

February 10, 2009

The Honorable Harry Reid  
Majority Leader  
United States Senate  
S-221 U.S. Capitol  
Washington, DC 20510-7020

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
S-230 U.S. Capitol  
Washington, DC 20510-7010

The Honorable Daniel Inouye  
Chairman  
Committee on Appropriations  
United States Senate  
S-131 U.S. Capitol  
Washington, DC 20510

The Honorable Thad Cochran  
Ranking Member  
Committee on Appropriations  
United States Senate  
S-146 U.S. Capitol  
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Inouye, and Ranking Member Cochran:

As the American Recovery and Reinvestment Act of 2009 (H.R.1) moves to conference, the Coalition of Northeastern Governors (CONEG) applauds Congress' strong commitment to providing significant economic recovery funds for "ready-to-go" transportation infrastructure. We welcome the provision of 100 percent federal funding for infrastructure projects as an important recognition that, in their current fiscal straits, states are unable to budget a state match for these additional funds. We recognize the difficult choices confronting the conferees, and urge your continued support for timely investment in transportation projects that can provide significant job retention and creation; improve the condition, capacity and safety of the nation's transportation system; and contribute to the nation's economic productivity and competitiveness. As you finalize the transportation provisions in the bill, we urge you to maintain the optimum capital investment in all transportation modes, and to consider the following provisions to ensure that these funds can be promptly invested to achieve these goals.

We share Congress' intent that these economic recovery funds are promptly put to work improving the nation's multi-modal transportation system – its roads and bridges; transit, rail, aviation, maritime and waterway systems; and intermodal and border facilities. We understand the desire to ensure that *all* infrastructure funds are obligated in a timely manner. To achieve these goals, **we urge Congress to provide the optimal flexibility for use of these funds, consistent with project eligibility provisions. In addition, any requirement for states and localities to obligate funds within a specific time frame must be adequate to allow accelerated as well as accountable administrative review.** We believe that the following provisions are critical to achieving the goals of accelerating and expanding transportation infrastructure investment.

- **Provide time frames of 180 days for obligation of highway and transit funds, and 360 days before redistribution of any unobligated funds.** These time frames offer an appropriate balance that ensures immediate action to obligate funds within an accelerated yet judicious administrative process.
- **Provide the U.S. Department of Transportation (USDOT) with the needed administrative flexibility and resources to process these funds promptly** and in a manner that will allow states, transportation authorities and local governments to readily put them under contract.
- **Refine administrative requirements related to maintenance of effort, certification, and flexible use of federal funds.** To ensure that the additional funds can readily supplement current state and local government funding commitments, several important administrative modifications are needed. First, **any certification of maintenance of effort by governors should be limited to the federal funds under direct state control.** Since a portion of these economic recovery funds will be distributed by competitive process to non-state entities or suballocated to localities, there is no corresponding state funding against which governors could certify. **Any provision related to the commitment of state funds should take effect on the date of enactment of the economic recovery bill.** A retroactive requirement would further penalize the many states that reduced their current state budgets in response to the fiscal crisis. To further accelerate the pace of investment, economic activity and job creation, **give states the flexibility to use these funds for “ready-to-go” projects for which state funds are not available.**

The CONEG Governors also urge the conferees to incorporate the following provisions.

### **Highway Investment**

**The CONEG Governors support investment in highway systems at least at the House-passed level of \$30 billion in obligation authority. We welcome the House-passed language that provides for broad project eligibility, as well as bridge funding through the formula program.** Both these provisions will help ensure that the funds can be promptly obligated.

**We are committed to ensuring that the funds apportioned to our states and allocated for our communities can be obligated within the designated time frames.** Our state transportation departments (DOTs) already have in place administrative and review processes that can ensure the timely delivery of these project funds to our localities. **Therefore, it is critical that the provisions for suballocation of funds and related time frames reinforce these processes, so that funding for viable projects is not lost to a community and state strictly due to a technical time frame.** For example, our state DOTs need a minimum of 30 days between the deadline for obligation of funds suballocated to localities and the deadline for obligation of state apportioned funds.

### **Public Transit Investment**

**The CONEG Governors support investment in public transit systems at least at the House-passed level of \$12 billion, including the provision for funding under the New Starts program and the Fixed Guideway Infrastructure program (consistent with full**

**apportionment under the existing formula), and provision of Transit Capital Assistance funds to urban and rural communities that have ready-to-go projects.**

**Intercity Passenger Rail Investment**

The recent enactment of the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) provides a sound foundation for national intercity passenger rail policy and a strong federal-state partnership for passenger rail. We applaud the Congress' action to include funding for authorized intercity passenger rail programs in H.R. 1.

**The CONEG Governors support the House-passed level of \$300 million for capital grants to states for intercity passenger rail, and urge you to incorporate the Senate guidance directing USDOT to give priority to projects that demonstrate the ability to be completed within two years of enactment.**

**We support the Senate-passed level of \$850 million for Amtrak, but with the flexibility to invest the funds for state of good repair and capacity projects on a needs basis.** States in the Northeast and across the nation have worked closely with USDOT and Amtrak to identify a wide range of needs-based infrastructure projects that address both state of good repair and capacity. The Amtrak Board of Directors, working with its partners, should have the flexibility to identify the most appropriate, ready-to-go projects on a needs basis.

**We also support the Senate provision providing \$2 billion for the high speed rail corridor program authorized under section 26106 of PRIIA.** This grant program, which is open to states, is intended for projects that will improve the service and reliability of high speed rail corridors, while also having a favorable impact on air and highway congestion. We believe that many projects on the Northeast Corridor can readily meet these criteria, particularly those of reliability and capacity of the Corridor. Therefore, **we urge the conferees to ensure that the Northeast Corridor is clearly made eligible for the economic recovery funds under section 26106 as it applies to the economic recovery funds.**

The CONEG Governors thank you and the conferees for the strong commitment to transportation infrastructure as reflected in the House and Senate bill. We look forward to working with you and your colleagues to ensure that the enactment and implementation of the American Recovery and Reinvestment Act will contribute to the nation's economic recovery, the retention and creation of jobs, and the revitalization of an efficient and effective national transportation system.

Sincerely,

/o.s./  
James H. Douglas  
Chair  
Governor of Vermont

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

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

*Identical letters were also sent to House Leadership.*