While helpful, this increase seems to underestimate the real needs. In the last 9 weeks alone, there have been more railway accidents than at any time since FRA began tracking this data.

I have much to learn about the funding needs of DOT. I will have questions for today, for the record and in the future. Mr. Secretary, I look forward to your testimony today and to our future dialogues. I now turn to my new Ranking Member, Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Well, thank you very much, Mr. Chairman.

Today signals a new day in the history of this subcommittee. We have broad, new responsibilities, including the funding needs for housing and for the judiciary. The subcommittee now has a complement of 19 members and only the Defense Subcommittee has more members than we do.

I have to say that I am sorry to see my longtime friend and partner, Richard Shelby, move on to another subcommittee. Senator Shelby was a thoughtful and considerate chairman of this subcommittee and he consistently sought to produce a balanced, bipartisan bill that the maximum number of Senators could support. His leadership on this subcommittee will be missed.

At the same time, I very much look forward to working with Senator Bond in tackling these new responsibilities. Chairman Bond has demonstrated a longstanding commitment to the Nation's transportation and housing needs. In addition to chairing the VA/

HUD Subcommittee for several years, he has earlier served as the chairman of the Banking Subcommittee with authorizing jurisdiction over the housing programs and now serves as chairman of the Environment and Public Works Subcommittee with authorizing responsibility over our highway programs. Senator Bond's considerable expertise in both of these areas, as well as that of his staff, will be a great asset as we work together to assemble an appropriations bill that addresses all the disparate challenges that face us.

With that goal in mind, I am sorry that the President's budget for fiscal year 2006 does not provide us with a better starting point. The Bush administration's budget for the Department of Transportation has a number of unjustified funding cuts, as well as some gaping holes.

Over the course of the last year, air traffic has expanded beyond the levels we were experiencing prior to September 11, 2001. All indications are that air traffic will continue to grow, but the administration has decided that now is the time to impose dramatic cuts in our investment at improving safety and expanding capacity at our airports.

Despite the fact that the Federal Aviation Administration is well behind its own goals for replacing our outdated air traffic control system, the administration is again proposing funding cuts to the FAA's modernization effort. Between the cuts already imposed for the current year and the cuts proposed for next year, the administration is seeking to cut almost half a billion dollars out of this effort.

Also in the area of aviation, the administration is proposing to cut in half funding for the Essential Air program, endangering the continuation of commercial air service to dozens of rural communities across the Nation.

Clearly the largest gaping hole in the President's budget is the request to zero out the annual subsidy to Amtrak. While documents accompanying the President's budget speak of the merits of pushing Amtrak into bankruptcy, Secretary Mineta has stated in recent weeks that a bankrupt Amtrak is not the administration's goal.

It appears that the administration wants to play a game of chicken with Congress, threatening to push the railroad into bankruptcy if we do not enact the President's proposed Amtrak reform bill. I think the administration's game of chicken with Congress is reckless and irresponsible. It will undermine the opportunity for a meaningful discussion of reforms. This debate should not take place with the threat of imminent bankruptcy hanging over the railroad, its 25 million passengers and its almost 20,000 employees.

Personally, I would welcome congressional action on the Amtrak reform bill. I do not say that because I think we should acquiesce to the administration's threats. I say that because I believe a meaningful and thorough debate over Amtrak and its finances would bring a number of important facts to the surface, facts that many people are either unaware of or have sought to ignore.

A thorough debate on Amtrak would require policy makers to admit that Amtrak's largest liability, both in the short and long term, is not the cost of subsidizing long-distance trains but rather the cost of maintaining and modernizing the Northeast Corridor.

Just maintaining the corridor costs some $600 million a year. Parts of the corridor date from the early half of the last century. Secretary Mineta's own Inspector General has estimated the cost of deferred maintenance over the corridor exceeds at least $5.5 billion. With those huge costs looming, the administration now wants the States along the corridor to help pay them.

A thorough debate over an Amtrak reform bill would bring to the surface the fact that Amtrak currently carries huge long-term debts. Back in 1997, the Amtrak Reform Act required Amtrak to seek to become the only self-sufficient passenger railroad in the world. Congress steadily cut Amtrak's operating subsidy. As a result, Amtrak took on more and more debt to keep afloat. Amtrak's total long-term debt now exceeds $3.8 billion. This burden is not going to go away no matter how you reform or reorganize the railroad.

A thorough debate over an Amtrak reform bill would bring to the surface the fact that none of the reform plans being considered, including the administration's proposed reform bill, would save money in the near term. In fact, most of these reform plans require a substantial restructuring that would add to Amtrak's near-term costs, not reduce them. Indeed, when the Bush administration submitted its reform plan last year, it also submitted a budget that boosted the amount of spending for 2006 and beyond to $1.4 billion annually. That is $200 million more than we currently invest in Amtrak.

A thorough debate over an Amtrak reform bill would bring to the surface the fact that the administration shares some of the credit and the blame for the current conditions of Amtrak, conditions that include the highest passenger count in history with the fewest number of employees in years. But when you review the administration's recent rhetoric on Amtrak, you would think that Amtrak is some independent renegade operation running amok with Federal dollars. The fact is that this Transportation Secretary and his predecessors have continually served on Amtrak's Board of Directors and have been party to most, if not all, of the railroad's strategic decisions.

While I would welcome congressional action on an Amtrak reform bill for the reasons I have stated, I have to point out that reform legislation is the responsibility of the Senate Commerce Committee, and I note that its chair is here today with us. It is not the responsibility of the Appropriations Committee.

The job of this subcommittee is to set Amtrak's subsidy level for the coming year. To date, the only resources the President has proposed for the coming year are $360 million to allow for the continuation of local commuter rail services only in the event that Amtrak ceases operations. And that is a very dangerous game.

The budget resolutions currently being debated in the House and the Senate set the overall levels for domestic discretionary spending at the level included in President Bush's budget. That proposal includes his anticipated zero for Amtrak's traditional subsidy and $360 million for continuation of commuter services. If this budget is adopted and that overall ceiling on discretionary spending becomes binding on the Appropriations Committee for the coming fiscal year, I do not know where this committee is going to come up with an extra billion dollars to keep Amtrak operating next year.

Let me say that while I have been critical of several proposals in the President's budget for transportation, there are some positive things to be found in this budget as well.

The administration is finally requesting funds to reverse the continuing attrition of our air traffic controller workforce. One of my questions this morning will focus on why the FAA is recognizing the need to replace its dwindling number of controllers but not its dwindling number of air safety inspectors.

PREPARED STATEMENT OF SENATOR PATTY MURRAY

Finally, I want to applaud the proposal in the administration's budget to boost funding for the FAA's Joint Planning and Development Office, which is charged with charting the course for the next generation of our aviation system. The JPDO, as it is known, is a critical initiative that will determine the extent to which America remains in a leadership role in aviation. One area where the administration and I agree is that this leadership position must never be ceded to others.

Thank you, Mr. Chairman.

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In fact, most of these reform plans require a substantial restructuring that would add to Amtrak's near-term costs, not reduce them.

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AIR TRAFFIC CONTROL WORKFORCE

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FAA JOINT PLANNING & DEVELOPMENT OFFICE

Finally, I want to applaud the proposal in administration's budget to boost funding for the FAA's Joint Planning and Development Office, which is charged with charting the course for the next generation of our aviation system. The "J.P.D.O.", as it is known, is a critical initiative that will determine the extent to which America remains in a leadership role in aviation.

One area where the administration and I agree is that this leadership position must never be ceded to others.

Thank you, Mr. Chairman.

Senator BOND. Thank you very much.

Senator STEVENS. I think we have to move sometime to have a limit on opening statements. Some of us have other committees to go to, and opening statements, when they go on and on, just delay us all.

Senator BOND. Thank you, Chairman Stevens. I have a lot to say about this as my first hearing on this, and we will keep our questions limited to 5 minutes each and ask that others make limited opening statements. But now, following practice, I will turn to the chairman of the full committee, Chairman Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, let me congratulate you for your thoughtful and well-chosen remarks opening the hearing today, setting in context the challenges that we have before us with a limited amount of money available to this committee, to continue to support a massive transportation system for our country.

I cannot think any other person I would rather see running the Department, though, than Norm Mineta. I know he has the experience and the talent, the know-how, the background. I can remember when he and I were serving in 1973 as brand new members of the House of Representatives and we were assigned to the Public Works and Transportation Committee. Through work on the Surface Transportation Subcommittee and then the Aviation Subcommittee, it afforded a training ground for him that I know has served him well. He has turned in a distinguished record of service as our Secretary of Transportation, and I congratulate you, Mr. Secretary, for your good work and wish you well as you carry out the mandate of the Congress with the funding that we will provide for you and our transportation system.

Thank you, Mr. Chairman.

Senator BOND. Thank you very much, Senator Cochran.

Now, I turn to the ranking member of the full committee, Senator Byrd.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Mr. Chairman, I thank you, and I was very encouraged, by the opening statements. It seemed to me that "action" and "forward" and "excelsior" are the words that best typify the way you see your charge in the days ahead. I congratulate you for assuming the chairmanship of this very important subcommittee. Between your responsibilities as chairman of the subcommittee, as well as the chairman of the Surface Transportation Subcommittee on the Environment and Public Works Committee, you, Mr. Chairman, will chart the future course of transportation in America.

I believe that you will recall the words of Isaiah who said: "Prepare ye the way of the Lord. Make straight in the desert a highway for our God. Every valley shall be exalted and every mountain and hill shall be laid low. The crooked shall be made straight and the rough places plain. The glory of the Lord shall be revealed and all flesh shall see it together."

I think you are going to make the rough places plain and the crooked straight. I want you to know that I admire your stick-to-it-iveness, your ability and the force of your seniority as chairman of this subcommittee is going to be felt. It is about time.

I also welcome Secretary Mineta to the committee this morning. I have to admit that I am happier to see him than to see his budget.

I am particularly concerned with the impact of the transportation budget on the rural communities and small towns of West Virginia and all of America. Mr. Secretary, rural America is hurting. Not everyone is caught up in the rosy scenarios of the White House. There are several States, communities, and towns that are continuing to see persistently high unemployment and a dwindling tax base. These places are stretching their public dollars to the breaking point. When I look at this year's budget request for the Department of Transportation, I believe the administration has turned the back of its hand to these communities.

By proposing to eliminate all direct subsidies to Amtrak and put the railroad into bankruptcy, the administration threatens to further isolate hundreds of communities that depend on Amtrak to link them with the rest of the Nation's transportation system. For that reason, I plan to introduce an amendment to the budget resolution that would increase the funding for transportation by $1.04 billion in fiscal year 2006. When combined with the $360 million that the President has requested for the continuation of commuter services in the event of Amtrak's termination, my amendment would bring total rail passenger funding up to $1.4 billion in 2006.

When President Bush submitted his budget request for fiscal year 2005, the President recognized that Amtrak funding should grow to $1.4 billion in 2006 and beyond. My proposal would help the President to reach his goal.

This administration's proposal for a reformed Amtrak seeks to require the States to pay all of their trains' operating losses for the first time. As such, the administration wants the States to take on these costs at the same time they are dealing with the skyrocketing costs of Medicaid, education, homeland security, and so much more.

It is no wonder that we have not seen too many Governors step forward in support of the administration's Amtrak proposal. While the President's budget proposes to zero out all direct subsidies for Amtrak, the administration does request $360 million to maintain commuter rail service in the largest cities in America. There again, you see greater focus on urban centers and benign neglect for the needs of small communities and towns.

In the area of aviation, the President's budget completely eliminates all funding for the small community air service program which has provided grants to several small airports, including airports in West Virginia, to recruit or retain their commercial air service. After zeroing out these small community initiatives, the administration also proposes to cut in half funding for the Essential Air Service. That program was an elemental part of the negotiated compromise that accompanied the deregulation of the airlines in 1978. As part of that compromise, the Federal Government agreed to provide full subsidy to ensure that certain communities would not lose all of their air service when the airlines streamlined their operations and changed their route structure. Now the administration wants to walk away from that deal. It does not want to play. It does not want to pay. But communities like Bluefield, West Virginia, and Beckley, West Virginia, do not have the kind of excess resources that would allow them to pay as soon as October 1 what is rightly the Federal Government's share.

Now, Mr. Chairman, I believe that this transportation budget is particularly punitive to our small communities and towns and those States that have continued to struggle economically. These places are ill-suited to put up matching funds for what have long been core responsibilities of the Department of Transportation. I hope that we will take a critical eye to these proposals as we move forward on the budget and appropriations for the coming fiscal year.

I thank you, Mr. Chairman. I thank our ranking member, and thank you, Mr. Secretary.

Senator BOND. Thank you much, Senator Byrd.

Senator Stevens.

Senator STEVENS. I shall wait for my time allocated for questions.

Senator BOND. Senator Dorgan.

STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Mr. Chairman, I believe that Senator Byrd's statement really covers much of what I would say, especially about Amtrak. I am very concerned about Amtrak funding and hope that there can be a bipartisan agreement here in the Congress to deal with the funding for Amtrak.

Essential Air Service is a very significant and serious issue.

There are many issues in the President's budget that I believe are particularly punitive to rural areas of the country.

So I will not take my entire time. I will be around to ask some questions, but let me associate myself with Senator Byrd's remarks with respect to the impact of the budget on rural areas.

Senator BOND. Thank you very much, Senator Dorgan.

Senator Domenici.

Senator DOMENICI. I will defer. I will be next.

Senator BOND. All right. We will go to Senator Burns.

STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Thank you very much, Mr. Chairman. I just want to make a couple points and I want to thank the Secretary for coming today and dealing in an area that touches almost every American, and that is transportation.

There are three areas that I am principally interested in: the airport improvement program, the Essential Air Service, and Amtrak.

Essential Air Service, Mr. Secretary, you might want to sort of file this not 13. You might get halfway there, though. I think it is time we reassess our Essential Air Service, where those monies are going, and maybe we can save some. I know some areas that take advantage of a program and it is time to reassess or maybe have an oversight hearing on how we choose and how we fund EAS.

In another area, Amtrak—I think we should be thinking more about light rail. We cannot in our highway system outbuild America's love for the automobile. 395 down here from the beltway into Washington from 6 o'clock in the morning until about 9:00 is the world's largest parking lot. So we are going to have to find other ways to move people because we are a mobile society in those areas.

So we find ourselves with some big challenges ahead, and I cannot think of anybody any better to do it than you. I have a great deal of confidence and I think, as time moves along, we will overcome all these areas in which I have a great interest and which are very, very important to rural America. I thank you for coming this morning.

Mr. Chairman, congratulations in your new chairmanship. We are under good leadership here. So thank you very much.

Senator BOND. Thank you very much, Senator Burns.

Senator Domenici.

Senator DOMENICI. Are these opening statements?

Senator BOND. Opening statements.

Senator DOMENICI. I have none.

I was going to ask him, not to answer, but I was going to ask—let us see how the chairman responds—are you considering a change in the CAFE standards? Please do not answer.

Senator BOND. I would answer that, but I will not take the time.

Senator Bennett.

STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you, Mr. Chairman, and congratulations to you on your assuming this chairmanship.

The only opening comment I would make to Secretary Mineta is one of gratitude for him and his staff and the cooperative way in which they worked with us in Utah on our various challenges. We have had a lot of conversation about ADA problems with commuter rail, and I understand that we are about 99 percent of the way towards getting this resolved. The other 1 percent might fall into place if the Secretary's counsel, Jeffrey Rosen, should come to Utah and see for himself where we are. On behalf of the citizens of Utah, I extend a very warm invitation and a very rapid invitation. As quickly as you can get him out there to get that resolved, Mr. Secretary, we would appreciate it.

With that, Mr. Chairman, I will save anything else for the question period.

Senator BOND. Thank you very much, Senator Bennett.

And now, Secretary Mineta, despite everything, we are ready to have your opening statement. Please proceed. We will make your full statement part of the record.

STATEMENT OF NORMAN Y. MINETA

Secretary MINETA. Thank you very much, Mr. Chairman. Congratulations on becoming the new chair of this subcommittee, and I look forward to working with you.

Let me introduce with me, Jeff Rosen to my left, the General Counsel in our Department, and to my right, the Acting Assistant Secretary for Budget and Programs and Chief Financial Officer, Phyllis Scheinberg.

Mr. Chairman and members of the subcommittee, thank you very much for this opportunity to appear before you today to discuss the President's fiscal year 2006 budget request for the Department of Transportation.

In the context of an overall Federal budget that emphasizes, No. 1, spending restraint, and No. 2, directs resources to national priorities, items that President Bush spoke to in his State of the Union message. President Bush is requesting $59.5 billion for the Department of Transportation in fiscal year 2006, slightly more than his 2005 request.

SURFACE TRANSPORTATION PROGRAMS

The largest portion of the President's request supports surface transportation programs, including $35.4 billion in fiscal year 2006 for the Federal Highway Administration. As all of you know, the President has proposed a record-setting surface investment of $284 billion over the 6-year period life of the bill, an increase of 35 percent over the Transportation Equity Act for the 21st Century (TEA21). Under the Safe, Accountable, Flexible, and Efficient Transportation Equity Act (SAFETEA), increased funding will go to the States, along with greatly expanded flexibility to encourage private investment and achieve more efficient use of our highways. The administration is strongly committed to achieving enactment of these and other policy initiatives in SAFETEA and to do so before the current extension, which is the seventh one we are working on and which expires on May 31.

The administration is also proposing record support for transit programs in fiscal year 2006. Recommended funding increases by $134 million to $7.8 billion for transit projects that bring people to jobs and development to communities.

Funding for highway safety, through the National Highway Traffic Safety Administration and the Federal Motor Carrier Safety Administration, increases by $45 million in fiscal year 2006 and continues on an upward path throughout the life of the SAFETEA reauthorization. The Bush administration's unprecedented focus on safety is paying off. Even with more people driving more miles, we achieved the lowest highway fatality rate on record. SAFETEA must build on those successes.

