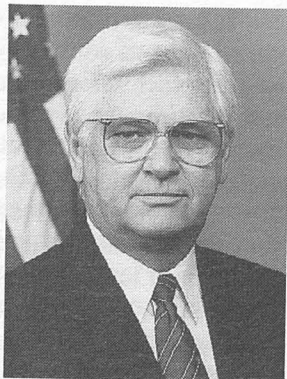


Harold "Hal" Rogers, has served seven terms as U.S. Representative for Kentucky's fifth congressional district. He is chair of the House Appropriations Subcommittee on Commerce, Justice, State and the Judiciary in Washington. He also serves as vice-chair of the Energy and Water Development Subcommittee.

A native Kentuckian, Representative Rogers earned his bachelor's and law degrees from the University of Kentucky. He also served in the Kentucky National Guard for eight years.



OPENING GENERAL SESSION Monday, October 2, 1995

Honorable Harold Rogers
U.S. Congressman

THE FUTURE OF FEDERAL FUNDING

There is a central question that you must ask yourself throughout these sessions—*Why are we here?* There was an old, retired Senator who was always asked to give speeches. He was a great orator with long, flowing, white hair, and great dramatic flourishes. He would always start his speech by saying, "Why are we here, why are we here, why are we here?" He would then proceed to answer his question with, "We are here to dedicate this great dam" (or this great hospital, etc.).

He was asked to speak at the dedication of a new mental health facility (formerly called insane asylums). The mayor and townsfolk were in the front rows, but since the auditorium was large, they had brought in some of the residents of the mental health facility to fill the back rows. The senator stood up to give his great oration, and he asked the rhetorical question, "Why are we here, why are we here, why are we here?" Before he could answer his question, one of the folks in the back row said, "Because we ain't all there, mister."

You are the reason why Kentucky will or will not advance into the twenty-first century. You will design the ideas that we politicians will try to finance so that you can make them a reality. You have to dream dreams and think thoughts of what ought to be. We must see if we can find ways to make those dreams become real. You, as scientists and engineers, are the reason why civilization has progressed over the centuries. They say that 80 percent of all the scientists and engineers who ever lived are living today. Unfortunately, the same is true of all the nuts who ever lived—and most of them are serving in Congress, most people think.

It is true that we live in a civilization now that is advancing at a speed beyond our comprehension. Dean Lester's reference to *Apollo 13* and the technology changes that have taken place in that very short span of time was very descriptive of the rapid changes in which we are living. This means that the major ways we travel about our planet are going to change. It is hard to believe the technologies that now exist in automobiles, in highway construction—and how rapidly construction takes place. So, change is a constant now. We have to get used to it, and we have to learn to live with it, and we have to plan for it, and we have to use it to our advantage.

I serve on the House Appropriations Transportation Subcommittee. Currently, we have been meeting to try to hash out differences between the Senate-passed version and the House-passed version of the Appropriations Bill. We have some major differences. In fact, we ended in a deadlock last week. Next week, we will go back into session to try to iron out the differences, and I hope we can iron them out.

We are facing a new day in our national life. We have finally come to the realization that we simply cannot afford to run these heavily borrowed annual budgets. This phenomenon of the 80s, the enormous budget deficits, is a cancer eating on the fiscal life of our country. We have faced the reality that we have a \$4.3-trillion debt that is growing by some \$200 billion per year. One-sixth of our budget is going just to pay the interest on the debt. That money is not productive money, it is money that cannot be used for anything else, such as building highways, or airports, or submarines, or for food stamps.

The new Congress has decided to balance the budget in a reasonable period of time. We think we can do it in seven years without causing disruptions. We think we can do it in that span of time without substantially hurting any interest in the country or any individual in the country. This will not be easy because it is going to require a seven-year program. Keeping your eye on the ball for seven straight years in politics is an eternity. It anticipates that we would not have a recession during that period of time. It anticipates that revenues will continue to grow as they have in the past in order to meet the expectations of that budget deficit plan. It anticipates that we will not cut back spending during seven years. We will simply slow the rate of growth from one level to the next, allowing revenues to catch up at the end of the seven years. If all goes well, that is what will happen.

That does force us to refocus on how we spend money. Obviously, spending is what the government does best, and spending is what causes a deficit in our finances. The last time we had a balanced budget was the year that we landed on the moon.

Currently, the amount of money to spend out of the Highway Trust Funds next year will go up—\$20.3 billion will go to highways, bridges, and other state road programs, which is \$900 million more than the current year. The Kentucky share of that is approximately \$233 million.

On airports, we will spend \$6 billion, and \$90 million more will be collected in 1996. We are spending 98.7 percent of the Highway Trust Funds.

