

April 16, 2008

The Honorable John W. Olver
Chairman
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
Committee on Appropriations
United States House of Representatives
2358 Rayburn House Office Building
Washington, DC 20515

The Honorable Joe Knollenberg
Ranking Member
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
Committee on Appropriations
United States House of Representatives
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairman Olver and Ranking Member Knollenberg:

The Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies this testimony on FY2009 appropriations for transportation and community development programs. The CONEG Governors appreciate the Subcommittee's longstanding support of funding for the nation's highway, transit, and rail systems and critical community development programs. We understand the particularly difficult fiscal challenges and complex, interlocking issues that the Subcommittee faces in crafting this appropriations measure. We urge the Subcommittee to continue the strong federal partnership so vital for a national, integrated, multi-modal transportation system. This network underpins the competitiveness of the nation's economy, broadens employment opportunities, and contributes to the efficient, safe, environmentally sound, and energy smart movement of people and goods.

In summary, the CONEG Governors call for:

- SAFETEA-LU authorized levels for the combined highway, public transit and safety programs, and express concern with highway funding rescissions;
- Transit security grant funding as authorized in P.L.110-53 (H.R. 1);
- Funding Amtrak at \$1.78 billion with provisions for Amtrak's legal obligations for back pay, and including \$801.4 million for capital investments such as bridge repair, system-wide security upgrades, and life-safety improvements to the Northeast Corridor tunnels;
- Continuation of Amtrak reform initiatives for transparency, accountability, and consultation with state partners;
- \$100 million for the State Intercity Passenger Rail Grant program;
- Funding for such important passenger and freight rail programs as Railroad Relocation Program, Swift Rail Development, Next Generation High Speed Rail, Nationwide Differential Global Position System, and the Advanced Technology Locomotive Grant program;
- Modest increase in funding for the Surface Transportation Board; and
- Funding the Community Development Block Grant program at \$4.1 billion.

The Honorable John W. Olver
The Honorable Joe Knollenberg

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We thank the Subcommittee for this opportunity to share the views of the Coalition of Northeastern Governors, and we stand ready to provide you with any additional information on the importance of the transportation and community development programs.

Sincerely,

/o.s./
Jim Douglas
Chair
Governor of Vermont

/o.s./
David A. Paterson
Vice-Chair
Governor of New York

/o.s./
Jon S. Corzine
Lead Governor – Transportation
Governor of New Jersey

Enclosure

Identical Testimony was also submitted for the record to the Senate Subcommittee on Transportation, Housing and Urban Development, and Related Agencies.

**Statement of the Coalition of Northeastern Governors
to the Subcommittee on
Transportation, Housing and Urban Development,
and Related Agencies
Committee on Appropriations
United States House of Representatives
Regarding FY2009 Appropriations for Transportation and
Community Development Programs
April 16, 2008**

The Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies this testimony on FY2009 appropriations for transportation and community development programs. The CONEG Governors appreciate the Subcommittee's longstanding support of funding for the nation's highway, transit, and rail systems and critical community development programs. We understand the particularly difficult fiscal challenges and complex, interlocking issues that the Subcommittee faces in crafting this appropriations measure. We urge the Subcommittee to continue the strong federal partnership so vital for a national, integrated, multi-modal transportation system. This network underpins the competitiveness of the nation's economy, broadens employment opportunities, and contributes to the efficient, safe, environmentally sound, and energy smart movement of people and goods.

Transportation

Surface Transportation

The Governors recognize the impending shortfall in the Highway Trust Fund and the still-uncertain outcome of proposed short-term solutions. However, we urge the Subcommittee to fund the combined highway, public transit, and safety programs at the FY2009 levels authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This level of federal investment is necessary to sustain the progress made under SAFETEA-LU to improve the condition and safety of the nation's highways, bridges, and transit systems.

Continued and substantial federal investment in these infrastructure improvements – in urban, suburban, exurban, and rural areas – is necessary to safely and efficiently move people and products and support the substantial growth in freight movement projected in the coming decades. A significant increase in public investment is needed to keep America competitive in a global economy. According to the majority report of the National Surface Transportation Policy and Revenue Study Commission, at least \$225 billion annually is needed from all sources – public (federal, state and local) and private – for the next 50 years to upgrade the existing infrastructure system to a state of good repair and to create the advanced system that can sustain and ensure strong economic growth nationwide.

Specifically, the CONEG Governors urge the Subcommittee to:

- support a federal aid highway obligation limit at the authorized level of \$41.2 billion; and

- fund public transit at the authorized funding level of \$10.3 billion, including full funding for Formula and Bus Grants, the Capital Investment Grants, and the Small Starts Programs.