INTERCITY PASSENGER RAIL

Turning to rail, perhaps the most widely discussed aspect of the President's transportation budget is the decision to request no further subsidies for Amtrak until and unless there is real and meaningful reform that puts passenger rail on the solid foundation to grow and deliver safe and reliable quality service that matches local needs.

After 34 years of Amtrak operating losses and $28 billion in taxpayer subsidies, it is clear that the current model of passenger rail service is flawed and unsustainable. Amtrak is on financial life support. In the last 4 years alone, annual Federal subsidies have more than doubled from $520 million in 2001 to $1.2 billion in fiscal year 2005. Yet, infrastructure is deteriorating and service declining as Amtrak continues to delay desperately needed maintenance of the infrastructure that it already owns, and starves investments in new and innovative services that would attract new riders and boost revenues.

Let me be very clear. The Bush administration remains committed to intercity passenger rail service and is prepared to commit additional financial resources if the Congress will join with us to create a sustainable model. I am hopeful that now that the debate has been opened, real reform will be on the congressional agenda this year.

FEDERAL AVIATION PROGRAMS

Finally, for aviation, the Bush administration plans major investment to keep up with growing demand as passengers return to the skies in record numbers and as air cargo continues to take off, as has already been indicated by the panel.

The President's 2006 budget requests $14 billion for the Federal Aviation Administration, providing major support for building new infrastructure and deploying technology that enhances the capacity and the safety of today's aviation system. The budget triples funding for the Joint Planning and Development Office where we are designing the Next Generation air transportation system in readiness for the dramatic changes ahead in the way we fly.

Within the total FAA budget, we request funding for the hiring of 1,249 air traffic controllers in fiscal year 2006. Specifically, the operations budget includes a nearly $25 million increase to fund 595 new air traffic controllers, in addition to replacing the 654 that are expected to leave the system through retirement. These additional controllers represent the first step in the FAA's plan that was announced in December to begin training the staff needed to replace future retirees and to meet the growing demand for air service. This is an initiative to streamline and modernize controller training to speed these new experts to their posts and to save money as well.

PREPARED STATEMENT

Mr. Chairman, thank you for this opportunity to share some of the key elements of the President's budget request for the Department of Transportation for fiscal year 2006. You will find additional details within my written statement that was submitted earlier, as well as our *Budget in Brief*. Mr. Chairman, I will now be happy to respond to questions of the subcommittee.

[The statement follows:]

PREPARED STATEMENT OF NORMAN Y. MINETA

Mr. Chairman, members of the subcommittee, thank you for the opportunity to appear before you today to discuss the administration's fiscal year 2006 budget request for the Department of Transportation. The President's request, which totals $59.5 billion in budgetary resources, includes major investments in our Nation's highways and roadways, airports and airways, railroads, transit systems, and other transportation programs that move the American economy. This budget makes a strong commitment to the infrastructure, technology, and research that will ensure that our Nation's transportation network remains a potent and capable partner as our economy continues to grow.

I am proud of the considerable progress that the Department of Transportation has made over the past 4 years in advancing the safety, reliability, and efficiency of our transportation system. Through the Bush Administration's unprecedented focus on safety, for example, we have achieved the lowest vehicle fatality rate ever recorded and the highest safety belt usage rate ever recorded. During the same time, we have helped bring about the safest 3-year period in aviation history.

Enactment of a 6-year reauthorization of surface transportation programs is a top priority. The administration's reauthorization proposal, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act, or SAFETEA, provides a blueprint for investment that relieves gridlock and ensures future mobility and safety on the Nation's roads and transit systems. The 2006 budget includes a record investment of $284 billion in Federal resources over the 6-year life of the bill—almost $35 billion more than funding under TEA21, the previous surface transportation authorization. Continued delays in enactment of the reauthorization impede proper planning by States and communities and deprive them of the ability to use new flexibilities that the Bush Administration is proposing to encourage private investment and achieve more efficient use of the Nation's highways.

The budget request also reflects the imperative for reform of America's intercity passenger rail system, which Amtrak has been operating at a loss for 33 years. Amtrak has received more than $29 billion in taxpayer subsidies, including more than $1 billion in each of the last 2 years, despite the requirement of the 1997 Amtrak Reform Act that after 2002, "Amtrak shall operate without Federal operating grant funds appropriated for its benefit." In 2003, the administration sent to the Congress the President's Passenger Rail Investment Reform Act. This proposal would align passenger rail programs with other transportation modes, under which States work in partnership with the Federal Government in owning, operating, and maintaining transportation facilities and services.

Deteriorating infrastructure and declining service further the case that, without congressional action on the administration's reform proposals, continued taxpayer subsidies cannot be justified. Consequently, no funding is included in the 2006 budget for Amtrak. Rather, $360 million is budgeted to allow the Surface Transportation Board to support existing commuter rail service along the Northeast Corridor and elsewhere should Amtrak cease commuter rail operations in the absence of Federal subsidies. The President's budget is a call to action: The time for reform is now. If the administration's management and financial reforms are enacted, the administration is prepared to commit additional resources for Amtrak—but if, and only if, reforms are underway. We want to work with the Congress and with Amtrak to make meaningful reforms that will enable intercity passenger rail to achieve success and Amtrak to achieve financial independence. I am optimistic that these reforms can be accomplished this year.

The President's fiscal year 2006 budget includes nearly $14 billion for the Federal Aviation Administration to continue our investments both in building new infrastructure and in deploying technology that enhances the capacity and safety of the Nation's aviation system. The President's request for the FAA includes funding for the hiring of 1,249 air traffic controllers in fiscal year 2006. Specially, the operations budget includes nearly $25 million to fund 595 new air traffic controllers in addition to replacing the 659 that are expected to leave the system through attrition. This net increase above the current replacement levels is a first step in the FAA's plan announced last December to begin training the staff needed to replace future retirees and meet growing demand for air service.

Under the President's plan, the airport improvement program would receive $3 billion. These resources are sufficient to fund construction of all planned new runways, which are the single-most effective way to add capacity. This funding level is robust by historical standards. As recently as 2000, the Airport Grant program was funded at $1.9 billion. In addition to funds in the airport improvement program, airports can meet infrastructure needs through revenues generated from passenger facility charges. Many airports do not take full advantage of this legal authority to charge user fees which FAA estimates could produce an additional $350 million annually for airport development needs. The President's plan also triples funding to $18 million for the Joint Planning and Development Office. The work of this office supports the development of plans for transforming the future of the National air space to address growing capacity needs.

Our maritime network also finds itself in greater demand, both at home and abroad. The President proposes to increase funding for the Maritime Security program by $58 million to $156 million. This increase will fully fund an expanded fleet of 60 ships to provide sealift capacity to carry equipment and supplies to those charged with defending our freedom and expanding liberty.

We are grateful to the Congress for enacting the Department's reorganization proposal, and in accordance with that legislation, we have created two new administrations in place of the Research and Special Programs Administration (RSPA). The new Research and Innovative Technology Administration (RITA) promises to bring new energy and focus to the Department's research efforts and expedite implementation of cross-cutting, innovative transportation technologies. The new Pipeline and Hazardous Materials Safety Administration (PHMSA), has responsibility for the safe and secure transport of hazardous materials throughout the transportation network. The 2006 budget provides $130.8 million for PHMSA's first full year of operations and $39.1 million for RITA. In addition, RITA is expected to receive over $300 million for transportation research conducted on behalf of other agencies on a reimbursable basis.

Finally, I want to highlight the fiscal year 2006 President's budget request for the new Department of Transportation headquarters building project. We are pleased that the Congress has provided $110 million in funding over the last 2 years. Today, construction is well under way and we are requesting your support of $100 million to continue the next phase of this project. Under the terms of our lease, the Department has only until June 2007 to vacate our current building without incurring substantial penalties. For that reason, fiscal year 2006 funding is critical to ensure a timely and smooth transition for the Department's more than 5,600 headquarters employees.

The fiscal year 2006 budget request recognizes that the transportation sector is the workhorse that drives the American economy, providing mobility and accessibility for passengers and freight, supplying millions of jobs, and creating growth-generating revenue. The President's budget reflects a fiscally responsible plan for the Department of Transportation to help America better meet its 21st Century transportation needs. The Federal transportation budget must adequately fund our workforce and our programs despite the continuing funding challenges of national and homeland security needs. President Bush and I are committed to working with the Congress, and with our public- and private-sector partners to ensure that our transportation network can keep America moving confidently into the future.

Thank you again for the opportunity to testify today. I look forward to working closely with all of you, and with the entire Congress, as you consider the fiscal year 2006 President's budget request and I look forward to responding to any questions you may have.

SURFACE TRANSPORTATION REAUTHORIZATION

Senator BOND. Thank you very much, Mr. Secretary. I appreciate your strong statements about the importance of the many transportation issues facing us in this committee and in other committees as well. I appreciate knowing about the national priorities the President has set. I would have to say that Congress has a different view of the importance of the priorities than OMB seems to have.

I would encourage you, as the ranking member suggested, to submit a proposal for the restructuring of Amtrak that would be considered by the appropriate authorizing committee, the Commerce Committee, rather than achieving a death sentence by a cleaver in the appropriations process.

Turning now to highways, I note with interest that the revised reauthorization financing plan assumes $5.6 billion through 2009 in new highway trust fund revenues from reforming the structure of certain fuel tax refunds. When the Senate Finance Committee made this same proposal in 2004, it was criticized as a general fund transfer, violating one of the administration's three principles.

To set the record straight, does this proposal meet with the funding principles, or has the administration recognized that transfers such as this are appropriate?

Secretary MINETA. First of all, we did not change the principles that were laid out and I do not believe that we are violating them. But this was before we had the benefit of substantial discussion about the issue with the leadership and members of the respective committees.

While the goal is the same, in the House Statement of Administration Policy (SAP), we decided that it would be more beneficial for Congress if we provided as much clarity as possible. The SAP clearly states that the President will support up to the $283.9 billion. That is why we are so anxious to see the legislation being considered by the House and Senate brought to completion in conference.

But we do hold to the $283.9 billion, which is a $28 billion increase from where we were last year. Some of that funding, as you know, comes from the ethanol provision, as well as the enforcement of the collection of the sales tax as it relates to the gasoline and fuel taxes.

REVENUE ALIGNED BUDGET AUTHORITY

Senator BOND. Thank you very much, Mr. Secretary.

In the administration's original SAFETEA proposal, there was a modification of the revenue-aligned budget authority, or RABA, which claimed to moderate the wide swings in spending that resulted from the RABA mechanism. But the administration's 2006 budget proposes to eliminate RABA, which some may recall was adopted as a result of what is known, I think, as the Chafee-Bond legislative proposal of 1998. Why has the Department chosen to eliminate that provision?

Secretary MINETA. In TEA21 there was linkage between Highway Trust Fund revenues and expenditures. To the extent that that linkage does not exist, there is no need for the RABA provision.

RABA was effectively eliminated a year or 2 ago. RABA took care of the ups as well as the downs. About 2 years ago we had a real serious downturn in trust fund receipts and RABA was not applied at that time. This year, since there is no linkage between trust fund revenues and expenditures, there is really no need for the RABA adjustment.

Senator BOND. Well, despite my personal interest in and pride in the RABA authorization, I welcome your comments that Federal Highway Trust Fund funding is no longer constrained by Highway Trust Fund receipts. We will take that under consideration in our actions.

Secretary MINETA. The reason being, Mr. Chairman, is that we are drawing deeper into the trust fund balances in order to make sure we have the adequate funds to keep the program——

AIRPORT IMPROVEMENT PROGRAM

Senator BOND. Changing to the other area that is of high priority, the FAA improvement program reductions. Enplanements have rebounded after 9/11, which has renewed interest in the need to add capacity to the national airspace system. Considering that adding runways is one of the most, if not most, effective ways to add capacity, how do you justify a $500 million reduction in the AIP?

Secretary MINETA. Well, we believe that $3 billion for the Airport Improvement Program (AIP) is sufficient to take care of the applications that we have pending before the Department for capacity building, that is runways, taxiways, and tarmacs.

In addition, the airports themselves have available to them passenger facility charges (PFC's), and to that extent, many airports still have not triggered their own ability to finance some of those improvements through the use of PFC's. We believe that about $350 million to $400 million is still available to airports if they were to exercise the use of PFC's.

Senator BOND. Thank you, Mr. Secretary.

Senator Murray.

INTERCITY PASSENGER RAIL SERVICE

Senator MURRAY. Thank you, Mr. Chairman.

Mr. Secretary, during your recent appearances on Amtrak, you often point to the success of the Cascadia Corridor trains that are in the Pacific Northwest. I am also very proud of what we have accomplished in my State with the Cascadia trains.

But your public statements have implied that the State of Washington pays all of the operating costs of that train, and that is just not true. Amtrak still pays the full operating costs of one of the three daily Seattle-Portland trains and a considerable amount of overhead costs for all the Cascadia trains.

Your Amtrak reform proposal assumes that Washington and Oregon would take on 100 percent of the operating costs of these trains, and the only help they would get from the Federal Government is matching grants for capital expenses. Are you aware that Washington State would have to significantly increase its investment just to maintain the status quo if your reform bill was enacted?

Secretary MINETA. We know that there is going to be an added burden on the States through the reform legislation. But we also recognize that there are some 24 or 25 States that do provide passenger rail services. In fact, just yesterday I met with a group that is called States for Passenger Rail, and there are some 24–25 member States in that organization. The vice chair of that program, in fact, is the director of the rail program in Washington State, Ken Uznanski. They are generally supportive of the Amtrak reform proposal that we have before Congress. The group is chaired by the Secretary of Transportation of the State of Wisconsin. We had a very good discussion about why there is need for Amtrak reform. They feel the uncertainty of the present program is something that the States cannot afford to have continue because they go through the roller coaster of whether or not there is going to be Amtrak funding.

Senator MURRAY. That is true, but the States would have to take up considerable costs——

Secretary MINETA. We recognize that there would be——

Senator MURRAY [continuing]. Including Washington State that you——

Secretary MINETA [continuing]. Including Washington State. But Missouri, for instance, is part of the Midwest Regional Rail Initiative, which consists of the States of Michigan, Wisconsin, Minnesota, Illinois, Missouri, Nebraska, Iowa, Indiana, and Ohio.

Senator MURRAY. Right.

Secretary MINETA. We know that there are States that are interested in rail. This way they would be able to get 50 percent capital grants that they are not getting right now.

Senator MURRAY. Well, you know that last year the director of the rail division of the Oregon Department of Transportation testified on your reform bill, and she was not very enthusiastic. She said in her testimony that "the Pacific Northwest is touted because Oregon, Washington, and British Columbia appear to exist as an operating entity, and in fact, there is no formal compact. We exist only because Amtrak exists." It was Amtrak that put the years of effort into bringing those three entities together to start a viable cost-sharing arrangement. Under your reform proposal, States will be required to pay for all of the operating losses of their trains, not just a portion as is now done in the Pacific Northwest.

So tell me, even if you could get the States of the Nation to take on this new obligation, what entity is going to gather all these States together to negotiate those arrangements?

Secretary MINETA. We are in the process of trying to find what is the best way to come to some agreement.

Senator MURRAY. So we do not know that. We do not have an entity today.

So the second question I would have is, how soon would the States be required to put up the funding to cover those operating losses?

Secretary MINETA. Under our reform legislation, we have a transition period of 6 years.

Senator MURRAY. Have you ever considered advocating flexibility for the use of Federal highway funds so the States can use a portion of those dollars to fund the operating losses on Amtrak?

Secretary MINETA. Not to that extent. We have modeled our reform legislation after the way that the Federal Government relates to States and localities on highway programs, transit and aviation. We provide the capital grant funding to local and State governments. The States for Passenger Rail said that they would like to see this program modeled after the highway approach.

Senator MURRAY. Let me ask one last question. I sent you some questions recently, and in your answers to them on Amtrak bankruptcy, you said that "if Amtrak were to seek bankruptcy protection, Amtrak would do well to emulate the airlines and file at a time when it has substantial cash balances." You estimated that if we wait until the end of this year, Amtrak would only have a cash balance of $75 million, which would only allow the company to operate for a few weeks.

Since you are a member of the Amtrak Board of Directors, you have got to be intimately familiar with its finances. Is it possible that the Amtrak Board of Directors is going to declare bankruptcy sometime in this fiscal year even while Congress continues to work on our budget in the reform bill?

Secretary MINETA. I do not believe so, but let me ask Jeff Rosen, our General Counsel, who is my representative on the board of Amtrak. They will be meeting this week and I will be meeting with them as well.

Mr. ROSEN. Senator, I think the answer to your question is that the Amtrak board is engaged in a strategic planning process, attempting to look at places where costs can be reduced, where revenues might be enhanced, and where there would be some opportunities to improve the operation and financial performance of the company.

Senator MURRAY. Do you foresee them declaring bankruptcy sometime this fiscal year?

Mr. ROSEN. That is not the object or intention. Obviously, everybody has to adapt as they go, but that is not the current plan.

Senator MURRAY. Well, Mr. Chairman, I hope at some point we can have a hearing on Amtrak so we can hear about the financial situation from the Amtrak Board of Directors.

Senator BOND. I think one may be needed in the Commerce Committee as well.

Senator Stevens.

TRANSPORTATION INFRASTRUCTURE IN ALASKA

Senator STEVENS. Mr. Secretary, I find it strange we meet today on the day we are probably going to consider the question of whether or not we will open up the North Slope of Alaska for oil. I note that the price of aviation fuel has gone up three times since 1999 and that the problem really with the airline industry is that it is just being put out of business because of high energy prices. A $1 increase in the price of fuel, I am told, for aviation costs 5,300 airline jobs. It is interesting that some people here criticize the administration for its budget when they refuse to recognize the need for purchasing as much oil as we can at home. The export of dollars to OPEC is just a hemorrhage.