Appalachian Highway System

Of special interest to me, and perhaps to some of you, is the Appalachian highway/road system. As you may or may not know, earlier this year we brought the Appropriations Bill for the Appalachian Regional Commission and its highway program to the floor as a part of the Energy and Water Appropriations Bill which also includes the Corps of Engineers. There was an effort made by some members of Congress to zero out all the funding for the Appalachian Regional Commission. Before we brought the bill to the floor from the subcommittee, we cut it by 25 percent, anticipating this life-or-death struggle. We were trying to create the best defensible bill that we could before we introduced it. When we brought it to the floor, sure enough, it was a bloody fight. There are only thirteen states represented in the Appalachian Region—that means there are three times as many that are not represented. And, they do not like money spent especially for another state specified in the federal budget. So, it is an uphill fight to defend a regional system like ARC. Luckily, we were able to win; and we won by about three to one.

There is not as much money in the Appalachian program as there has been in the past but you can say that about practically every other agency in the federal government. Some do not even exist now and others will not exist when this session of Congress ends. I am convinced that the Commerce Department is a thing of the past—it will be done away with before the end of the year. Perhaps next year another department will be abolished. There is a national move to streamline, cut back, downsize, to make things more efficient, to tackle the hugeness of the federal bureaucracy. It is a real phenomenon, and it is taking place. There are bills passing every day that will do just that—you have to take that into account. But, the Appalachian Regional Commission will survive. There are enough of us determined to make that happen that I am convinced that we can and we proved it on the floor of the House just recently.

We are now in conference with the Senate on the Water and Energy Appropriations Bill that includes the Corps of Engineers' projects. I think my district has more flood projects going on now than any other in the nation. I am convinced that is because we have more rampaging rivers than any other in the nation. Those flood projects are all along the Upper Cumberland, Big Sandy, Licking, and Kentucky rivers.

Let's talk about the funding for the Corps for the coming year. And no, we will not sell Lake Cumberland, nor will we sell Laurel Reservoir, nor Barkley Lake. Remember those 80-percent nuts that I told you about, there are some still left—and, I told you some of them are in Congress. Selling Kentucky's lakes is an idea that has been floating around for years. The nation is divided into several power-marketing administrations. There are agencies such as the Corps of Engineers

primarily here, and BLM out west, that generate the power at the public dams, publicly-owned facilities, which is marketed and sold to the electric co-ops, and some even to private electric distributors. The idea was, and is, to privatize those power-marketing administrations so the government can get some profit from the sale of these publicly-owned facilities. So, there is some halfway legitimacy to the idea, but, I just can't fathom the idea of selling off a lake built with public funds. Nevertheless, we are working out the details right now for the Energy and Water Bill.

On the ARC monies—we are trying to get the House level up to the Senate level (which is higher) so that we can finance next year's construction of the Appalachian Highway System corridors which are not yet completed.

We are working on US 119 out of Pikeville to West Virginia as well as U.S. 23 finishing that up to Paintsville in the ARC program. And, of course, many others, but there is lots of work still to be done.

National Highway System

That brings me to the National Highway System. As you know, the U.S. Congress is now in the process of final passage of a new category of highways in the country which they have designated the National Highway System. Nationwide there are some 160,000 or 170,000 miles of these primary highways that make up only four percent of the nation's most important roads, yet they carry 40 percent of all the traffic, 70 percent of the trucking, and 80 percent of all tourism. A goodly portion of the gasoline excise tax will be earmarked for these highways for reconstruction, for improvement, for maintenance, and so forth. I expect that bill will pass and be signed by the President. It has to be, of course, because the funding for next year, the release of Highway Trust Funds, is dependent upon us passing this bill before we get out of this session of Congress.

This map shows the highways in Kentucky that we are including in the National Highway System. We added U.S. 27 up to Lexington from Danville and we also added Highway 460 between Salyersville and Paintsville but, otherwise, I think it is as you see it here. These are the highways that we will be focusing on from the national level in the distribution of excise tax funding. Many of these highways are narrow, two-lane roads that will have to be improved. Many of them, like the interstates, have other sources of funding to allow for maintenance. All of these highways will be in the National Highway System. Those will be the big beneficiaries, in my judgement of this legislation, because it will focus national funding onto highways that have been ignored or not improved over the years. There are certain parts of the nation and there are certain parts of Kentucky that have been overlooked perhaps to some degree in the past in the construction of highways. Part of the reason for

Kentucky's Major Transportation Network with Proposed Strategic Highway System

KEY: *Strategic Highways*

(Proposed)