The Governors also urge the Subcommittee to fund the Transit Security Grant program at the full \$750 million as authorized in P.L. 110-53 (Implementing Recommendations of the 9/11 Commission Act of 2007). This critically needed funding makes the federal government a partner with state and local governments and public transportation authorities in enhancing the security of the nation's public transportation systems and their tens of millions of riders.

While recognizing the difficult decisions facing the Congress, the Governors are also concerned about several techniques – actual or proposed – to manage the Highway Trust Fund and appropriations outlays. For example, the recent practice of mandating how to rescind unobligated highway funding is now cutting into the states' ability to make planned investments and deliver much needed transportation improvements.

The Governors also oppose the Administration's proposal to cover the projected shortfall in the Highway Account of the Highway Trust Fund by transferring \$3.2 billion from the Mass Transit Account to the Highway Account. This proposal would jeopardize the future of public transportation funding while sidestepping the underlying problem facing the Highway Account. A more appropriate short-term solution is timely action on the proposals to secure additional revenues to the Highway Account contained in Title II of the American Infrastructure Investment and Improvement Act of 2007 (S. 2345) currently pending in the Senate.

Rail

Rising fuel prices and congested highways and airways make intercity passenger rail an ever more vital component of a national, balanced transportation system. Increasing market demand for intercity passenger rail travel is creating unique opportunities for growth in Amtrak's revenue. Amtrak's ability to respond to these opportunities requires substantial and on-going maintenance and "state of good repair" capital investments essential for the reliable, on-time service that attracts and retains ridership.

The Governors request that the Subcommittee provide \$1.78 billion in FY2009 federal funding for Amtrak, with specific funding levels provided for operations, capital, and debt service. We recognize that Amtrak faces a one-time need for additional funding in FY2009 to meet its legal obligations for "back pay" as part of the Presidential Emergency Board recommendations, which are close to final ratification.

A funding level of \$801.4 million in FY2009 for capital improvements is critically needed for the "state of good repair" improvements to aging infrastructure and equipment. These capital investments are vital to Amtrak's ability to deliver efficient, reliable, quality service nation-wide. We particularly encourage the Subcommittee to ensure that Amtrak can continue bridge repair projects underway on the Northeast Corridor, as well as the system-wide security upgrades and the life-safety work in the New York, Baltimore, and Washington, D.C. tunnels as authorized under P.L. 110-53 (Sections 1514 and 1515).

The Governors recognize that the Subcommittee has initiated internal Amtrak reforms while intercity passenger rail authorization legislation is pending. We welcome the Subcommittee's consistent commitment to continued transparency and accountability in Amtrak's financial and data systems, and to meaningful collaboration in its dealings with state partners. This guidance, including the requirement that Amtrak consult with its state partners and report to the Congress on the results of those discussions, has set the stage for productive coordination and information-sharing, particularly on the future of the Northeast Corridor Network.

The CONEG Governors appreciate the Subcommittee's leadership in creating and providing initial funding for the State Intercity Passenger Rail Grant Program. This program provides an important foundation for a vibrant federal-state partnership that will bring expanded, enhanced intercity passenger rail service to corridors across the nation. We urge the Subcommittee to provide the requested \$100 million for this program, and to ensure that ten percent is directed to corridor development planning and that an additional five percent to essential education and outreach initiatives.

A number of other national rail programs are important components of the evolving federal-state-private sector partnerships to enhance passenger and freight rail across the country. We encourage the Subcommittee to provide funding for the Rail Relocation Program, the Swift High Speed Rail Development Program, the Next Generation High Speed Rail program, and the Nationwide Differential Global Position System effort – all of which benefit passenger rail and freight rail systems. In addition, initial funding for the Advanced Technology Locomotive Grant Pilot Program, created in Section 1111 of the Energy Independence and Security Act of 2007, would be an important first step to assist the railroads and state and local governments in a transition to energy-efficient and environmentally friendly locomotives for freight and passenger railroad systems.

The CONEG Governors also support a modest increase in funding for the Surface Transportation Board (STB) above the overall \$26.3 million provided in FY2008. This funding level will allow the STB to provide critical oversight as the nation's rail system assumes increasing importance for the timely, efficient, and environmentally sound movement of people and goods across the nation.

Community Development

The CONEG Governors urge the Subcommittee to provide at least \$4.1 billion for the Community Development Block Grant (CDBG) program. The CDBG program enables states to provide funding for infrastructure improvement, housing programs, and projects that attract businesses to urban, suburban, exurban, and rural areas, creating new jobs and spurring economic development, growth and recovery in the nation's low income and rural communities.

The CONEG Governors thank the entire Subcommittee for the opportunity to share these priorities and appreciate your consideration of these requests.