Today they meet in Iran. OPEC meets in Iran today. The estimates of some experts say by the end of the year it will be $80 a barrel. Today it is $54.95 a barrel.

Now, I think it is high time some people start thinking about what causes the problems of transportation, particularly aviation. I would hope that you and the administration would start moving in on the question of the cost to the system by forever having these increased costs of buying so much oil abroad. It will be 60 percent by the end of the year they tell me. We will be buying 60 percent of our oil abroad, primarily from unstable countries that are today meeting in Iran. I cannot think of anything that is more difficult for the transportation industry than to face the costs of fuel.

I have a question, though, and that relates to my problem about where I live. We have, as you know, a State that has half the coastline of the United States. Because of the withdrawals that were made by President Carter in 1980, we cannot build highways, north or south or east or west. That was the total plan at the time, was to prevent Alaska from being able to have ground transportation. We have only air transportation and that by sea. We have been able to build air terminals, thanks to a long process, but we now have some 230 small airports, most of them maintained by the State, but some of them by the Federal Government. Our reliance on water transportation increases now as freight gets heavier going into the rural communities. I find we just do not have docks. We do not have the capability to bring this equipment ashore in these small villages and small towns.

I have been trying to find a way to develop small dock projects, and I want to urge your assistance to see if we cannot find some way to do this. We created the Denali Commission, formed after the Appalachian Commission that Senator Byrd started. We think that if we had some way to take funds and allow the Denali Commission to start building docks, we could cut the cost of delivery of freight to those small villages in half.

So I am not asking a question. I am just making a plea that you assign some of your people to start working with us. How can we get docks for the small villages along the rivers and along the sea that have never had docks? They have had to load their stuff in small boats, 30-foot boats. That is just not possible to get it in. The airports are small airports. They are flying 19-passenger planes in those areas and they cannot carry freight. The only freight they get is really by water, and it is very limited as to what we can do to help them modernize until we can freight ashore.

So, my friend, I just plead with you that you help me find some way to meet the transportation needs of rural Alaska.

Thank you, Mr. Chairman.

Secretary MINETA. Mr. Chairman, we have AIR21 and now Vision 100 related to aviation. We have had TEA21 related to surface transportation. Right now we are putting together a program called SEA21 for maritime transportation. This is a way of dealing with short sea shipping, using smaller ports and looking at the inland waterway system of the United States to see what we can do to enhance the movement of people and goods through the water system that we have. It is used extensively in Europe. You can travel all the way from Rotterdam to the Black Sea on barges or even on passenger-type vessels. Again, we feel that the potential is here. So we are now looking at SEA21. I am quite sure that that would fit in very well with what you were envisioning.

Senator STEVENS. Good. We look forward to working with you. Your friend and mine, the Congressman from Alaska, was a riverboat captain. We used to have riverboats but we do not have them any longer because they are not constructed any longer. We may have to look to the basic concept of acquiring new types of boats that can be used in the rivers of Alaska, if you want to go that way. But I thank you for your response.

Senator BOND. Thank you very much, Senator Stevens.

Mr. Secretary, we appreciate your comments about the importance of inland waterways transportation, and we will need your help on a little bill called WRDA.

Senator Byrd.

INTERCITY PASSENGER RAIL SERVICE

Senator BYRD. Thank you, Mr. Chairman. Senator Stevens, as Alaska's Senator of the 20th Century, we will get it done, and we will do what we can to help get those little ports.

Regarding one of your so-called reform proposals, how did you arrive at your plan to have the States, Mr. Secretary, rather than the Federal Government absorb all of the operating costs on Amtrak? Why do you think that the States collectively are in a better position to fund the operating losses for Amtrak than the Federal Government?

I notice in The Washington Post of March 15, these words, which I excerpt from the article. "As Northern Virginia drivers spend more time in their cars on bottlenecked highways, money to expand the State's road and transit network is disappearing fast, transportation experts said yesterday. The shortage is so serious that by 2014, Virginia will have trouble matching Federal transportation grants, jeopardizing funding for construction and maintenance, a top State official told a gathering of the region's transportation leaders. And by 2018, so much of the State's transportation fund will have been shifted to maintenance and general spending that money to build new roads will be nonexistent." So this is the condition that the State and local subdivisions and communities are being placed in.

So, let me say again, Mr. Secretary, how did you arrive at your plan to have the States, rather than the Federal Government, absorb all of the operating costs on Amtrak trains?

Secretary MINETA. The basis of the reform measure was how we currently approach highway programs, transit, and aviation. In every one of those cases, the operating costs of those systems are borne by States and localities. The Federal Government does participate in funding the capital infrastructure costs. We felt that Amtrak should not be treated any differently than other modes of transportation. That was the basis for our using the States as the way of structuring the reform on Amtrak.

Yesterday I met with the group States for Passenger Rail. One of the people participating in that meeting was a woman by the name of Karen Ray who is the director of rail for the Commonwealth of Virginia. They already have Virginia Railway Express (VRE) that goes from Fredericksburg to the District of Columbia, but they are also planning on rail from Richmond to the tidal area of Roanoke and Hampton Roads. They are also thinking of passenger rail service from Bristol, Virginia all the way to Washington, DC. They already have an agreement between Virginia and North Carolina, and that will be part of a system that will eventually go through South Carolina and on to Georgia. The States recognize the need for rail as an alternative form, and I think that we are not out of step in terms of the initiative that the States are already taking on their own.

Senator BYRD. Mr. Secretary, I say most respectfully that you would make a fine U.S. Senator if we are able to continue to filibuster, if they do not stop us.

But you still have not answered my question. I listened very closely. Why do you think, given the States' financial situation, that they are in a position to start absorbing the cost of Amtrak service?

Secretary MINETA. Again, I would say that the States are taking the initiative to promote their own rail services. Right now they are paying for it fully on their own. This way we would participate 50–50 with them on their capital costs. They are already absorbing the operating costs right now. I would assume that that would continue in the future and that we would participate with them on the capital physical infrastructure costs.

Senator BYRD. Thank you, Mr. Chairman. My time is up.

Senator BOND. Thank you, Senator Byrd.

Senator Domenici.

HIGHWAY SAFETY

Senator DOMENICI. Mr. Secretary, first, I am hopeful that I will be here when the meeting ends because I have a matter pertaining to how your office is handling certain Federal events in my State, and I would rather state those to you privately. If I miss you this morning at the end of the meeting because I have left, I would appreciate it if you would note that I need a call from you about something rather urgent.

Secretary MINETA. Great.

Senator DOMENICI. Mr. Secretary, you mentioned that deaths were down on the highways. Could you state for the record how many deaths there are, even though they are down? How many people die on the highways?

Secretary MINETA. The total is about 42,600, and this is down from over 43,000 the year before. We have not only had a drop in the total number of deaths, but we also have had a drop in the fatal accident rate even given the increase in vehicle miles traveled.

Senator DOMENICI. Well, I did not come here prepared to talk about that, but it is amazing. In other situations that occur in the United States, McDonald's and their hamburgers, whatever, when we talk about obesity and death, we get all worked up over 300 or 400 deaths, and we have 42,000 on the highways. Yet, what kind of advertisements do you see by the automobile manufacturers? Have you seen very many yet that do not emphasize how fast the cars can take off, how fast they can go? It is amazing to me, with this kind of thing happening on our highways, why we are promoting speed as a reason for buying cars. That is just my view. It is nobody else's.

INTERCITY PASSENGER RAIL SERVICE REFORM

You also mentioned that Amtrak is not eliminated, rather it is held in abeyance pending reforms. You know, I have been hearing that for so long. Would you tick off three or four reforms that you think ought to be made? I do not want you to use a lot of time, but what are the reforms?

Secretary MINETA. That we are proposing under our bill?

Senator DOMENICI. No. You are saying Amtrak must make reforms to continue the operating subsidy. What kind of reforms?

Secretary MINETA. I think there are a number of cost savings that they can——

Senator DOMENICI. What are they?

Secretary MINETA. For instance, dining car services.

Senator DOMENICI. Okay, that is one.

Secretary MINETA. That costs something like $84 million a year. I think again this is an area in which they ought to be taking some action.

Senator DOMENICI. Well that is not very much.

Secretary MINETA. It is like anything else. Everything does add up to a bottom line.

Senator DOMENICI. Mr. Secretary, are the railroads, including Amtrak, still immune from workmen's compensation laws and they apply their own liability under straight tort liability for injuries?

Secretary MINETA. I think that is under a different kind of law. There are special laws that apply to——

Senator DOMENICI. I cannot help but believe that that would be a rather expensive liability situation. I would assume that might be one of the reforms being contemplated. Is that correct? Could you answer it, sir?

Mr. ROSEN. Senator, that is not a piece of the reform legislation that the administration sent up in 2003, but you are correct that it is an expensive piece of the puzzle for railroads.

Senator DOMENICI. Why is it not a suggested reform? Are we scared of somebody?

Mr. ROSEN. Not that I know of, but I think that may be a useful suggestion for us to look at.

Senator DOMENICI. I think it is because you are scared of somebody. You are scared of the unions. That is why.

I noticed the other day there was an accident on a railroad. The story said that the cars tipped mildly, did not even turn or anything. Three days later, 12 railroad employees filed suits for injuries not under workmen's comp, but under straight tort liability. Who knows how much those cases were settled for. You know about that, Mr. Chairman. That is not workmen's comp. Just as if somebody was negligent, you recover under straight liability like anybody else in an automobile accident. That is a pretty costly item.

Well, I did not really come to talk about that. I came here to talk about two things.

INDIAN RESERVATION ROADS

Mr. Secretary, I have been part, for the last 10 years, of seeing to it that the Indian people of the United States get some roadway money. We passed three sets of legislation with each highway bill, setting aside a small portion of highway taxes for Indian roads. I know you cannot right here, but could you, for the record, tell us how that program is going, how much money has been put out each year by the Department, through the BIA or otherwise, under that piece of the law which sets aside a portion of the highway funds for Indian roads?

Secretary MINETA. We will respond for the record.

[The information follows:]

On July 19, 2004, after approximately 5 years of negotiated rulemaking between representatives of Indian tribes and the Federal Government, the Indian Reservation Roads (IRR) Program Final Rule (25 CFR Part 170) was published. This rule established policies and procedures governing the IRR Program. It expanded transportation activities available to the tribes and provided guidance for planning, designing, constructing, and maintaining transportation facilities. It also established an IRR Coordinating Committee of 12 tribal representatives to provide input and recommendations to the Bureau of Indian Affairs (BIA) and the Federal Highway Administration (FHWA) on the IRR program.

In addition, the Final Rule established a funding distribution methodology for IRR Program funds. As a result part of the negotiated rulemaking, the entire IRR inventory of 63,000 miles contribute towards the amount of IRR Program funds the tribes receive. The limitation on the growth of the inventory has been eliminated.

IRR Program Funds are distributed by tribal allocation. The formula methodology used to determine each tribe's allocation is composed of three factors. The largest contributing factor is a tribe's "cost to construct," which contributes 50 percent. A tribe's "vehicle miles traveled" (VMT) contributes 30 percent, while its "population" contributes the remaining 20 percent. Each tribe's allocation is then calculated by its percentage of these factors as compared to the nationwide total. However, the actual distribution of the funds has been affected by the different continuing resolutions and extensions to the Transportation Equity Act for the 21st Century (TEA21).

The following funding amount has been made available for the Indian Reservation Roads Program during the past four highway authorizations:

—Surface Transportation Assistance Act of 1982 (STAA): $418 million;
—Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA): $400 million;
—Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA): $1.069 billion; and
—TEA21: $1.47 billion.

The current annual funding level is $275 million for the IRR program. After application of statutory and regulatory takedowns, the available funds are re-allocated from FHWA to the BIA, which is the only agency that receives these funds. The BIA then distributes the funds either directly to the tribes through self-governance agreements/compacts or to the BIA Regional Offices. If the funds are distributed to the BIA Regional Offices, they in turn provide the funds to the tribes through Indian Self Determination Education Assistance Act (Public Law 93–638) contracts, Buy Indian contracts, or perform the work themselves on behalf of a tribe. It should be noted that the Indian Reservation Roads Bridge Program (IRRBP), established under TEA21, has dedicated $13 million of each year's IRR Program funds to the rehabilitation or replacement of deficient bridges within the IRR System. There are over 4,640 bridges on the IRR System. Approximately 1,050 of these are deficient. To date, these funds have been utilized for work on over 125 IRR bridges.

Finally, as a result of TEA21, FHWA developed by rule requirements and guidelines for three new management systems to assist BIA and tribal governments in identifying and prioritizing quality and quantifiable projects. In addition, FHWA, BIA, and tribal governments are working together both to develop an integrated transportation planning process to help the tribes work with the State and metropolitan planning organizations, and to improve their ability to facilitate long range advance funding for projects. There has also been considerable success with the tribes to develop safety audits and initiatives in cooperation with State and local governments.

Senator DOMENICI. Will you also give us an overview, through your experts, on where we are, how much are we accomplishing, how much do we have still to get done? That would be an interesting thing for us. That is a big number now. We have got it up to almost $300 million a year. It will be more in the next bill.

[The information follows:]

One of the greatest single recent accomplishments of this program was the publication of the Indian Reservation Roads (IRR) Program final rule (25 CFR Part 170). This accomplishment involved 5 years of negotiated rulemaking between representatives of Indian tribes and the Federal Government and expands transportation activities available to the tribes by providing guidance for planning, designing, constructing, and maintaining transportation facilities.

Over the 7 year period of fiscal year 1998 through fiscal year 2004, approximately $1.745 billion has been made available for the IRR Program. These funds have been spent on improving thousands of miles of IRR facilities across the country as well as rehabilitating or replacing 125 IRR bridges. However, the backlog of needs for the IRR Program remains high at $15.7 billion as a majority of the IRR road mileage remains in fair to poor condition and more than 1,000 bridges are still deemed deficient.

Another accomplishment of the program is that it has enabled the tribes to administer their own projects. Today tribes, through either self-governance compacts or Indian Self Determination Education Assistance Act (Public Law 93–638) self-determination contracts with the Bureau of Indian Affairs (BIA), administer approximately 50 percent of the funding made available under this program. This has provided local employment for tribal forces and an opportunity for significant local resources to be used.

CORRIDORS AND BORDERS PROGRAM

Senator DOMENICI. My last question has to do with money that goes to the so-called border. We have the Borders and Corridors program. It was instituted, as you know, to alleviate problems along the borders that need upgrades on existing highway structures where we have a lot of traffic between Mexico and America and Canada and America. Would you provide the committee with an update on the Borders and Corridors program, which is important to many States, including mine? Would you also tell us if it has had any positive effects, and then where do you think the program is going? By that, I mean what are the problems out there that you think might be addressed.

Senator BOND. Thank you very much, Senator Domenici. We will ask those questions for the record.

Secretary MINETA. We will respond to that.

[The information follows:]

The Federal Highway Administration (FHWA) prepared a report on the first 5 years (fiscal year 1999-fiscal year 2003) of the program under TEA21. This report, The National Corridor Planning and Development and Coordinated Border Infrastructure Program (NCPD/CBI): History, Evaluation and Results, found that during the first few years of the program, the demand for grants under the program have outpaced the available funds. Through the years, most of the funds appropriated for the program have become designated by the Congress, and most of those funds have been designated for corridor projects. Five States, West Virginia, Texas, Kentucky, California, and Washington accounted for over 40 percent of the awards in the first 5 years of the program.

Many projects are longer term, so their benefits have not been assessed during the short life of this program. Also, many projects are more costly than reflected in the grant allocation, and require contributions from other sources. However, anecdotal evidence from some recent success stories in Texas, New York, California, and Washington State indicates that the program has some very positive effects such as alleviating congestion, improving highway/railroad crossing safety, and expediting project implementation. These success stories are highlighted in the report, and a brief narrative of each follows:

World Trade Bridge, Laredo,Texas

Mexico-U.S. trade increased in the 1980's and with it the traffic on the downtown Laredo Juarez-Lincoln Bridge. By the end of this decade, the State of Texas, the City of Laredo, the Mexican government, the City of Nuevo Laredo and others were discussing how to address this situation. In 1991, detailed coordination began for a new bridge outside the central business district that would carry commercial traffic. By 1993, projects were placed on the Texas multi-year transportation improvement program and in 1995 a comprehensive funding agreement had been reached. The total cost of the new bridge and related improvements was about $100 million.

The NCPD/CBI contributed about $6 million of this total through one of the fiscal year 1999 awards.

The new bridge opened on April 15, 2000. Downtown back ups disappeared and truck traffic was successfully diverted to the new bridge. Substantial job growth occurred in fiscal year 2001 and seems clearly related to the business opportunities created by the new bridge.

Commercial Vehicle Processing Center, Buffalo, New York

For a number of years, the Buffalo and Fort Erie Public Bridge Authority had been seeking to improve the operation of the border crossing at the Peace Bridge. In the late 1990's, a user group consisting of trucking associations, commercial carriers, brokers and the U.S. Customs Service developed ideas to meet this objective. One method that seemed promising was to develop procedures and train personnel to operate a Commercial Vehicle Processing Center (CVPC) on the Canadian side of the border. The CVPC would assist truck drivers with incomplete paperwork prior to the vehicles entering the inspection queue. Fewer vehicles failing the primary inspection would mean less congestion on the bridge. In fiscal year 1999, the FHWA awarded about $1 million in NCPD/CBI funds for developing procedures and training personnel for the CVPC. The Authority immediately began implementing this project and the CVPC opened in late fiscal year 1999. Within the first year, the number of vehicles failing the primary inspection fell from 36 percent to 15 percent. Border agencies and the U.S. Customs Service have recognized the CVPC as a success.