— Natl. Highway System

— Other Arterials

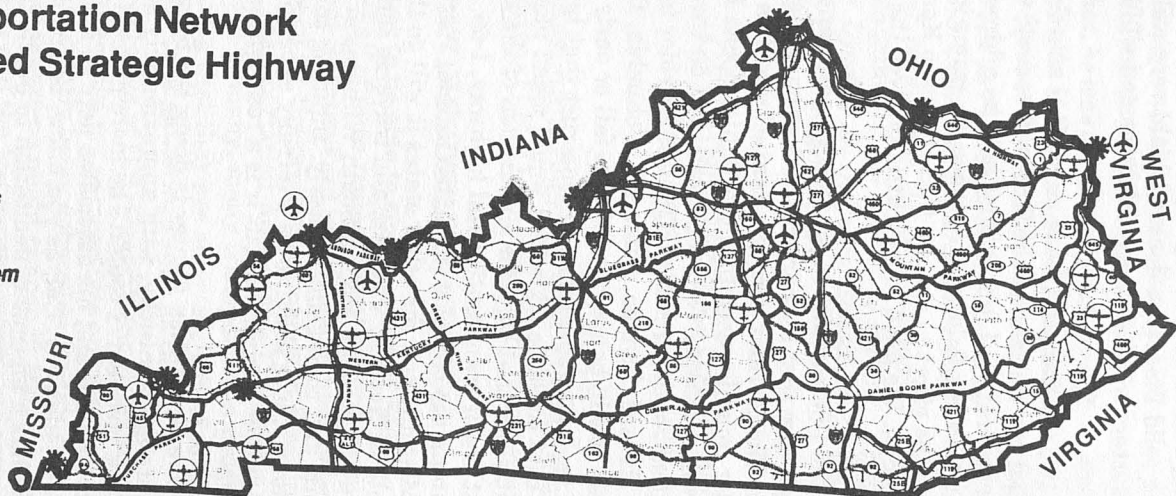
— Major Connectors

— Rail

✈ Air Carrier Airports

⊕ Transport Airports

✳ Riverports



that is the terrible expense of improving highways in the mountains of Kentucky, where the solid limestone does not yield very well. The National Highway System will be passed this year and will become the law, I think, very soon.

Kentucky faces two challenges. One is our status as a donor state—for every dollar of fuel tax we send to the federal treasury, we get back less than a dollar in federal road funds. That is to be addressed when Congress next authorizes our federal assistance programs in 1997. It is urgent that we make the effort to change that status so Kentucky does not remain a donor state. We need to be a little bit over the line the other way.

Challenge two, the I-66 corridor is in the highway transportation bill that is going through now that authorizes the National Highway System. It will be made law. The corridor through Kentucky will be written into the law. The corridor roughly resembles the Daniel Boone Parkway, the Cumberland Parkway, Highway 68 to Paducah, and on through to Missouri (the so-called southern route). The I-66 corridor is centered on Pikeville, Jenkins, Hazard, London, Somerset, Columbia, Bowling Green, and Paducah. It will be authorized this fall or early winter. Then, of course, we must seek appropriations to construct that highway. I know of no project that could be done that would mean more economic development potential for that corridor and section of the state than the construction of that major transcontinental highway, I-66. We are now in the process of planning the corridor through Virginia, West Virginia, and westerly through Missouri and the other states it will go through. It will most likely originate in Norfolk, Virginia, and traverse somewhere near Roanoke, coming into Kentucky around South Williamson and somewhere near Pikeville and then going westerly. Building that highway will take time obviously; it is going to be a terribly expensive road through the Appalachian mountains, but it is a road whose time has come.

The Kentucky Transportation Center is doing the feasibility study on the I-66 corridor through Kentucky, with approximately \$800,000 we were able to earmark last year. I couldn't be more pleased that the money went to Cal Grayson and his associates here at the Center to do the feasibility on that highway. Cal, as you know, is one of Kentucky's great resources. He has a lifetime of dedication to public transportation, among other things, and a lifetime of dedication to public service.

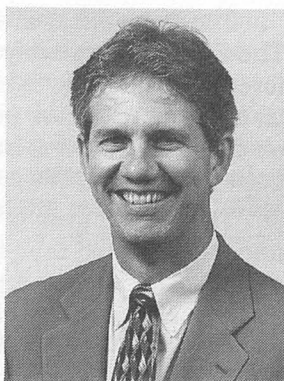
Cal, I cannot close without saying how much we appreciate you and the work you and your colleagues do. We feel safe that the I-66 corridor in Kentucky is in your capable hands. We know you will handle it gingerly, but you will handle it quickly so we can move on to the next stage, because I want that feasibility study in time for the funding requirements that are coming up in the next few months. We wish you godspeed in your work at the University.

Steven O. Palmer has served as Assistant Secretary for Governmental Affairs for the U.S. Department of Transportation since 1993.

