

**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 FY2011 Appropriations for
Transportation and Community Development Programs
April 16, 2010**

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 FY2011 appropriations for transportation and community development programs. The CONEG Governors deeply appreciate the Subcommittee's longstanding support of funding for the nation's highway, transit, and rail systems and critical community development programs, including the incorporation of transportation and community development funding in last year's comprehensive American Recovery and Reinvestment Act (ARRA). The welcomed infusion of those flexible funds allowed states and local governments to advance many needed projects. The overwhelming response, particularly to the intercity passenger rail and multi-modal grant funds, also demonstrated the diverse and enormous needs for investment in an integrated national transportation system that supports a competitive economy, livable communities, and sound use of energy and environmental resources. Those needs continue to confront all of us – federal, state and local governments and the private sector.

We recognize that the Subcommittee continues to face a very difficult set of fiscal challenges and interlocking issues in crafting the FY2011 appropriations measure. The slowly recovering economy exacerbates the shortfall in the Highway Trust Fund even as it generates greater demand for public transportation and intercity passenger rail services. The ongoing national debate on the surface transportation authorization and funding framework to guide highway and transit programs remains unresolved. Interest is growing in new approaches to funding, restructuring and financing highway and transit programs, and creating livable communities, yet many of these approaches are not authorized. In spite of these challenges, 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 CONEG Governors urge the Subcommittee to fund the combined highway, public transit, and safety programs at levels greater than the FY2010 appropriations. This higher level of federal investment is necessary to sustain the progress made under most recent authorization to improve the condition and safety of the nation's highways, bridges, and transit systems. Attention is also needed to address the recurring shortfall in the Highway Account of the Highway Trust Fund.

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 to support the substantial growth in freight movement projected in the coming decades. The federal government has invested significant resources in the nation's transportation system, and has a continuing responsibility to maintain and expand its transportation infrastructure to keep America competitive in a global economy.

Specifically, the CONEG Governors urge the Subcommittee to:

- Increase the federal aid highway obligation over the FY2010 appropriated level;
- Increase public transit funding over the FY2010 appropriated levels, including full funding for the current Formula and Bus Grants, the Capital Investment Grants, and the Small Starts programs; and
- Ensure that these funds are provided to the states in a timely manner.

Rail

The Governors deeply appreciate the Subcommittee's strong support for intercity passenger rail, through the commitment of ARRA funds and the FY2010 appropriations levels. The overwhelming response to the initial AARA funds demonstrated the pent-up interest in investments to expand and improve intercity passenger rail service across the nation. Now, new policy, program and funding frameworks for a vastly improved and expanded national intercity passenger rail system are taking shape under the guidance of the Passenger Rail Investment and Improvement Act (PRIIA), the High Speed Intercity Passenger Rail Vision and Strategic Guidance, the Preliminary National Rail Plan, and Amtrak's Comprehensive Business Plan.

The Administration, states, Amtrak and freight railroads worked intensely over the past year to respond to the new intercity passenger rail program and funding requirements. Those efforts are now showing results as the Federal Railroad Administration (FRA) prepares to release the first awards under ARRA; the states begin submitting applications for the FY2010 corridor planning and capital funds; and the Administration prepares the National Rail Plan.

The ability of states, FRA and Amtrak to realize opportunities for service expansion and ridership growth in corridors across the country will depend upon a substantial and on-going federal

capital investment in infrastructure, equipment, and safety. These investments in “state of good repair,” capacity, and safety improvements are essential for the accessible, reliable, frequent and on-time service that attracts and retains ridership. In addition, the Federal Railroad Administration will need adequate funding and staffing resources to carry out its expanded responsibilities for intercity passenger rail grant programs and related studies in a timely manner.

Amtrak: The CONEG Governors request that the Subcommittee provide at least the authorized level of \$1.927 billion in FY2011 federal funding for Amtrak, with specific funding levels provided for operations, capital, debt service, and the Amtrak Office of Inspector General. Additional capital resources are needed if Amtrak is to initiate its fleet program in a timely manner. A balanced program of adequate, sustained capital investment in infrastructure (including stations) and fleet modernization and expansion is vital for an efficient intercity passenger rail system that provides reliable, safe, quality services that attract and retain riders.

A funding level of \$1.025 billion in FY2011 for capital improvements is critically needed for the “state of good repair” improvements to aging infrastructure and safety improvements on Amtrak-owned infrastructure and equipment. Even at its requested level, Amtrak expects that the backlog of deferred investments (currently estimated at approximately \$5.5 billion) will continue to increase. For example, Amtrak estimates that \$700 million is needed annually just on the Northeast Corridor (NEC) main line and branch lines for normalized replacement of assets and progress on reducing the backlog of deferred investment. This level of capital investment is vital to Amtrak’s ability to deliver efficient, reliable, quality service nationwide. 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.