Freight Action Strategies Corridor (FAST), Seattle Metropolitan Area, Washington State

Beginning in 1994, local, State, port authority, private sector and Federal officials began developing plans to improve highway/railroad crossings and port access highways in the vicinity of the ports of Everett, Seattle and Tacoma, Washington. In 1997, a phased implementation plan was developed and in fiscal year 1999, the FAST corridor received the first of a number of awards from the NCPD/CBI program. From fiscal year 1999 through fiscal year 2003, FAST was awarded $32,000,000 in NCPD/CBI funds, including funds selected by the U.S. Department of Transportation (DOT) and funds designated by the Congress. The FAST project also received funds outside the NCPD/CBI Program, in Section 1602 of TEA21, in Section 378 of the fiscal year 2001 DOT Appropriations Act, and in Section 330 of Division I of the Consolidated Appropriations Act of 2003. The first complete grade separation project was completed in fiscal year 2001 and by January 2003, ten such projects were complete or nearly so. As projects have been completed, traffic backups disappeared, safety improved and railroad efficiency increased. Because a high percentage of jobs in the Seattle metropolitan area (as many as 1 in 3) are tied to international trade, systematic improvement of port access is seen as vital to the economic well being of the area.

Alameda Corridor East (ACE), San Gabriel Valley, California

Similar to the FAST program, local, regional, State and private sector parties have been working together since the late 1990's to improve highway/railroad grade crossings (including many grade separation projects) in an East-West corridor with high railroad traffic serving the Port of Los Angeles/Long Beach. The ACE corridor received funds from Section 1602 of TEA21 and corridor officials credit this with jumpstarting the ACE program. The same officials state that, in the first phase of the program, $3 have been leveraged for every Federal $1. The ACE corridor first received a NCPD/CBI award in fiscal year 2000 and subsequently received awards in fiscal year 2001, fiscal year 2002 and fiscal year 2003. These awards totaled $9,019,000. The first projects have resulted in less congestion, improved safety, and reduced emissions. This latter result is quite important because of the well-known air quality problems in the Los Angeles region. Without these improvements, increasing rail corridor traffic would worsen the congestion, safety and air quality problems as well as restrict economic development.

The administration has proposed to reauthorize the Corridors and Borders program. Under the administration's proposal, the corridor program would become a Multi-State Corridor Planning Program. The purpose of this program is to support and encourage transportation planning from a broader perspective, transcending traditional State and modal boundaries, to meet evolving freight and passenger transportation needs of the 21st Century. Similarly, the border program would become a Border Planning, Operations, and Technology Program. The purpose of this program is to focus on improvement to bi-national transportation planning, operations, efficiency, information exchange, safety, and security for the United States borders with Canada and Mexico.

Senator BOND. Senator Bennett.

INTERCITY PASSENGER RAIL SERVICE

Senator BENNETT. Thank you, Mr. Chairman.

Mr. Rosen, I had not realized you were here when I extended the invitation through the Secretary to you. I apologize. I extend it to you personally. We would be happy to entertain you in Utah in grand Olympic style.

This is a segue, I think, into this discussion about Amtrak because what we are talking about here in Utah is commuter rail and commuter rail from Salt Lake City north. It has nothing whatever to do with Amtrak. It has to do with the contribution of the State and the Federal Transit Administration.

I think we get hung up on Amtrak as some kind of holy grail that is the only solution to intercity rail traffic. I will be the first to say that we need intercity rail traffic along the western front of the Wasatch Mountains in Salt Lake County north of Davis County and into Weber County, but I frankly do not want Amtrak to have anything to do with it. I want it to be run by the Utah authorities that understand the needs and understand the situation.

If it would be of any help in resolving the Amtrak budgetary problem, I am happy to offer up Amtrak service in the State of Utah for immediate cancellation. This is not the Northeast Corridor. This is not an area between Washington and Boston where the trains carry as many people as the airplanes do. We have Amtrak service into Salt Lake City that arrives—I know this because I have met an Amtrak train where a family friend was coming in by train—at 2:30 in the morning. I think it arrives 3 whole days every week. On the occasion where the family friend got off the train, there were probably four or five other people that got off with her. To be spending the kind of subsidy that we are spending to maintain that sort of service, which is totally unsatisfactory, completely disruptive of the very few people who use it, when the money should be going into places where there is a legitimate need for intercity rail traffic is silly.

So if you want an elected official who is willing to sacrifice his Amtrak service for the greater good of the Nation and help hold down the deficit on Amtrak, I offer my State. I have not consulted with the mayor and I have not consulted with the Governor, and I do not know how much political trouble it is going to get me in. But knowing the number of passengers that disembark from Amtrak on those 3 days a week when it shows up, I do not think I am in much political trouble. We could handle that amount of passengers numerically with a single flight of a single 767 once a week, and all of the transportation problems would be taken care of. Now, I realize that is an oversimplification.

I am a strong supporter of Amtrak. As the Secretary knows, I was in the Department of Transportation and I was the lobbyist for the Department of Transportation that convinced the Congress to create Amtrak. I have got a nice certificate signed by John Volpe with a big award, the Secretary's award for outstanding achievement, for what I did to help create Amtrak. And I believe in Amtrak.

But I think the primary function here is that if you are going to have mass transit, you have to have a mass that needs to be transited. And for a very large percentage of the Amtrak route system, you do not have the mass that needs to be transited. The money should go getting people from Washington to Baltimore, getting Senator Biden back home to Delaware and Senator Specter back home to Pennsylvania. And in the areas in the Cascades where there is a mass to be transited, let us transit them by rail, and let us put the Federal money in to make sure that system works. But let us not, for romantic purposes, continue to talk about a nationwide rail network that some day we are going to need and pour money into it. We have been doing it for over 30 years. I left the Department of Transportation in 1970, and here we are in 2005.

The promise I solemnly made to the Congress, as I lobbied that bill through, that Amtrak would require Federal subsidies for only 3 years, has long since been broken by every administration from the Nixon administration, in which this thing was created, on down. And it is time to get serious about saying let us put the money where the passengers are and let the romance go into the novels that people can read on the airplanes as they are flying over the long distances.

Thank you, Mr. Secretary.

Senator BOND. Thank you, Senator Bennett. Confession is good for the soul.

We appreciate that purging of past sins.

Senator Dorgan.

Senator DORGAN. Well, Mr. Chairman, I am pleased I was here for that confession.

But let me be quick to say I would not offer up my State with respect to its Amtrak service, and let me tell you why. I do not know the specifics, and I am not critical of Senator Bennett's position or statement with respect to Utah.

We have the Empire Builder that comes through North Dakota on the northern route. It connects Chicago to Seattle. We have 80,000 to 90,000 people get on and off in North Dakota. It is an important adjunct to our transportation system. It is very important. I happen to believe that it is worthy for us to subsidize Amtrak service. I just flat out believe that subsidizing rail passenger service is something that is all right with me. In terms of the set of priorities of investments, I think that is a good thing to do.

Now, I do not see Amtrak as part of mass transit. That is perhaps where Senator Bennett and I disagree. Senator Bennett several times talked about mass transit. I do support mass transit. I come from a rural area. We do not have mass transit, but I support mass transit because our major cities need mass transit and the investment and the funds to advance mass transit. But Amtrak is not in my judgment mass transit.

I really feel strongly that we need to maintain a national rail passenger system. If we do what the administration suggests we do, we will have Amtrak service from Boston to Florida and the income stream from the masses who would use that service will perhaps justify, I am guessing, that service and perhaps even not require subsidy.

We subsidize every single form of transportation. Every form of transportation has some embedded Federal subsidy. So I am perfectly comfortable believing that a national rail passenger system is something we should subsidize.

Now, Senator Bennett does make a point. There may be some circumstances where you ought not stop or you ought not serve if there is nobody there.

But I am very disappointed, Secretary Mineta, once again that the administration believes that Amtrak as a national system is somehow unworthy. I really think that is the wrong approach and hope that those of us in Congress who will likely have an opportunity to vote on that in the coming days will be able to overturn that recommendation.

I would like to ask a question.

I do not mean at all to be critical of Senator Bennett. That was not my intention.

Senator BENNETT. Feel free.

ESSENTIAL AIR SERVICE PROGRAM

Senator DORGAN. Let me ask about the Essential Air Service program because there is a proposed 50 percent cut in the funding for the Essential Air Service program. You may have already answered this question. Can you give me the rationale for that? Because that also plays into the point that Senator Byrd made, I think, that this is a budget that is very punitive to rural areas.

Secretary MINETA. First of all, the total budget that we got, $59.5 billion, is shoehorned in as part of the overall Federal budget. The President outlined three priorities that he had in developing the budget: fiscal restraint, national defense, and homeland security. As OMB was putting the budget together following these three priorities, then everyone else either had a plus or a minus. Even with our $59.5 billion budget, we are still close to, I believe, a 2 percent increase from the previous year's request.

So one of the programs we had to shoehorn in, as you have mentioned, is Essential Air Service. We have proposed categories of airports that would get Essential Air Service funds based on how close they are to a large, medium, or small hub airport, or a non-hub airport that has jet service.

So we looked at how many airports fall into those categories and how much money we have, and then tried to figure out how to set the criteria for the program. In doing that, and given the amount of money we had for Essential Air Service, we are trying to maintain service to those airports, but under a different set of criteria.

Senator DORGAN. Mr. Secretary, my time is about up——

Senator BOND. Have one on me.

Senator DORGAN. All right. Thank you. A generous new chairman.

Senator BOND. Everybody else is taking one, so you might as well.

TRANSPORTATION CONNECTIVITY

Senator DORGAN. And congratulations, by the way, to you.

If we were to build the interstate highway today, I assume there would be some people that would say, well, how on earth can you justify building four lanes across North Dakota, connecting Fargo to Beach, North Dakota from the east to the west because out near Medora, North Dakota and Buffalo Gap and Alsen, there are not a lot of people out there and so not as much traffic. But, of course, as you know, connecting a four lane across North Dakota connects Minneapolis to Seattle, Chicago to Seattle. So the same is true with other forms of transportation. We can either decide this is a country or this is a series of very big cities, the income from which will support robust, aggressive transportation systems for people who live in big cities in the masses, and the heck with the rest of the country.

That is why I raise these questions about Amtrak, about Essential Air Service and believe that these investments more tend towards saying: where can you make a profit here? Where are the dollars and cents with respect to profitability? And with respect to transportation, whether it is AIP or EAS or Amtrak, sometimes you can know the cost of everything and the value of nothing, as some say. So there is value here in some of these decisions to make sure that our transportation systems help everybody in the country, connect everybody in the country.

Secretary MINETA. That was the purpose of the national defense highway program. One of the criteria was a four-lane highway. Originally the program was based on interconnectivity of the country, and the highway system was basically an east-west system. It was not until the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 that we went north-south with the national highway system.

Today we are not talking as much about connectivity as we are congestion relief and increasing capacity as far as highways are concerned. We are trying to do the same thing in other modes of transportation, whether it is transit or aviation or, as I mentioned earlier, maritime in terms of inland waterways and short-sea shipping. We want to relieve some of the traffic that is on the highway and move it to water or to air or to other modes of transportation. It is not a one-system-fits-all.

Senator DORGAN. I would just finally observe there will never be congestion on the Gladstone intersection of I–94 in western North Dakota. But although congestion is not our issue, I understand congestion exists elsewhere. Access and capability is the issue in rural America, and access to reasonable transportation opportunity is just as critical for somebody that lives in a town of 900 people with no bus service and no other access as congestion is for somebody that lives in a city of 4 million people where they have parking lots.

Secretary MINETA. Absolutely. You were there in 1991 when Congress enacted ISTEA and we changed the name of the Urban Mass Transit Administration to the Federal Transit Administration because there were rural needs that had to be met by transit as well. We recognize the needs of rural communities, whether it be in air or transit or highways, and we have various parameters to meet the needs of the total country, regardless of the mode of transportation.

In the case of the Essential Air Service program, we had to build the criteria around the available funding in order to continue to serve those communities.

Senator DORGAN. Mr. Chairman, thank you very much.

CONDITIONS AND PERFORMANCE REPORT

Senator BOND. Thank you very much, Senator Dorgan.

Mr. Secretary, I mentioned in my opening statement your Department's Conditions and Performance Report said that Federal investment must increase by 17 percent just to maintain the current system, and to improve the system would require 65 percent more than currently invested. I would like to know what specific plans, both for the short term and long term, are being looked at by the Department to address the shortfall and ensure adequate funding to reduce congestion, meet our economic needs, and lessen the senseless loss of life, estimated to be one out of three traffic fatalities nationally—in my State it is higher—caused by inadequate highways for the traffic that they hold. This is a question of life and death in my State. How does the Department propose to meet it?

Secretary MINETA. First, let me address the Conditions and Performance (C&P) Report. The needs that are talked about in the report are not just Federal needs. They also include the requirements and the responsibilities that State and local governments have to maintain their road structure. So, the C&P report does not identify only the U.S. Department of Transportation's financial requirements.

Let me deal with the safety issue.

FUNDING FOR FEDERAL HIGHWAY PROGRAMS

Senator BOND. Let me just point out one thing. I understand that the States provide—at least my State provides—a lot more money than the Federal Government does, but I understood your Conditions and Performance Report to estimate the Federal investment. Federal investment alone must increase by 17 percent and improving the system would require 65 percent more.

Secretary MINETA. I was a co-author of ISTEA and the one who helped put together the SAFETEA proposal that the administration submitted to Congress. I was not here for TEA21. SAFETEA is a 35 percent increase over TEA21. Even in this year's budget, the administration is requesting $28 billion more for SAFETEA than we did last year in the 2005 budget. So we recognize the need for an increase in highway funding. I believe we were trying to meet the needs that we see facing us today and into the future during the 6-year authorization period.

The second point on safety. When I was briefing the President on SAFETEA in 2002, he looked at the 43,000 highway fatalities figure and he said that we have got to get that down. We have put together a multi-pronged program in the Department of Transportation and in SAFETEA to drive the number of fatalities and the fatality rate down.

Apart from SAFETEA, we think we have already turned the corner, given the programs in the National Highway Traffic Safety Administration and in the Federal Motor Carrier Safety Administration. As I said earlier, our annual traffic fatalities are about 42,600, whereas in 2002 they exceeded 43,000. So we have turned the corner.

Senator BOND. Mr. Secretary, I know those figures but in my State we are killing people on two-lane highways that have traffic that everybody recognizes requires four lanes. We do not have it. So I would just ask you to consider that because we are not solving that problem.

Secretary MINETA. Well, we are and in fact——

Senator BOND. The Federal role is not doing it.

Secretary MINETA. In fact, we have been asking Missouri to adopt the primary seat belt law. We know that primary seat belt laws have a very big impact on traffic deaths.

INTERCITY PASSENGER RAIL SERVICE

Senator BOND. All right. I am just about out of time.

Let me just ask you on Amtrak. We have talked about that. Senator Bennett confessed to his role in it. What is the administration going to provide in terms of reform for Amtrak? Are you going to include options for State or private passenger rail, competition with Amtrak? When do you expect to get a reform proposal up, and how is that going to impact the appropriations death sentence for Amtrak included in this budget?

Secretary MINETA. Mr. Chairman, our original proposal was submitted in July of 2003. We had no committee action on the proposal in 2004 so far in 2005. It was decided by OMB and DOT that in order to get action by the Congress, we would request zero funding for Amtrak. I think that has gotten everyone's attention. In fact, that is how I think I got this black and blue mark.

We will submit, probably within 1 week or 2, essentially the same legislation that we submitted in July of 2003, with some refinements in terms of what we ought to be doing.

Senator BOND. Thank you very much, Mr. Secretary.

Senator Murray.

FAA SAFETY INSPECTORS

Senator MURRAY. Thank you, Mr. Chairman.

Mr. Secretary, in 1996 the FAA significantly increased the number of aviation safety inspectors in light of that 90-day safety review that was conducted in the aftermath of the ValuJet crash in Florida. Unfortunately, the number of inspectors has been consistently below the standard of 3,297 that was set in that review. In fact, Mr. Secretary, I believe that the National Civil Aviation Review Commission that you chaired called for even higher inspector levels.

I understand that the FAA may lose as many as 250 inspectors this year through attrition and that the agency has no intention to back-fill for these positions. That really concerns me. Why are you not filling the vacancies for these critical safety positions?

Secretary MINETA. As I recall, we are increasing the number of safety inspectors by 197.

Senator MURRAY. We are losing 250 this year for retirements.

Secretary MINETA. I am not sure of the number that we are losing, but I know that given the foreign repair station issue and a number of other things that are coming up, we are increasing the number of aviation safety inspectors. I misspoke. It was not 197. It was 97.

Senator MURRAY. Right, at a time when we are losing 250.

Secretary MINETA. I will check on that.

[The information follows:]

During fiscal year 2005, staffing for FAA's Aviation Safety line of business (Regulation and Certification) will decrease from 6,429 to 6,187 due primarily to attrition, a net loss of 302 staff, including 256 safety inspectors and engineers. This decrease, which does not include air traffic controllers, is partially offset by a requested fiscal year 2006 budget increase of 97 safety inspectors and engineers to: (1) improve oversight of domestic and foreign repair stations; (2) oversee FAA's Air Traffic Organization (ATO); (3) establish a new safety oversight office in China; and (4) restore a small portion of the staff lost in fiscal year 2005. Safety will always come first, and the FAA will not reduce its oversight of the air carriers. Instead, the agency will reduce the number of staff who certify new products, and its aviation medicine and regulatory offices.

Senator MURRAY. I think you would agree with me when the airlines are struggling financially and we are outsourcing an increasing portion of the maintenance work, replacing these inspectors should be at the top of the priority list. So if you could get back to me on when you are going to fill those vacancies.

Secretary MINETA. Given the financial condition of the airlines, I told the FAA that I want to make sure that the inspection workforce is checking all of the maintenance records. I had a hearing, I think it was in 1988, on what we call pencil whipping, where inspectors were saying what they were doing, but that was not the case.

Senator MURRAY. Okay. Well, I am very concerned about that so I would like to hear back from you.

RAILROAD SAFETY

On another area—and, Mr. Chairman, you talked about some of the rail safety programs and concerns, and I hope that we can have a hearing on that at some point. But we do know that there were two very serious railroad crashes that resulted in several fatalities in January just a few months ago, one in South Carolina and one in California. Those crashes came right on the heels of an investigation by your Inspector General into whether your Federal Railroad Administration was exercising sufficient safety oversight of the railroads. I want to know from you what specific actions you are taking to step up enforcement.

[The information follows:]

The Federal Railroad Administration (FRA) enforces railroad safety laws and regulations vigorously. To accomplish this, FRA uses a variety of enforcement tools, including civil penalties, emergency orders, compliance orders, compliance agreements, individual liability, and criminal enforcement. FRA is accelerating development of a new National Inspection Plan that will help to deploy its inspection force of about 415, supplemented by 160 State inspectors, to the highest value safety targets. FRA is also reviewing extensive safety data and focusing inspections to achieve the maximum safety benefits. FRA is targeting its current efforts toward the leading causes of train accidents: human factors and track. On human factors, FRA is considering regulatory action addressing the leading causes of accidents. On track, FRA is continuing aggressive, focused enforcement efforts and conducting research on technologies that will assist in detecting hidden track defects.

Senator MURRAY. And I also want to press the fact that a number of press reports suggested that the FRA has been too close to the industry that it regulates, and the agency's Deputy Administrator resigned after the Inspector General found that she had not taken sufficient steps to avoid the appearance of inappropriate contact between her and the chief lobbyist for the Union Pacific Railroad. As a result, the agency has been without a confirmed Administrator or Deputy Administrator for several months, and I want to know when you are going to be appointing a new Federal Railroad administrator.

Secretary MINETA. The resignation of the acting FRA administrator came in December, and in about mid-February I submitted a name for administrator of FRA. That person is going through the background investigation right now, and it will take roughly 60 to 70 days to complete the investigation. As soon as the background investigation is completed, then the White House is in a position to forward the name to the Senate.

Senator MURRAY. I am very concerned about whether we can have a new attitude about safety and enforcement without somebody at the top.

Secretary MINETA. In the meantime, we are not letting rail safety go unnoticed or not dealt with. Robert Jamison, the Deputy Administrator of FTA, is now the acting Administrator of the Federal Railroad Administration. I have asked him to look at rail safety as the No. 1 priority. Just within the last week, we have had something like nine accidents and I will not put up with it. I said to him that we want to deal promptly with this issue. So Robert is working on the rail safety program.

And it goes back to the Graniteville, South Carolina accident. Robert Jamison was appointed as the acting administrator when his predecessor stepped down, and I think 7 hours later the Graniteville accident occurred. So safety is his No. 1 issue.

Senator MURRAY. I see that my time is up for this round, but there were nine fatalities in that accident. There were 11 in California. I think this is a serious issue.

Secretary MINETA. Absolutely, I agree with you.

Senator MURRAY. Mr. Chairman, I hope we can have a hearing on that as well.

Senator BOND. Senator Byrd.

ESSENTIAL AIR SERVICE PROGRAM

Senator BYRD. Well, thank you again, Mr. Chairman.

Mr. Secretary, you and I have been around transportation policy for a long time. I was chairman many years ago of this subcommittee.

We have been around long enough to remember the discussions and the arguments that surrounded airline deregulation. I voted to deregulate the airlines. That is one of the votes I have always regretted, Mr. Chairman. We paid for it immediately, for that bad vote. In West Virginia, my then colleague, Senator Randolph, voted the other way. That was a long time ago.

The establishment of the Essential Air Service was at the very heart of the compact that was made with the flying public when we agreed to deregulate the airlines. We said that the Federal Government would continue to pay to ensure the continuity of air service to communities, that the airlines might want to abandon. And you are now proposing to cut funding for the Essential Air Service in half and require that cut be made up through contributions from the communities themselves.

Now, Mr. Secretary, President after President after President, Democratic and Republican, have proposed to cut this program. I have, time and again, supported successfully the restoration of monies that were cut by an administration.

Why is this cost-sharing requirement not an example of the administration reneging on the commitment made by the Federal Government to these communities? Your answer please.

Secretary MINETA. Senator Byrd, first of all, the EAS program has essentially remained the same without any legislative change since 1978, the year of deregulation.

Secondly, as I was mentioning to Senator Dorgan, we are trying to maintain the number of communities that receive Essential Air Service, but by shoehorning those airports within the amount of money that we have available. We built the criteria for eligibility to be a part of the program based on a $50 million request.

Senator BYRD. Following this program of shoehorning, are we not being short-sighted? We are cutting air service to small communities, to rural communities, and this is vital to the communities. They cannot be O'Hare. They cannot be Dulles. They cannot be the Washington Reagan National Airport, but they serve the needs of people in areas such as Beckley, for example, and Bluefield, West Virginia. I cannot understand why the administration believes that communities the size of these two cities that I mentioned will have the resources to subsidize this airport. I think it is short-sighted. But as I say, it has happened under President after President after President.

Secretary MINETA. My philosophy is to protect the most isolated communities, given the amount of money we have available.

Senator BYRD. That is the point, given the amount of money we have. Why does the administration not push for an increase, or certainly we are going to try here to restore these monies. It is a philosophy, Mr. Secretary, I respectfully disagree with and have all along. We will be at it again.

I hope we will not use this term "shoehorn" to express our philosophy as to the way we are going to help people shoehorn it into the amount of money we have when, Mr. Secretary, your administration will oppose our efforts to restore this. We want something larger, a larger amount in which to shoehorn small communities like Beckley and Bluefield.

Thank you, Mr. Chairman. My time is up.

Senator BOND. Thank you, Senator Byrd.

We have had very interesting discussions. I am going to ask three more questions only. I know you will be disappointed. I will submit the rest for the record. Then we will turn to our ranking member and Senator Byrd for as many questions as they wish to ask here.

Senator BYRD. Mr. Chairman?

Senator BOND. Yes, sir.

Senator BYRD. Let me just thank you before you do that. I recognize the shortage of time. I am glad that we are going to submit questions to be answered for the record. I will join you in that. Thank you.

HOURS OF SERVICE RULEMAKING

Senator BOND. Thank you very much, Senator Byrd. We appreciate your questions and your leadership.

Mr. Secretary, in July 2004, a Federal court overturned the new hours of service rules for truckers because the FMCSA had not considered driver health. There were other concerns that the court raised. Congress has temporarily extended the new rule until 2005 to give FMCSA time to respond to the court's ruling. FMCSA reproposed the rule in 2005 after adding information. But the agency has also asked Congress to enact regulations in law during TEA21.

I would like to know your views on whether these new rules have improved safety. And a very real concern has been raised by the trucking industry as to the economic impact of this rule. Have you considered, first and foremost, the health and safety of the drivers and the impact on the economy by these rules?

Secretary MINETA. In 2001, the first person I had to head the Federal Motor Carrier Safety Administration was a gentleman by the name of Joe Clapp. He was the chairman and CEO of Yellow Freight, and fully understood and appreciated the impact of the hours of service (HOS) rule as it related to the safety and economics of the trucking industry.

His successor as the Administrator of the Federal Motor Carrier Safety Administration, Annette Sandberg, has developed a really good rule. It is supported by the American Trucking Association. They feel, even where the HOS rule was overturned, that it is the right approach.

But beyond that general response, let me ask our General Counsel on the specifics as to the timing of where we are going to go now.

Senator BOND. If you could give us a brief answer, Mr. Rosen.

Mr. ROSEN. I will try to be brief. The proposed rule was intended to use available science and data to improve safety but with a reasonable balance of the costs. The administration believes that it did that, and so we have asked the Congress to extend that 1-year allowance of the rule to stay in effect, to instead ratify that the rule would remain in effect on a permanent basis, subject to whatever improvements the administration could do thereafter.

The Federal Motor Carrier Safety Administration staff is looking at what other improvements or refinements could be achieved and, if need be, they will get themselves in a position to respond as the court had required. But our hope is that rather than have continued litigation and continued rounds of work on that, we could have the rule codified or ratified.

HIGHWAY CONGESTION RELIEF

Senator BOND. Thank you, Mr. Rosen.

Very briefly, Mr. Secretary, a year ago there was testimony that the FTA did not have an effective method to consider the congestion relief on highways that the new transit systems were intended to provide. FHWA and FTA were directed to work on a solution. Where is that solution? Have you come up with a new paradigm for that?

Secretary MINETA. Mr. Chairman, can I get back to you for the record on that please?

Senator BOND. We would be happy to do that.

[The information follows:]

FTA is working with FHWA to study the extent to which transit provides congestion relief. FTA has determined that that locally-developed travel models used in metropolitan areas seeking New Starts funds are incapable of producing reliable estimates of highway user benefits resulting from construction of the New Start. FTA expects to provide a report on the New Starts Rating and Evaluation Process—Congestion Relief—to the House and Senate Committees on Appropriations by June 1, 2005 as requested in House Report 108–671. By further Congressional direction, FTA provides monthly updates to Congress on the progress of the study.

FTA has identified possible causes of the unreliability of highway user benefits. These include: an insufficient number of iterations of capacity constraint in the highway assignment model; inconsistency between the decision rules used to find highway paths and make assignments of traffic to those paths; and the lack of attention to the resulting congested highway travel times. Potential remedies would include several hundred iterations of capacity constraint, consistent decision rules for highway paths and assignment, and improved quality control of congested highway travel times. These remedies are currently being tested in several different metropolitan areas. FTA's intent is to understand the value of the remedies in time for the June 1, 2005 report. The timing of implementation of the remedies will be dependent on the success of the tests and the degree of effort required by metropolitan areas to modify their travel models.

Senator BOND. Finally, the FTA last week delivered a letter instituting new criteria for ratings on every project in the pipeline and current ratings related to cost effectiveness. The letter says that no full funding grant agreement will be approved for a New Starts project that does not have a cost effectiveness rating of medium. Of the six projects other than full funding grant agreements recommended for funding in the budget request, four would be directly impacted by this proposal. The policy, while it may be prudent, came only 6 weeks after the projects had been rated for the year.

I am concerned that this drastic change in policy appears to be arbitrary. How can you respond to that? And are there any other changes to the New Starts rating process on the horizon?

Secretary MINETA. First of all, there are not any other changes in the process for the upcoming fiscal year. We are taking a look at all of the projects, and I am not in a position right now to say what we are going to do with them.

Senator BOND. Is it not arbitrary, on the short time frame just after you fund it, to then say no New Starts? How is that going to work?

Secretary MINETA. The reason I hesitated is that I did not know whether we had made the final decisions, but I have just been informed that we are going to grandfather some of them.

Senator BOND. Thank you.

Secretary MINETA. I knew we were talking about it, but I did not know whether we had actually come to that conclusion. So two projects will be grandfathered under the previous criteria.

Senator BOND. There will be a lot of people happy with that. Thank you, Mr. Secretary.

Senator Murray.

AVIATION FEES

Senator MURRAY. Thank you.

Mr. Secretary, I just have a few questions left and I wanted to ask you, because I am sure you are aware in the Homeland Security budget, the administration is proposing to increase the security fee paid by passengers by 120 percent next year from $2.50 to $5.50 a segment. As you are well aware, the airlines are complaining bitterly, and I think that this $1.5 billion tax increase will further undermine their ability to recover economically.

In your formal testimony that you submitted, you justify your half a billion cut in airport investments by arguing that several airports are not yet charging the full allowable passenger facility charge that they are allowed under law. You seem to indicate that the proper way to invest in airports is through another $350 million in fees instead of from appropriations from the Trust Fund.

Does the administration have any concern for the views of the airlines that air passengers are already over-taxed and that that level of taxation is undermining the airlines' financial viability?

Secretary MINETA. I was not part of that discussion, Senator, when the DHS and OMB were talking about the $2.50 to $5.50 increase. I did talk to some people afterward about that and the impact on the airlines, but I was not part of the discussion beforehand.

Senator MURRAY. Well, I guess my concern is that you are advocating a $350 million increase at the same time that the administration is advocating $1.5 billion in higher fees for airport security. That is kind of a double whammy to the airlines when they are all struggling.

Secretary MINETA. The PFC's were enacted in law as user fees. Some local airports are utilizing them and we still have a number that have not adopted the PFC as a user fee. I think of it as a pass-through to the passenger rather than something that is absorbed by the airline.

Senator MURRAY. Well, to the consumers and to the airlines, it does look like tax increases from two places in the administration.

CROSS-BORDER TRUCKING

Well, let me ask about an issue that I know the chairman of this committee remembers well, and that is the U.S.-Mexico negotiations on cross-border trucking. That was 3 years ago now, and we spent a lot of time working together to make sure that adequate safety measures were in place prior to the implementation of cross-border trucking between the United States and Mexico.

As required in that bill, the Inspector General continues to review and report to us the status of the safety provisions we included in the bill, and I understand that you still have not executed a memorandum of understanding with the Mexican Government which would allow the border to open. Why has it taken so long to reach an agreement with the Mexican Government on cross-border trucking?

Secretary MINETA. Mostly because of their own reluctance to do so. I have had a number of meetings with Secretary Cerisola, and every time I meet with him, I bring up this subject. We have had a memorandum pending in their office for over 2 years and we are trying to get this memorandum of agreement completed. We have not been able to bring this to closure. I know that we have suggested that this be a topic for conversation between President Bush, Mexican President Fox, and Canadian Prime Minister Martin when they meet.

Senator MURRAY. So you believe this is a reluctance on behalf of Mexico to move forward with cross-border trucking?

Secretary MINETA. I think they have had tremendous pressure from their own trucking association, Canacar, to move forward on this. You appropriated funds in 2002 to put our workforce in place, and we have done that. We are utilizing inspectors that are not on the border at other inspection points, but we are ready to move at any time that we get that memorandum of agreement signed to allow our inspectors to go to their terminals and to the maintenance facilities of their trucking companies.

ADDITIONAL COMMITTEE QUESTIONS

Senator MURRAY. Well, Mr. Chairman, thank you. Again, it is a pleasure to work with you on this committee and I look forward to that. I will submit any other questions I have for the record.

Senator BOND. Thank you very much, Senator Murray. This has been an interesting start for a very challenging subcommittee.

Secretary Mineta, as always, we appreciate your tolerance of the questions and your good responses. We will have further questions for the record. Obviously, we are going to be seeing a lot of each other in the months to come. I thank you and your staff.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTION SUBMITTED BY SENATOR CHRISTOPHER S. BOND

Question. A year ago, there was testimony that Federal Transit Administration did not have an effective method to consider the congestion relief on highways that new transit systems were intended to provide. The Federal Highway Administration and FTA were directed to work on a solution to this issue.

What steps have the agencies taken and when do you expect to have an improved method for identifying how much congestion relief will be provided by new transit systems?

Answer. Currently, locally developed travel forecasting procedures are incapable of producing reliable estimates of congestion relief due to the construction of a New Starts project. FTA has coordinated with FHWA to identify problems with these travel forecasting procedures, suggested remedies, and worked with several travel forecasters from areas considering New Starts projects to test these remedies. The success of these remedies will be understood once these local efforts are completed. Preliminary results indicate that there are significant barriers to implementation of these remedies nationally that will allow FTA to evaluate this highway congestion relief. However, a better understanding of the effort needed to overcome these barriers will be gained after additional testing is performed. The timing of implementation of improved methods will be dependent upon the extent of the problem with local travel forecasting procedures nationally and the magnitude of effort required to address these long standing problems. FTA plans to report findings of this research effort in the Summer of 2005.

QUESTION SUBMITTED BY SENATOR MIKE DEWINE

CRITICAL BRIDGE REPLACEMENT NEEDS

Question. Secretary Mineta, I am interested in knowing what plans the Department has this year and in future fiscal years to address critical bridge replacement needs throughout the country, particularly with respect to the functionally obsolete Brent Spence Bridge connecting Ohio and Kentucky along Interstate 75.

Answer. Replacing and rehabilitating deficient bridges is an important Departmental objective. The administration recommends increased funding for the bridge program in its surface transportation reauthorization proposal—the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003. The administration also recommends that preventive maintenance be eligible for Federal funding as a means to expanding the service life of existing bridges.

The Brent Spence Bridge services I–75 between Ohio and Kentucky. Replacement of the structure has received significant attention both locally and nationally. There are several program funds that the State could use to replace bridges, including the Highway Bridge Replacement and Rehabilitation Program (HBRRP) described in Title 23 United States Code, section 144. The HBRRP funds are apportioned annually to the States that have the responsibility for project-level decision making, setting priorities and allocating the available funds to the project. As a functionally obsolete structure, the Brent Spence Bridge is eligible for HBRRP funds. The needs of the Brent Spence Bridge compete with other projects for the funds available. Due to the size of the structure, funds have also been allocated to the Brent Spence Bridge through the Bridge Discretionary Program. In fiscal year 2004, $2 million was designated to this project through this program. In fiscal year 2005, $4 million in funds were designated through this program. As work progresses, the project continues to be eligible for HBRRP funding and other categories of highway formula funds.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

CORRIDORS AND BORDERS PROGRAM

Question. Secretary Mineta, as you know, Border States face unique transportation challenges arising from their proximity to foreign nations. For this reason, the Corridors and Borders Program was instituted to help alleviate these problems and to provide for much needed upgrades to existing highway infrastructure.

These programs provide funding for planning, project development, construction and operation of projects that serve border regions near Mexico and Canada and high priority corridors throughout the United States. New Mexico has been the recipient of this funding and has found it an invaluable resource in maintaining both of our high priority corridors.

Mr. Secretary, could you please provide this committee with an update on the Corridors and Borders program?