Amtrak has also identified \$446 million as the level of investment needed in FY2011 to begin executing its multiyear fleet plan. Timely action on a systematic plan to replace aging equipment used throughout the intercity passenger rail system can help modernize the current Amtrak fleet; offer the prospect of more efficient procurement by Amtrak and by states supporting corridor services; and help stimulate the growth of the domestic rail manufacturing sector.

Intercity Passenger Rail Corridors: The CONEG Governors also thank the Subcommittee for its support of the Intercity Passenger Rail Corridor Capital Assistance Program, particularly the provision of funds for the planning activities leading to the development of passenger rail corridors, including multi-state corridors. We urge the Subcommittee to continue funding this critical program at least at the \$2.5 billion level in FY2011. This program is an important foundation for a vibrant federal-state partnership that will bring expanded, enhanced intercity passenger rail service to corridors across the nation. Infrastructure and service plans for these intercity passenger rail corridors take many forms and are at different stages across the country, reflecting the diverse range of city pairs, market opportunities, and travel time needs. Therefore, we urge that these grant funds be available to states to advance plans for reliable, frequent and travel-time competitive service and corridors, regardless of maximum speed requirements. In light of the stringent FRA requirements regarding funding criteria for intercity passenger rail grants, we also request that the Subcommittee waive the current statutory requirement that

projects be part of an approved state rail plan, since this requirement might curtail thoughtful and well advanced efforts already underway by the states.

Northeast Corridor Infrastructure and Operations Advisory Commission: The Governors thank the Subcommittee for providing funding for the Northeast Corridor Infrastructure and Operations Advisory Commission (Commission) in FY2010. The NEC Governors have named their representatives to the Commission, and are eager to see it organized and begin its important work. The Commission is uniquely designed to encourage mutual cooperation and planning among all three parties for intercity, commuter and freight use of the Corridor – and to also maximize the economic growth and the energy and environmental benefits of the larger regional NEC Network.

The Commission has extensive responsibilities to set corridor-wide policy goals and recommendations that encompass passenger rail mobility, intermodal connections to highways and airports, energy consumption, air quality improvements, and local and regional economic development of the entire northeast region. The Commission is expected to play a central role in providing guidance to the Vision and service development plans that are a pre-requisite for the NEC to seek corridor-level funds under the newly emerging federal framework for intercity passenger rail. To conduct the required assessments in a timely manner, the Commission will need resources, data and expert analysis that exceed that which is currently available through the staff of the states, Amtrak and FRA. Continued funding in FY2011 will ensure the Commission's ability to secure all essential resources for conducting these assessments.

Other Programs: 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. In this time of uncertainty in financial markets, the Railroad Rehabilitation and Improvement Financing Program (RRIF) can be an important tool for railroads (particularly regional and small railroads) and public agencies to access the financing needed for critical infrastructure and intermodal projects. We encourage the Subcommittee to provide funding in FY2011 for the Rail Line Relocation and Improvement Program, the Next Generation Corridor Train Equipment Pool, and critical rail safety programs including deployment of positive train control and the related Nationwide Differential Global Positioning System which benefit both passenger rail and freight rail systems. In addition, 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 request funding for the Surface Transportation Board (STB) at least at the FY2010 level of \$29 million, including specific funding for its responsibilities under PRIIA. Adequate funding is needed for the STB to carryout its expanded responsibilities for intercity passenger rail corridor service, and 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 funding for the Community Development Block Grant (CDBG) program at least at the FY2010 level of \$3.99 billion. 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.

Conclusion

In conclusion, the CONEG Governors urge the Subcommittee to:

- Increase the federal aid highway obligation over the FY2010 appropriated level;
- Increase public transit funding over the FY2010 appropriated levels, including full funding for the current Formula and Bus Grants, the Capital Investment Grants, and the Small Starts programs;
- Fund Amtrak at least at the FY2011 authorized level of \$1.927 billion, including \$1.025 billion in capital for infrastructure and safety-related investments; \$592 million for operations; \$288 million for debt service, and \$22 million for the Amtrak Office of Inspector General; and also provide funding to initiate a sustained fleet modernization program;
- Provide additional funding specifically for the Northeast Corridor Infrastructure and Operations Advisory Commission;
- Fund the Intercity Passenger Rail Service Corridor Assistance Program for corridor planning and capital investment at least at the current level of \$2.5 billion;
- Provide funding for national rail programs that are important components of the evolving federal-state-private sector partnerships to enhance passenger and freight rail across the country, such as the Rail Line Relocation and Improvement Program, the Next Generation Corridor Train Equipment Pool, and positive train control deployment and development of the related Nationwide Differential Global Positioning System;
- Provide funding for the Surface Transportation Board at least at the FY2010 appropriated level; and
- Provide at least \$3.99 billion for the Community Development Block Grant Program.

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

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