Answer. The Federal Highway Administration (FHWA) prepared a report on the first 5 years (fiscal year 1999–fiscal year 2003) of the program under the Transportation Equity Act for the 21st Century (TEA–21). This report, The National Corridor Planning and Development and Coordinated Border Infrastructure Program (NCPD/CBI): History, Evaluation and Results, found that during the first few years of the program, the demand for grants under the program outpaced the available funds. Through the years, most of the funds authorized for the program have been designated by the Congress, and most of those funds have been designated for corridor projects. Five States, West Virginia, Texas, Kentucky, California and Washington accounted for over 40 percent of the awards in the first 5 years of the program.

Question. What have been the positive effects of this program?

Answer. Many projects are longer term, so their benefits have not been assessed during the short life of this program. Also, many projects are more costly than reflected in the grant allocation, and require contributions from other sources. However, anecdotal evidence from some recent success stories in Texas, New York, California and Washington State indicates that the program has some very positive effects such as alleviating congestion, improving highway/railroad crossing safety, and expediting project implementation. These success stories are highlighted in the report, and a brief narrative of each follows:

World Trade Bridge, Laredo, Texas

Mexico-U.S. trade increased in the 1980's and with it the traffic on the downtown Laredo Juarez-Lincoln Bridge. By the end of this decade, the State of Texas, the City of Laredo, the Mexican government, the City of Nuevo Laredo and others were discussing how to address this situation. In 1991, detailed coordination began for a new bridge outside the central business district that would carry commercial traffic. By 1993, projects were placed on the Texas multi-year transportation improvement program and in 1995 a comprehensive funding agreement was reached. The total cost of the new bridge and related improvements was about $100 million. The NCPD/CBI contributed about $6 million of this total through one of the fiscal year 1999 awards.

The new bridge opened on April 15, 2000. Downtown back ups disappeared and truck traffic was successfully diverted to the new bridge. Substantial job growth occurred in fiscal year 2001 and seems clearly related to the business opportunities created by the new bridge.

Commercial Vehicle Processing Center, Buffalo, New York

For a number of years, the Buffalo and Fort Erie Public Bridge Authority had been seeking to improve the operation of the border crossing at the Peace Bridge. In the late 1990's, a user group consisting of trucking associations, commercial carriers, brokers and the U.S. Customs Service developed ideas to meet this objective. One method that seemed promising was to develop procedures and train personnel to operate a Commercial Vehicle Processing Center (CVPC) on the Canadian side of the border. The CVPC would assist truck drivers with incomplete paperwork prior to the vehicles entering the inspection queue. Fewer vehicles failing the primary inspection would mean less congestion on the bridge. In fiscal year 1999, the FHWA awarded about $1 million in NCPD/CBI funds for developing procedures and training personnel for the CVPC. The Authority immediately began implementing this project and the CVPC opened in late fiscal year 1999. Within the first year, the number of vehicles failing the primary inspection fell from 36 percent to 15 percent. Border agencies and the U.S. Customs Service have recognized the CVPC as a success.

Freight Action Strategies Corridor (FAST), Seattle Metropolitan Area, Washington State

Beginning in 1994, local, State, port authority, private sector and Federal officials began developing plans to improve highway/railroad crossings and port access highways in the vicinity of the ports of Everett, Seattle and Tacoma, Washington. In 1997, a phased implementation plan was developed and in fiscal year 1999, the FAST corridor received the first of a number of awards from the NCPD/CBI program. From fiscal year 1999 through fiscal year 2003, FAST was awarded $32,000,000 in NCPD/CBI funds, including funds selected by the U.S. Department of Transportation (DOT) and funds designated by the Congress. The FAST project also received funds outside the NCPD/CBI Program, in Section 1602 of TEA–21, in Section 378 of the fiscal year 2001 DOT Appropriations Act, and in Section 330 of Division I of the Consolidated Appropriations Act of 2003. The first complete grade separation project was completed in fiscal year 2001 and by January 2003, ten such projects were complete or nearly so. As projects have been completed, traffic backups disappeared, safety improved and railroad efficiency increased. Because a high percentage of jobs in the Seattle metropolitan area (as many as one in three) are tied to international trade, systematic improvement of port access is seen as vital to the economic well being of the area.

Alameda Corridor East (ACE), San Gabriel Valley, California

Similar to the FAST program, local, regional, State and private sector parties have been working together since the late 1990's to improve highway/railroad grade crossings (including many grade separation projects) in an East-West corridor with high railroad traffic serving the Port of Los Angeles/Long Beach. The ACE corridor received funds from Section 1602 of TEA–21 and corridor officials credit this with jumpstarting the ACE program. The same officials state that, in the first phase of the program, $3 have been leveraged for every federal $1. The ACE corridor first received a NCPD/CBI award in fiscal year 2000 and subsequently received awards in fiscal year 2001, fiscal year 2002 and fiscal year 2003. These awards totaled $9,019,000. The first projects have resulted in less congestion, improved safety, and reduced emissions. This latter result is quite important because of the well-known air quality problems in the Los Angeles region. Without these improvements, increasing rail corridor traffic would worsen the congestion, safety and air quality problems as well as restrict economic development.

Question. Where do you see this program going in the future?

Answer. The administration has proposed to reauthorize the Corridors and Borders program. Under the administration's proposal, the corridor program would become a Multi-State Corridor Planning Program. The purpose of this program is to support and encourage transportation planning from a broader perspective, transcending traditional State and modal boundaries, to meet evolving freight and passenger transportation needs of the 21st Century. Similarly, the border program would become a Border Planning, Operations, and Technology Program. The purpose of this program is to focus on improvement to bi-national transportation planning, operations, efficiency, information exchange, safety, and security for the United States borders with Canada and Mexico.

INDIAN RESERVATION ROADS PROGRAM

Question. Secretary Mineta, as you well know, the Indian Reservation Roads program is one that I have been intimately involved with since the early 1980's. In fact, it was in 1982, that leaders of the Navajo Nation came to me with the idea of allowing tribes to participate directly in the National Highway Trust Fund programs. I agreed with them and Congress agreed with me and the Indian Reservation Roads program was born.

Mr. Secretary, could you please update this committee on the Indian Roads program?

Answer. On July 19, 2004, after approximately 5 years of negotiated rulemaking between representatives of Indian tribes and the Federal Government, the Indian Reservation Roads (IRR) Program Final Rule (25 CFR Part 170) was published. This rule established policies and procedures governing the IRR Program. It expanded transportation activities available to the tribes and provided guidance for planning, designing, constructing, and maintaining transportation facilities. It also established an IRR Coordinating Committee of 12 tribal representatives to provide input and recommendations to the Bureau of Indian Affairs (BIA) and the Federal Highway Administration (FHWA) on the IRR program.

In addition, the Final Rule established a funding distribution methodology for IRR Program funds. As a result part of the negotiated rulemaking, the entire IRR inventory of 63,000 miles contribute towards the amount of IRR Program funds the tribes receive. The limitation on the growth of the inventory has been eliminated.

IRR Program Funds are distributed by tribal allocation. The formula methodology used to determine each tribe's allocation is composed of three factors. The largest contributing factor is a tribe's "cost to construct," which contributes 50 percent. A tribe's "vehicle miles traveled" (VMT) contributes 30 percent, while its "population" contributes the remaining 20 percent. Each tribe's allocation is then calculated by its percentage of these factors as compared to the nationwide total. However, the actual distribution of the funds has been affected by the different continuing resolutions and extensions to the Transportation Equity Act for the 21st Century (TEA–21).

The following funding amount has been made available for the Indian Reservation Roads Program during the past four highway authorizations:

—Surface Transportation Assistance Act of 1982 (STAA)—$418 million;
—Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA)—$400 million;
—Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)—$1.069 billion;
—TEA–21—$1.47 billion.

The current annual funding level is $275 million for the IRR program. After application of statutory and regulatory takedowns, the available funds are re-allocated from FHWA to the BIA, which is the only agency that receives these funds. The BIA then distributes the funds either directly to the tribes through self-governance agreements/compacts or to the BIA Regional Offices. If the funds are distributed to the BIA Regional Offices, they in turn provide the funds to the tribes through Indian Self Determination Education Assistance Act (Public Law 93–638) contracts, Buy Indian contracts, or perform the work themselves on behalf of a tribe. It should be noted that the Indian Reservation Roads Bridge Program (IRRBP), established under TEA–21, has dedicated $13 million of each year's IRR Program funds to the rehabilitation or replacement of deficient bridges within the IRR System. There are over 4,640 bridges on the IRR System. Approximately 1,050 of these are deficient. To-date, these funds have been utilized for work on over 125 IRR bridges.

Finally, as a result of TEA–21, FHWA developed through a rulemaking requirements and guidelines for three new management systems to assist BIA and tribal governments in identifying and prioritizing quality and quantifiable projects. In addition, FHWA, BIA, and tribal governments are working together both to develop an integrated transportation planning process to help the tribes work with the State and metropolitan planning organizations, and to improve their ability to facilitate long range advance funding for projects. There has also been considerable success with the tribes to develop safety audits and initiatives in cooperation with State and local governments.

Question. Are there things about this program that need to be changed?

Answer. The publication of the Final Rule is having major impacts on the way the Indian Reservation Roads program is administered. All of the new policies and procedures that came about through consensus in the negotiated-rulemaking process are in their first year of existence. These policies and procedures just need time to develop and function. For example, the inventory, long a contentious issue among the tribes, is now being updated electronically utilizing new software that leads the user through the process. The software has taken away much of the subjectivity of the reviewer as to what is or is not to be included in the inventory. Training for the BIA and tribes is taking place throughout the country. In addition, a Coordinating Committee composed of tribal and Federal representatives is being established to provide input and make recommendations to the Secretaries of the Interior and Transportation on ways to improve the delivery of the IRR Program. The duties and composition of the Coordinating Committee are clearly defined in the Final Rule, as well as the critical areas in which they are to concentrate their efforts.

Question. Finally, taking into consideration the unique situation of the Indian people and their infrastructure needs, how does the Department address the issue of Indian Reservation Roads in its highway reauthorization proposal?

Answer. SAFETEA, as proposed by the administration, includes many positive provisions addressing the infrastructure needs of the Indian people. These include:

—A substantial increase in the Indian Reservation Roads Program from $275 million/year to $333 million/year;
—Providing 100 percent obligation limitation to the IRR Program;
—Allowing design to be an eligible use of IRRBP funds;
—Allowing IRR Program funds to be used as the non-Federal match on any project funded under Title 23 and the transit chapter (53) of Title 49;
—Establishing a new Federal Lands Safety Program, which would provide approximately $7.2 million to the BIA and tribes to address specific safety related projects or issues on tribal transportation systems. In addition, FHWA and BIA are embarking on a cooperative outreach program focusing on capacity building and program development.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

SHOULD THE AMTRAK REFORM BILL BE PART OF THE SURFACE TRANSPORTATION BILL?

Question. Mr. Secretary, you said that you and the President believe that intercity passenger rail service is an integral part of the Nation's surface transportation system. The Congress is currently debating a surface transportation reauthorization bill. Last year, when that bill went to conference, the Bush Administration threatened to veto that bill for two reasons. One was the overall size of the bill; the other was the inclusion of any provisions related to Amtrak.

Why does the administration object to tackling the challenge of reforming Amtrak as part of the surface transportation reauthorization bill?

Answer. The issues surrounding the highway and transit programs are extremely complex as evidenced by the fact that it has now been 2 years since TEA–21's authorization expired. Similarly, the issues surrounding intercity passenger rail are extremely complex as evidenced by the fact that it has been 3 years since that authorization expired. However, the issues are not the same for all three. Intercity passenger rail has never before been considered as part of the reauthorization of the highway and transit programs, for a number of reasons, including the fact that Amtrak is a private corporation. To consider these complex and, in many ways unrelated, issues in one "omnibus" piece of legislation would add to the delay and uncertainty currently being experienced by the States, regional transportation authorities, and the traveling public, in addressing this Nation's mobility needs.

Question. If Amtrak is part of the Nation's surface transportation system, why are you so adamant that this legislation move separately?

Answer. The issues are sufficiently different that the Department believes that two separate pieces of legislation can be enacted more quickly and effectively than one. For instance, in the event one aspect of the intercity passenger rail reauthorization package is unacceptable, reauthorization of all modes will not be held up. In addition, the intercity passenger rail issues that Congress faces are not overlapping issues with other modes of transportation. For the other modes, unlike Amtrak, there is no question of ownership of infrastructure. There are already funding sources, and mechanisms in place for distributing those funds. These issues for Amtrak are significant and should not be lumped together with the issues facing the existing transportation programs.

OPERATING AUTHORITY VIOLATIONS

Question. In August 2002, you issued a rule requiring State inspectors to place out of service any commercial vehicles operating without proper authority. However, the Inspector General's January 2005 progress report stated that while nearly all of the States had taken steps to enforce operating authority violations, problems exist with the rule's implementation. Some States will place trucks out-of-service while others do nothing when they find a truck without proper operating authority.

What specific steps do you plan to take to make sure that operating authority violations are handled consistently across the Nation?

Answer. In August 2002, the Federal Motor Carrier Safety Administration (FMCSA) amended the Federal Motor Carrier Safety Regulations (FMCSRs) to require that a motor carrier subject to the registration requirements under 49 USC 13902 may not operate a commercial motor vehicle in interstate commerce unless it has registered with FMCSA. These motor carriers were further prohibited from operating beyond the scope of their registration. If an unregistered carrier's motor vehicle is discovered in operation, or being operated beyond the scope of the carrier's registration, the motor vehicle will be placed out of service and the carrier may be subject to additional penalties (49 CFR 392.9a).

The States are required to enforce registration requirements as a condition for receipt of Motor Carrier Safety Assistance Program (MCSAP) funding. States have 3 years to adopt all new FMCSRs in order to provide sufficient time for changes to State law. In some cases, States automatically adopt FMCSA's new requirements while in other States, changes to regulations are required and in others, actual legislation is required. The States are approaching the end of the 3-year grace period. FMCSA has provided guidance to Federal field and State MCSAP officers to standardize the identification, verification, and enforcement when appropriate. FMCSA is developing a State-by-State national program review to evaluate each State's MCSAP program for compatibility with the FMCSRs, and operating authority will be one of the major focus elements in this review. FMCSA has developed and deployed a system for roadside officers to access real-time data with regard to a carrier's operating authority and insurance coverage. The roadside officer can access this data through the Licensing and Insurance (L&I) website or a toll-free telephone number. To further standardize roadside operations, the Commercial Vehicle Safety Alliance (CVSA) will include 392.9a in their Out-of-Service criterion in the near future.

MAINTENANCE TECHNICIAN AGREEMENT

Question. Mr. Secretary, last year, a Federal arbitrator ruled that the FAA had not met the minimum staffing levels needed for the agency's air traffic control maintenance functions based on the agreement that was reached in fiscal year 2000 between the FAA and its unions. Your budget request includes $5.4 million to hire 258 additional technical employees in order to meet the minimum staffing level of 6,100 as required by the arbitrator. However, I understand that the FAA's staffing report from just last month indicates that the FAA would need to hire as many as 400 new technicians to reach the required level.

How do you explain the fact that there are nearly 150 fewer technicians than what was stated in your budget request?

Answer. Both FAA and the Professional Airways Systems Specialists (PASS) agreed to meet the 6,100 staffing level goal in fiscal year 2006. FAA is currently hiring technical employees and will be in compliance by the agreed upon date.

Question. Will you direct the FAA to be more aggressive in filling the vacant technical positions and reach the required level in fiscal year 2006? I have also been told that the attrition rate of safety-sensitive technician positions was 40 percent higher than average. This concerns me greatly as I hope it does you.

Answer. The FAA is aggressively working to hire and train technicians in order to reach the 6,100 level by the agreed upon date. DOT is unsure of how the 40 percent attrition rate was calculated by PASS. Historically the FAA has found that the attrition rate in the technical workforce has ranged from a high of 5.9 percent in fiscal year 2000 to 4.8 percent in fiscal year 2004.

Question. Shouldn't we be alarmed we are losing these highly skilled positions—specializing in safety—at such dramatic rate?

Answer. Historically, the months of December and January have had the greatest number of retirements. Both FAA and PASS agreed to meet the 6,100 goal in fiscal year 2006, and FAA is aggressively hiring and training technical employees in order to comply with this agreement.

Question. Since I understand it takes 3 to 5 years to fully train these safety-sensitive technicians, how can you assure us that safety won't be compromised given this potential void?

Answer. To address this increased hiring and the long time period that it takes to fully train safety technicians, FAA has ramped up its training capacity in 2005 by 300 percent at the FAA Academy in Oklahoma City, Oklahoma, to train new technicians. Once new technicians have successfully completed the training course, they will be placed in those locations that may be currently understaffed.

SEVERE CUTS IN THE AIRPORT GRANT PROGRAM

Question. Mr. Secretary, last year, the President's budget cut the FAA's air traffic modernization program by $400 million below the previous fiscal year. Much to my dismay, we went along with most of those cuts. This year, the President's budget proposes a smaller cut to the F&E account but slashes the FAA's airport grant program by $472 million or 13.5 percent below last year's level. When you compare your budget request to the levels in the Vision 100 authorization bill signed by the President, the cut to the airport grant program is even more dramatic—$600 million or nearly 17 percent.

Since air travel was down significantly over the last 3 years, the efficiency and capacity challenges that gripped the FAA prior to September 11 have not been as urgent. However, today, we find that air travel is now finally inching near or exceeding pre-9/11 levels and the need to reduce delays, build additional capacity and improve customer service may once again become a pressing matter.

How is it that you decided to cut the airport grant program at a time when air travel is now finally rebounding and airports are seeking to make capacity improvements?

Answer. The fiscal year 2006 budget proposal takes into account the needs and changing financial conditions in the airport industry. The FAA's latest estimates of capital development eligible for Federal funding for the period 2005–2009, as identified in its biennial National Plan of Integrated Airport Systems (NPIAS), is down 15 percent. Airports are scaling back or deferring their development plans because of financial uncertainty of the airline industry. Examples of development that are being scaled back generally include landside projects such as terminal and ground access. However, major capacity enhancing projects, such as new runways at major airports, are proceeding.

Industry Financial Experts report:

—Bond issues supporting new construction declined in the last 2 years and only modest increases are projected in the next 18 to 24 months.

—Airports will continue to exercise caution in committing funds for new capital development due to financial uncertainties of the commercial aviation segment.

The 2006 Budget addresses these industry findings:

—The administration's budget submittal reflects a good balance of meeting important airport infrastructure needs while taking into account fiscal reality.

—The $3 billion proposed budget is adequate to support all high priority safety and capacity projects. The budget request proposes a one-time adjustment to the Airport Improvement Program allocation formulas to assure a minimum discretionary amount of $520 million.

—The basic structure of the FAA's current formulas is retained, including doubled entitlements for primary airports and maintaining non-primary entitlement for general aviation airports. The budget also allows FAA to have the discretionary resources available to achieve national priorities for airport capital investments.

DECLINING TRUST FUND REVENUES

Question. The Inspector General's "top management challenge" report highlights the growing gap between the budget request of the FAA and the amount of revenue that is generated through the aviation trust fund. While passenger traffic is returning, the average cost of a plane ticket has gone down and therefore the ticket tax revenue has decreased as well. In the current budget environment, the competition for general funds will remain fierce.

Is the administration considering alternative funding mechanisms for the future financing of Federal aviation needs?

Answer. Yes. There is a need for fundamental change because there is a mismatch between the FAA's growing budget requirements and revenue sources that will hamper its ability to meet the demand for services. The FAA needs a stable source of funding that is based both on costs and the services provided so that FAA can meet its mission in an extremely dynamic business environment.

Question. What options are under consideration?

Answer. All options are on the table at this time, and the FAA has begun to develop a set of viable proposals. The areas the FAA is looking at include user fees and taxes, alternatives for funding long-term capital requirements, and an appropriate level of contribution from the General Fund.

IS FTA CHANGING THE RULES OF THE NEW STARTS GAME?

Question. Just last week, your Federal Transit Administrator notified the transit community that the Bush Administration no longer intends to support transit "new start" projects that don't have a "medium" or higher rating for cost-effectiveness. There are four projects that received a "recommended" rating from the FTA and received funding in your 2006 budget request that do not qualify under this new criteria: Beaverton, Oregon; Denver, Colorado; Dallas, Texas; and Salt Lake City, Utah.

Your budget requests a total of $158.8 million for six projects in the final design phase including the four I just mentioned. Also, you just sent up a Full Funding Grant Agreement for the project in Charlotte, North Carolina but that project wouldn't qualify under your new criteria either. Your budget requests $55 million for that project.

Based on the FTA's new announcement, do you still stand by your budget requests for these five projects? Under your new policy, will you continue to request funding for these projects in future years?

Answer. In the President's Fiscal Year 2006 Budget, four proposed projects identified as "Anticipated FFGAs" received specific funding recommendations and are not affected. This includes $55 million for the Charlotte, North Carolina project. However, as a general practice, the administration will target its funding recommendations in fiscal year 2006 and beyond to those proposed New Starts projects able to achieve a "medium" or higher cost-effectiveness rating.

The six projects listed under the category "Other Projects," including the four mentioned in your question, did not receive a specific funding recommendation in the President's Budget. In fact, as noted in the Budget and the Annual New Starts Report submitted to Congress in February, FTA did not anticipate that all six projects would ultimately receive a funding recommendation, and the President's Budget set aside only $159 million of the $260 million that could be utilized if all six projects were ready for funding by the time Congress takes up the fiscal year 2006 Transportation appropriations bill. FTA plans to advise the Appropriations Committees' prior to Senate mark-up of the administration's funding recommendations for these projects. Funding these projects beyond fiscal year 2006 will depend on the annual project rating and other factors.

The administration's reauthorization bill says nothing about this new policy change. The House- and Senate-passed reauthorization bills do not make this policy change.

Question. Why is DOT now imposing this new policy with no legislation in the middle of the year?

Answer. The change in how the administration will target its recommendations for funding to projects that achieve a "medium" or higher rating for cost-effectiveness does not require legislation. The President and his administration must make numerous tradeoffs and decisions as budget recommendations to Congress are developed. The issue was raised in the context of finalizing the fiscal year 2006 budget and annual New Starts report, and the change in policy was announced as soon as the decision was made. The policy change simply states that, as a general practice, the administration will no longer target funding to any project that receives a "medium-low" rating for cost-effectiveness. The actual project ratings (not recommended, recommended, and highly recommended) are not affected by this change. Also, the new administration funding recommendation policy does not apply to the four projects identified in the President's Budget under the category "Anticipated Full Funding Grant Agreements" or to the 16 projects that already have full funding grant agreements.

WHAT PROGRESS HAS BEEN MADE IN PIPELINE SAFETY RESEARCH AND ENFORCEMENT?

Question. Mr. Secretary, as you well know, I have been a strong advocate for funding increases for the Office of Pipeline Safety. Over the last few years, I have been pleased that we have been able to meet and/or exceed your budget request in the area of pipeline safety so that advances can be made in research.

With the relatively stable funding of $9 million for the R&D program since fiscal year 2002, what kind of progress have you been able to make in increasing the safety of pipeline operations in recent years?

Answer. Since fiscal year 2002, the PHMSA/OPS R&D Program has been working with industry to develop new and better tools to help operators improve their capability to inspect pipelines, measure internal and external corrosion, monitor the integrity of those lines which were "unpiggable", identify mechanical damage and improve damage prevention. All of these objectives relate directly to improving the operational safety of pipelines.

In less than 3 years, the program has made a total of 49 awards addressing technology development and demonstration to increase safety in pipeline operations and consensus standards. These have given rise to eight U.S. Patent applications that improve the path of new tools toward commercialization.

Some quantifiable enhancements are in-the-field inspection tools with a 50 percent increase in sensitivity to defects, capacity to inspect lines that are 30 to 50 percent smaller in size, and capability to identify defects on both longitudinal and circumferential welds of pipelines. The R&D Program has successfully developed and demonstrated new tools for: non-destructive testing of integrity of pipelines under roads; the mapping of all underground utilities with ground penetrating radar; and detection of leaks from medium altitude aircraft.

Other improvements being generated by PHMSA research investments include tougher pipeline materials; better ways to find and eliminate defects before they become hazardous; and better methods for constructing, operating, and maintaining pipelines.

Not only is this research program strengthening the industry's ability to effectively meet integrity management challenges but it is effectively addressing the public's demand for near-term solutions to public safety concerns. Research funding of the National Pipeline Mapping System results in increased public awareness of the location of pipelines and decreases the likelihood of their being damaged.

The R&D Program contributes directly to safer pipeline operations by fostering development of new technologies that can be used by operators to improve safety performance and to more effectively address regulatory requirements; strengthening regulatory requirements and related national consensus standards; and improving the knowledge available to better understand safety issues.

Question. Are there better inspection and analysis tools as a result of this funding? Please provide examples.

Answer. Yes. The PHMSA research program is improving pipeline inspection technology and analysis tools and strengthening industry's ability to effectively manage pipeline integrity. Results from the R&D Program also have driven improvements in operators' ability to prevent damage to pipelines and detect leaks improve oversight of operations and control functions, and access and select stronger pipeline materials.

—A significant outcome of the research program has been quantifiable enhancement the sensitivity of inspection tools. We now have tools capable of detecting defects that are at 5 percent of the material thickness. This is an improvement over 10 percent material thicknesses in the past.

—PHMSA research has resulted in a significant increase in the miles of pipelines that can be inspected with internal instruments. Smarter and smaller internal inspection tools can inspect pipes smaller than 24 inches in diameter with increased ability to manipulate through valves and sharper bends.

—New and enhanced tools for non-destructive inspection now can better detect deteriorated coatings; and use of non-intrusive tools to pass below roads is saving extensive construction costs and traffic congestion problems. Pipelines can now be inspected for internal and external defects up to 200 feet in length, an increase from only 25 feet in the past. To prevent mechanical damage, the R&D Program has worked with industry in the development and successful demonstration of new tools that utilize ground penetrating radar that can detect buried utilities 25–30 percent deeper through the earth than in the past and through reinforced concrete, critical to locating all below ground utilities before excavation projects.

Results from the R&D Program have accelerated the development and demonstration of technologies that enable decision makers to understand risks to the public more completely and to deal with them more effectively. The R&D Program continues to strengthen the knowledge base, technology tools and consensus standards that play a critical role in the steady decline in pipeline incidents, even while the pipeline system is expanding. The future of pipeline technology holds promise for a dramatic improvement in our ability to fabricate, construct, operate, and maintain the Nation's pipeline infrastructure.

Question. The Pipeline Safety Improvement Act of 2002 charged PHMSA to review and verify operator compliance with its new integrity management requirements, and, where appropriate, take enforcement action. Your budget justification states that the Pipeline and Hazardous Materials Safety Administration was surprised at the degree of difficulty that hazardous liquid operators had in complying with the new regulations and that more than 90 percent of the inspections resulted in enforcement action.

Why is this the case?

Answer. PHMSA's Integrity Management regulation required hazardous liquid pipeline operators to implement a comprehensive, systematic approach to the management of pipeline safety. The required structured set of program elements represented a fundamental change in the way most hazardous liquid pipeline operators manage pipeline integrity. PHMSA found that most operators needed to develop new or improved management and analytical processes (e.g., data integration and risk analysis), implement new methods and technologies, and expand the skills of their staff to effectively manage integrity. Even those operators with relatively mature programs needed to introduce more structure in procedures and documentation.

Operators identified about 80 percent of the hazardous liquid pipeline mileage as meeting the requirements for integrity protection, including testing. This is a far greater amount than either government or industry anticipated. Thus significant operator resources have been directed to complete the required testing and subsequent analysis of data. While this has paid huge dividends in repairing numerous integrity threats in pipelines, in some cases, the need to complete assessments of test data has diverted operators from other prevention and mitigation tasks.

The deficiencies that PHMSA identified most frequently during inspections are listed below. PHMSA is working with operators to make needed corrections:

—*Identification of preventive and mitigative measures to protect High Consequence Areas (HCAs)*.—The regulation requires pipeline operators to do more than assess their pipelines for defects. Operators must consider all threats to pipeline safety; identify additional measures to prevent failures that could result from such threats; and mitigate the consequences should such a failure occur. Fewer than half of the operators inspected (49 percent) had developed their risk analysis methods sufficiently to evaluate the effectiveness of their current protective measures and identify the most significant vulnerabilities. Further, they had not developed the management processes and implemented measures to address these vulnerabilities. Most operator efforts were focused on identifying pipeline segments that could affect HCAs and performing integrity assessments (in-line inspection and pressure testing) on the highest risk lines.

—*Considering all relevant risk factors in identifying potential pipeline integrity threats*.—The regulation requires operators to consider all relevant risk factors to identify integrity threats and names specific factors. For some operators, this data was not readily available or in a format that was useable in their risk analysis models. Operators needed to apply significant resources and time to assemble this information and incorporate it into their risk models. As a result, more than a third (36 percent) of the operators had deficiencies in this program element.

—*Evaluation of integrity assessment results by qualified personnel*.—The regulation requires that operator review of in-line inspection (smart pig) results be performed by individuals who are qualified to do so. Nearly half of the operators inspected (45 percent) had not addressed this requirement. Some operators had not established what skills and capabilities were required and thus could not demonstrate that their personnel reviewing assessment results had the required qualifications. In other cases, operators still needed to provide individuals with additional training, or even hire personnel with the requisite experience and background. A national consensus standard is now in place to guide operators on meeting this requirement.

—*Integration of other data in the evaluation of integrity assessment results*.—The regulation requires operators to integrate other pipeline data (corrosion control records, right-of-way encroachment reports, etc.) in their review of in-line inspection results to more fully understand and characterize pipe condition and integrity threats. Inspectors from the Office of Pipeline Safety within PHMSA found that nearly half of the operators (43 percent) had made little progress in being able to implement this crucial requirement. To do so, operators had to develop new analytical tools and data bases to utilize the vast quantities of data for their pipeline network. Often this work involved bringing together information from different sources and in different formats (e.g., written files, pipeline maps, different legacy databases), and putting it in common formats. A number of operators were in the process of developing sophisticated Geographic Information Systems for this purpose.

—*Use of local knowledge to identify High Consequence Areas (HCAs)*.—While the National Pipeline Mapping System identifies HCAs nationwide, operators must make use of their knowledge of local conditions around the pipeline to identify additional high consequence areas that should be protected (e.g., new residential developments near a pipeline). More than a third of the operators (38 percent) had not implemented this requirement at the time of the inspection. To meet this requirement, operators needed to define and communicate HCA information requests to their field personnel, and then integrate the information received from the field in all aspects of their program (e.g., identifying pipeline segments that could affect these areas, determining the most appropriate integrity assessment tools, etc.). For many pipeline operators this was a significant logistical challenge.

PHMSA took a vigorous enforcement posture on this rule to indicate to the industry that the agency was serious about the operators developing quality integrity management programs. PHMSA used a variety of enforcement tools to correct serious violations and program deficiencies, and to foster the continued development and improvement of integrity management programs.

HOW WILL THE RESEARCH AND TECHNOLOGY INNOVATION ADMINISTRATION HARNESS TRANSPORTATION TECHNOLOGY INNOVATION?

Question. With the passage of the "Norman Y. Mineta Research and Special Programs Improvement Act," you are in the process of standing up two new modal administrations—the Pipeline and Hazardous Materials Safety Administration and the Research and Innovation Technology Administration. The new research and technology agency is supposed to have greater control and input into the research and development that is conducted within the Department's agencies.

What does RITA plan to do differently in order to provide technological innovation?

Answer. As envisioned by Secretary Mineta, RITA will be a Departmental resource for coordinating and managing the Department's diverse research, development and technology (RD&T) portfolio. RITA will coordinate and implement strategies to facilitate cross-cutting solutions to America's transportation challenges. In doing so, RITA will work with the DOT operating administrations to ensure that RD&T initiatives reflect sound investment decisions. Mechanisms will be established by RITA to ensure research results in deployable applications and that there is a systematic and focused process for transforming research findings into marketable products that will improve our Nation's transportation system. This approach will help to ensure RD&T effectiveness, eliminate unnecessarily duplication, and accelerate transportation innovations.

Outside DOT, RITA will monitor research in other Federal agencies (e.g., Department of Energy and the Department of Homeland Security) that supports long-term transportation advances, and will identify opportunities for collaboration and potential applications of innovative technologies to crossmodal issues. RITA will also promote public-private partnerships to speed up the delivery of technological innovations to market. Finally, RITA will facilitate DOT participation in the national Science and Technology Council, including such efforts as the National Nanotechnology Initiative and the Hydrogen Initiative.

Question. Please explain how you will overcome any obstacles on the part of the modes in this regard since they have traditionally done their own.

Answer. DOT has already made significant progress in overcoming the obstacles of stove piping among the modes. On May 2, 2005, the Secretary signed DOT Order 1120.39A. This Order establishes the DOT RD&T Planning Council and RD&T Planning Team. It also describes the RD&T planning process that ensures DOT-wide coordination, integration, performance and accountability of DOT's RD&T modal and multimodal programs.

The RD&T Planning Council is chaired by the RITA Administrator and includes the heads of each DOT operating administration and the equivalent officials from the Office of the Secretary. This senior-level council sets broad RD&T policy and ensures RD&T coordination.

The RD&T Planning Team, chaired by the Associate Administrator for Research, Development, and Technology, includes representation from the across the Department, supports the Planning Council and provides coordination for those officials managing each operating administration's research program.

Transparency is a key element in achieving consensus and buy-off from the modes. These changes are not intended to take over the role of each operating administration in conducting research to supports its mission. The intent is to foster closer ties among the operating administrations and identify areas where collaborative efforts might improve performance and results.

Working through the RDT&T Planning Council and Team, the Department's RD&T agenda will be aligned with the DOT Strategic Plan and with Secretarial and administration priorities and policies. The operating administrations will continue to conduct RD&T activities based on their agency missions, input from stakeholder groups, knowledge of transportation systems, and technologies, within the overall framework of the Secretary's RD&T priorities and the Department's RD&T agenda.

DOT's RD&T planning process includes three elements: multiyear strategic planning, annual program planning, and budget and performance planning. This process was described in Research Activities of the Department of Transportation: A Report to Congress, dated March 2005.

SAFETY WORKFORCE

Question. In 1996, the FAA significantly increased the number of aviation safety inspectors in light of the 90-Day Safety Review that was conducted in the aftermath of the ValuJet crash in Florida. Unfortunately, the number of inspectors has been consistently below the standard of 3,297 that was set in that review. In fact, Mr. Secretary, I believe the National Civil Aviation Review Commission that you chaired called for even higher inspector levels. I understand that the FAA may lose as many as 250 inspectors this year through attrition and that the agency has no intention to back-fill for these positions. This greatly concerns me.

Why aren't you filling vacancies for these critical safety positions?

Answer. During fiscal year 2005, the FAA has been forced to reduce staffing, including our Flight Standards safety inspector workforce staffing. The reductions will be through attrition and will include both inspector and non-inspector positions. Since all reductions will be made solely through attrition, we cannot precisely predict what will occur in the safety inspector workforce and what will occur in the support workforce. In regards to reduction in the safety inspector workforce, we will make every effort to fill highly critical safety positions—such as principal inspectors assigned to major airlines—if such positions become vacant. Additionally, the fiscal year 2006 budget includes an increase of 97 safety and inspection engineers.

Question. Wouldn't you agree that we shouldn't be reducing the number of inspectors in an era when a number of airlines are struggling financially and outsourcing an increasing portion of their maintenance work?

Answer. The following steps are being taken to ensure that the cutbacks in the number of inspectors don't undermine the efficiency, competitiveness, and safety of the U.S. aviation industry.

—Safety will always come first, and the FAA will not reduce its oversight of the air carriers. Instead, the agency will reduce its ability to certify new operators, repair stations and aircraft components, so inspectors can focus on safety oversight rather than new certifications.

—The FAA will ensure that air carriers and air agencies will meet basic standards through a system safety approach. This includes analyzing data gathered through targeted inspections, focusing surveillance on high-risk areas and where appropriate, revising or developing policy and guidance materials.

—The FAA will delay or defer some new certification activities related to growth of existing operators, or applications for new operators or products in order to absorb these reductions without resorting to cuts in safety oversight.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

AMTRAK

Question. Why did the administration only include a fraction of the funds Amtrak needs in the fiscal year 2006 budget when this level of funding will send the railroad into insolvency?

Answer. Since 2003, the administration has unsuccessfully sought to engage the Congress in a discussion about the perilous condition of intercity passenger rail service and the need to reform how this form of transportation is provided. The budget request was intended as a "wake-up" call that intercity passenger rail service as presently provided cannot be sustained, not just over the long-term, but in the short-term as well. Without meaningful reform legislation by the Congress and the administration, reform will come through the bankruptcy courts. That is a means of reform that the Department would prefer to avoid, but, unfortunately, cannot be ruled out.

Question. Does the administration support reauthorization of Amtrak? Or would the administration rather break the intercity passenger railroad up and privatize operations?

Answer. The administration supports authorization of a new approach to providing intercity passenger rail service that embodies five principles of reform: create a system driven by sound economics; require that Amtrak transition to a pure operating company; introduce carefully managed competition to provide higher quality rail services at reasonable prices; establish a long-term partnership between States and the Federal Government to support intercity passenger rail service; and, create an effective public partnership, after a reasonable transition, to manage the assets of the Northeast Corridor. While the administration's vision would encourage competition for contracts from States to provide specific services, that vision is not based upon privatization of operations.

The word "privatization" has been used too loosely in this debate to imply that the administration approach would remove government funding and involvement in the intercity passenger rail system. This is a misrepresentation. Regarding train operations, the administration's proposal is to allow States to compete services among qualified vendors, including potentially the existing Amtrak organization, private companies, or government transportation entities. States would spend their public funds on this function, similar to how they solicit contracts to private companies to build and maintain publicly-owned roads and bridges. This element of competition is intended to help control costs and to encourage the development of innovative services that meet a State's and, therefore, the particular transportation needs of the public. Similarly, for capital projects, the administration plan would allow States to conduct competitions taking bids from a variety of contractors. Like other Federal transportation programs, the Federal Government would make matching grants to States for the capital expenses. Ultimately, it is the States and interstate compacts that would oversee, manage, and help fund intercity passenger rail services, with the private sector potentially performing these functions under contract.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

ESSENTIAL AIR SERVICE COST-SHARING: BACKGROUND

Question. I was also disappointed that the President seeks to require all communities receiving EAS funds to provide non-Federal matching funds. Communities in North Dakota that participate in EAS, such as Devils Lake, Jamestown and Dickinson-Williston, are more than 210 highway miles from a medium or large hub airport, and will have to provide 10 percent. This is patently unfair and goes against the purpose of the EAS program to promote and protect air service to rural areas, and I will fight hard to prevent the President's plan from taking effect.

Given that Congress explicitly rejected such a harsh cost-sharing requirement in the FAA reauthorization process, why would the administration propose it now after the reauthorization bill has passed? Isn't this patently unfair to rural America?

Answer. Since deregulation of the airline industry, the Essential Air Service (EAS) program has gone without any fundamental change despite the major changes in the airline industry. The administration still believes that significant reform of EAS is necessary to bring the program into the 21st Century.

With respect to the cost-sharing aspect of the administration's reform proposal, local contributions could come from many sources, including local businesses, local governments, or the State.

Most Federal programs of this kind require some type of local contribution, and the EAS program has operated for 27 years without communities being required to make any contribution. The Small Community Air Service Development Program has shown us that small communities are willing and able to contribute funds for improved air service.

For too long, many communities—there are a few exceptions—have taken air service for granted as an entitlement and done little or nothing to help make the service successful. Requiring a modest contribution should energize civic officials and business leaders at the local and State levels to encourage use of the service, and as stakeholders in their service, the communities will become key architects in designing their specific transportation package.

AMTRAK

Question. I am very disappointed that Amtrak funding was essentially eliminated in the President's budget, including only $360 million to allow the STB to support commuter service if Amtrak should terminate its commuter services in the absence of subsidies. I am particularly concerned about the impact of any cuts to Amtrak on long distance trains, such as the Empire Builder.

Does the administration support intercity passenger rail? Does the administration have a plan that would continue long-distance Amtrak trains?

Answer. The administration does support intercity passenger rail service where such service can be based upon sound economics. The administration's legislative proposal, the Passenger Rail Investment Reform Act, helps improve the economics of intercity passenger rail by providing for a Federal/State capital investment partnership, limited competition to assure that the highest quality services are provided at the best cost, and a phase out of Federal operating subsidies to allow sufficient time for these initiatives to take hold. The Passenger Rail Investment Reform Act would continue intercity passenger rail services that can meet their operating expenses or that are viewed as important enough that a State or group of States will provide any needed operating subsidy.

QUIET ZONES

Question. The Federal Railroad Administration was directed to do a rulemaking in 1994 on locomotive horns, but still has not issued a final rule. The FRA has announced that interim final rule will take effect April 1, 2005 (this was delayed from December, 18, 2004).

Will the interim final rule indeed come out on April 1, and will that be considered a final rule, or might it be changed again? We have communities that are relying on final rulings from the FRA on this issue so they can move ahead with quiet zone planning.

Answer. The Federal Railroad Administration's final rule on "Use of Locomotive Horns at Highway-Rail Grade Crossings" was published in the Federal Register on April 27, 2005.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

GASOHOL CONSUMPTION IMPACTS

Question. Many years ago the country adopted a national policy promoting the use of alternative fuels and our energy independence. The production and consumption of gasohol supported that national policy. However, support of that policy and the consumption of gasohol had a direct negative impact on the revenues attributed to the Highway Account of the Highway Trust Fund and a direct negative impact on the level of highway investment possible. Fortunately, Congress eliminated this impact last year. Producers of ethanol continue to receive an incentive—now through tax credits, and the Highway Account of the Highway Trust Fund is receiving the same revenues whether our vehicles are consuming gasohol or gasoline. These additional revenues are a welcome addition to the Trust Fund as we work to increase our much needed highway investments.

As of January 1, 2005 the Highway Account receives full revenue credit for gasohol consumption, and it should be possible for FHWA to revise the estimated State-by-State trust fund contributions.

When will FHWA revise its estimate of the trust fund contributions by State to reflect the most current information and use that information in the distribution of funds? And will those adjustments be done in time so that the revised analysis will be used for this fiscal year's allocations?

Answer. Pursuant to current law, FHWA uses the latest available data on contributions to the Highway Account of the Highway Trust Fund when apportioning funds to States. On October 1 of each fiscal year, the date that funds are to be apportioned, the latest available contributions data are for the fiscal year 2 years prior. As might be expected, data for the fiscal year that ended just 1 day earlier are not available at that time. Thus, fiscal year 2005 apportionment formulas that use Highway Account contributions as a factor, would use fiscal year 2003 contributions as the basis for apportionment.

TRANSPORTATION INVESTMENT LEVELS

Question. By virtually all measures, this country continues to under invest in our highway infrastructure as unfunded needs continue to grow. The Federal motor fuel user fee, accounts for over 90 percent of the Highway Trust Fund revenues. However, the buying power of the current motor fuel user fee rate has declined by over 21 percent since 1994.

What steps would the administration take to increase the level of revenue needed to keep up with inflation and also to address the future economic costs of underinvestment in our surface transportation network?

Answer. The administration will continue to work with our State and local partners to advance best practices in the management of our surface transportation assets, so that the resources available can be utilized in a more cost-effective manner. Public-private partnerships and other innovative financing mechanisms the administration has encouraged represent an opportunity to leverage our public infrastructure investment without placing an excessive burden on taxpayers.

AIRPORT FUNDING—AIRPORT IMPROVEMENT PROGRAM

Question. Smaller communities are relying more and more on the availability of an airport capable of handling corporate jets to attract business. For these communities the Airport Improvement Program provides crucial funding to invest in airport improvements and expansions without which the area's opportunity to attract and even to keep businesses will be sharply reduced. Many States have also established State programs to complement the Federal funding. Many small and medium hub airports are also seeing significant construction needs.

I was very disappointed to see that the administration wants to reduce funding from $3.5 billion to $3 billion, at a time when we should be encouraging the expansion of job opportunities in communities and smaller urban areas in rural America.

Aside from the cuts in Amtrak, the administration appears to have singled out this program for a large cut.

For Carroll, a small town airport in Iowa, the Kansas Region is moving to stop a runway expansion project in midstream after local funds had been spent, an unusual action. What is the Department going to do to provide adequate improvements for general aviation airports if funding is reduced?

Answer. Carroll County requested Airport Improvement Program (AIP) funding to re-align, re-grade and pave its crosswind runway. In fiscal year 2004, the airport used $224,200 of non-primary entitlements to realign and re-grade the crosswind runway. The cost to pave the runway is $990,000 and paving the access taxiway is $274,500. Paving the crosswind runway is a low priority project and will not compete well against higher-priority primary runway projects.

FAA has offered to seed Carroll's crosswind runway and restore it as a turf runway. This option provides Carroll County with an improved, usable runway, which is consistent with FAA policy. Another option would be to use its non-primary entitlements to pave the runway in phases that establish usable lengths. There are other funding options that are available to the airport, including using state apportionment funds or approaching FAA with an innovative financing plan.

The FAA knew that with the reduction in AIP, it was important to preserve the basic structure of entitlement formulas developed in the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR–21) and continued under Vision 100—Century of Aviation Reauthorization Act to ensure a stable funding stream from entitlement funds. The FAA's proposal includes a request for Congress to enact special one-time legislation that would permit distribution of AIP funds using the "Special Rules" contained in Section 47114 of title 49, United States Code. This section provides for doubling entitlements and for continued entitlement funding for non-primary airports. This would be accomplished by incorporating specific statutory language in the fiscal year 2006 appropriations bill directing the use of the "Special Rules" notwithstanding a level of AIP funding below $3.2 billion. These entitlement funds, combined with discretionary funds when needed for high priority projects, will ensure continued funding for general aviation improvement projects.

Question. What impact does the Department see for a reduction in entitlement funds for small and non-hub airports?

Answer. With the reduction in AIP, it was important to preserve the basic structure of entitlement formulas developed in AIR–21 and continued under Vision 100 to ensure a stable funding stream from entitlement funds. Airports and the FAA have developed long-range investment plans based on these rules. The disruption to long-range investment plans could seriously interfere with the development of the national airport system and strain financial resources of many small airports that rely heavily on AIP grants to meet their needs.

The President's fiscal year 2006 budget request includes special one-time legislation that would permit distribution of AIP funds using the "Special Rules" contained in Section 47114 of title 49, United States Code. This section provides for doubling entitlements and for continued entitlement funding for non-primary airports. This would be accomplished by directing the use of the "Special Rules" notwithstanding a level of AIP funding below $3.2 billion.

Using this approach, airports will experience a very modest reduction in entitlement amounts. However, discretionary funding will mitigate this reduction, which will be used to: (1) meet the FAA's Letter of Intent (LOI) commitments; (2) entertain new LOI candidates; and (3) fund needed safety, security, and related projects.

TRANSIT BUS AND BUS FACILITIES FUNDING

Question. The administration's budget combines the Fixed Guideway modernization, Urbanized and non-urbanized formula programs, the Bus and Bus Facilities capital program, Planning and Research and a number of other programs, some of which are new programs, into a Formula Grants and Research Program. While most of the current activities retain some identity and specific funding within the Formula Grants and Research Program, it appears that what has been lost in the new program is the bus and bus facilities program.

What is the administration's position on the importance of a program to assist States and local agencies maintain and improve their bus fleet?

Answer. The administration agrees that it is important to assist States and local agencies maintain and improve the condition of their bus fleets, since 95 percent of the Nation's communities are served only by bus operations. We believe that is best done through including the funds in the formula programs rather than through a discretionary program. Formula funding would provide the funds to more communities nationwide and funding would be more predictable and stable. This would allow State and local agencies the means to better plan to meet their bus capital replacement and improvement needs. Because the formula funds are available for obligation for 3 (nonurbanized formula) or 4 (urbanized formula) years, grantees can accumulate funds to support major bus procurements or facilities projects. The transfer provisions proposed will allow flexibility to trade funds among programs, providing grantees support for one-time projects. FTA grantees can also take advantage of flexible funding provisions to use highway funds for transit capital projects.

INTERCITY BUS TRANSPORTATION

Question. Iowa has an excellent system of regional transit agencies that provide transit service in all counties of the State. However, while it is important to provide transit service to citizens within our urban areas, it is also important to provide options for service between our urban centers. People who do not have access to the personal auto for the trips of between 100 and 200 miles must often rely on the private sector through our inter-city bus carriers.

As the need to provide longer distance service to our rural non-drivers, the elderly and disabled increases; what do you see as the Federal role or responsibility?

Answer. The private sector has an important role to play in maintaining intercity service. Since the Intermodal Surface Transportation Efficiency Act of 1991, however, Federal transit legislation has recognized the need for Federal financial support to sustain some of the most vulnerable service. The nonurban formula program under Section 5311(f) requires States to use 15 percent of their annual apportionment under the nonurbanized formula program to support intercity bus service, unless the Governor certifies that the rural intercity bus needs of the State are adequately met. In a recent "Dear Colleague" letter, FTA encouraged the States to take full advantage of this provision to minimize the impact of recent and ongoing service reductions by the largest national intercity bus carrier. The States affected to date have worked successfully with regional intercity bus operators and with rural transit systems to maintain many of the discontinued routes.

We agree with your assessment of the importance of rural transit and intercity connections. The administration supported significant increases in rural transit funding in the Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2003 (SAFETEA), and proposed to strengthen the intercity bus provision by requiring consultation with the private providers before certifying that needs are adequately met.

RURAL TRANSPORTATION NEEDS

Question. As the gap between the funding available for transportation investments and the national transportation needs continues to expand, there is the temptation to redistribute or redirect our investments and focus on the large urban centers. Whether it is highway, transit, aviation or rail passenger funding, the commitment to a national transportation system must be maintained.

Can we have your assurance that this country will retain a national transportation system—providing service to rural America as well as urban centers?

Answer. The Department is deeply committed to ensuring mobility in both rural and urban America, and we look to all modes to play a continuing role in meeting traveler needs.

Regarding the availability of long-distance service options, you may be aware that the Department is presently preparing a report to Congress that addresses Greyhound's recent service cutbacks, many of which have occurred in rural areas. Our preliminary findings are encouraging. First, many of the affected communities had few or no passengers riding Greyhound's buses during the past year; service cutbacks in those areas pose little or no impact. Second, where some passenger base (ridership) still exists but Greyhound has nonetheless found that service cutbacks are critical to sustaining its long-term operating strategy, other carriers have stepped in to provide service. The other carriers have lower operating costs and may have different route structures that allow them to provide the service more profitably. Similarly, some of these replacement carriers are in a better position to take advantage of available Federal capital and operating subsidies that help sustain service where it might otherwise be unprofitable even for them to operate. Finally, in addition to carriers stepping up to offer services, many affected States have been making greater use of available program support, notably FTA's 5311(f) program, and working more closely with alternative carriers to sustain service. The combination of carrier and State response is helping to mitigate effects of Greyhound's cutbacks—where there have been impacts at all. Many of these same resources are available to provide intercity travel wherever Amtrak cutbacks might occur.

The administration's SAFETEA proposals also increase long-distance travel options, especially for those dependent upon access to publicly available transportation, through expanded support for intercity bus service. SAFETEA's measures include funding of intermodal terminals used by intercity bus carriers; increasing Section 5311(f)'s funding for rural area intercity bus service and strengthening the Section's provisions for State and carrier cooperation; ensuring intercity bus access to publicly funded intermodal passenger facilities; and continued funding of lift equipment that helps carriers meet the Americans with Disabilities Act accessibility requirements. All of these measures seek improved access to the Nation's intercity travel network, and we are very hopeful that emerging reauthorization legislation preserves support for these measures.

The administration's passenger rail proposal, the Passenger Rail Investment Reform Act, includes a new Federal-State partnership to fund capital improvements, much like the successful programs relied on in other modes of transportation, especially the Federal Transit Administration's (FTA) Section 5309 New Starts Program. The Federal Government will offer 50–50 matching grants to States for development of infrastructure projects that improve passenger rail service. The matching grants will provide an incentive for States to make capital investments that support high quality, integrated regional rail services.

As in the Section 5309 New Starts Program, regional, State or local authorities will be empowered to make decisions about rail passenger service, planning where it is and what best meets their transportation needs; they will also be in a position as well to ensure rail operators are providing a reliable, efficient and cost effective service. State and local governments are better situated to specify the service to be run, to monitor performance, and to control operating costs.

The most recent legislation to reauthorize Federal aviation programs, Vision 100 (Public Law 108–176), established an Alternate Essential Air Service Pilot Program and a Community Flexibility Pilot Program. By creating these pilot programs, Congress endorsed the idea that flexibility, needs assessment, and cost-effectiveness have roles to play in connecting communities to the air transportation system. For example, providing for on-demand surface transportation to another airport and promoting air taxi and charters in lieu of higher cost scheduled service were two provisions aimed at achieving rural area access to the Nation's air network more cost-effectively. This adherence to flexibility, needs assessment, and cost-effectiveness should contribute to the long-term assurance of mobility for the full spectrum of America's various transportation user groups.

SUBCOMMITTEE RECESS

Senator BOND. The hearing is recessed.

[Whereupon, at 11:32 a.m., Tuesday, March 15, the subcommittee was recessed, to reconvene subject to the call of the Chair.]