Prior to that, he was the Senior Professional Staff Member for the U.S. Senate and Transportation Budget Analyst for the U.S. Senate.

He also served as Presidential Management Intern at the U.S. Department of Transportation.

Mr. Palmer earned his BA at Kalamazoo College in Michigan and his Master of Public Affairs at the Lyndon B. Johnson School of Public Affairs, University of Texas.



OPENING GENERAL SESSION Monday, October 2, 1995

Steven O. Palmer
Assistant Secretary for Governmental
Affairs, U.S. Department of Transportation

THE FUTURE OF FEDERAL FUNDING

It is an honor to be able to speak in lieu of Senator Wendell Ford; I won't say on behalf of or to replace Senator Ford, because no one can do that. I know that Senator Ford would like to have been here today if it had not have been for the pressing demands in Washington. As a senior member of the Transportation Authorizing Committee in the senate, he has been involved in many, many transportation programs—creating them and ensuring that they are adequately funded. He understands well the importance of gatherings such as these.

As a representative of U.S. Department of Transportation, I am happy to be here to give my perspectives on transportation funding, the issues that are currently being debated in Washington, and my perspective of how these programs might change in the months to come. In the last several years, and the last several weeks and months, we have talked about how Washington needs to change, how the federal government has to be redefined, reinvented. That is a process that really began a couple of years ago.

President Clinton, when he was elected, designated Vice-President Al Gore to run what is called in Washington the National Performance Review. This is an effort to make government work better for the people, rather than just saying here it is, this is the way it has always been. Rather, the President has said let's try to figure a way in which the federal bureaucracy can be made to work better for people.

There are three areas of this effort that have been undertaken so far. The first, and probably the most visible, is to reduce the federal work force. The target is to cut the federal work force by 272,000 people. That is, to eliminate those positions, not replace them, therefore cutting back on the size of federal bureaucracy. To date 102,000 people/positions have been eliminated. We are nearly halfway to achieving that goal.

The second area is to streamline government. Cutting unnecessary and wasteful red tape has been an objective of every agency and every department. That is an issue that we have been trying to do, from the Federal Highway Administration in trying to stretch the dollar that comes out of the trust fund to any type of regulation that the government has created and implemented to date. We can't rely on the fact that because it was done before that we have to live with it. There is a realization that we are empowered to try to change government and try to make it work better.

Part of that is to try to streamline regulations, eliminate some of the steps and hurdles people have created to try to get federal funds, such as those coming out of the Highway Trust Fund. What that means is in the couple of years that this effort to reinvent government and cut regulations has been underway, an estimated sixty-three billion dollars has been saved for businesses and taxpayers.

Finally, the debate in Washington concerns how to cut government, how to cut the amounts spent by the federal government and how to reduce the burden of the taxpayers to support the federal government. The President has proposed in this year's budget the elimination of 130 programs and the consolidation of several hundred more. If enacted, this would result in approximately one-hundred and fifty billion dollars saved. All told, the effort to reinvent is well underway and it is proving to be successful.

Working with Congress, this has been an effort that hopefully will continue to be successful. In the field to transportation, what does this mean, how does it work, and what will happen in the future? Under the leadership of Secretary Federico Pena, the DOT has emphasized cutting red tape from the bureaucracy. Earlier this year, that manifested itself in a proposal to streamline and consolidate operating agencies within DOT and Washington. Right now, there are 10 operating agencies at DOT, including the Federal Highway Administration, Federal Aviation Administration, Federal Transit Administration, Federal Maritime Administration, and many more. The department was created in the late 1960s. It was intended to be a holding company for these transportation programs. The reality is that very little interaction among those modes has occurred. While it has always made sense in the past to say that we should better integrate highway, rail, and transit programs, it has not occurred very successfully. The proposal that was sent to Congress this year by DOT was to streamline those 10 agencies and consolidate them into three. Those three would be FAA, the Coast Guard, which would

stay largely as it is, and the Intermodal Transportation Administration, which would combine all the technical skills and funding of sources of the various surface agencies in places where these benefits can be acquired. A good example is in California where the Alameda corridor is a rail corridor from the ports in the Los Angeles-Long Beach area where a number of rail lines coming through that area are intersected by major highways. Right now, there are highway people asking rail people, "Why don't you change what you do?" Each is looking at the other, it has been a "Mexican standoff." As a result, there have been delays in the transport of goods coming in and out of the ports. There have been delays in traffic. There has been no means in which they have been able to get together to try to address the problem jointly. The Intermodal Transportation Administration would eliminate some of those artificial barriers that exist today between the modes of transportation by giving them a federal agency with which to work.

Certainly, we want to reduce the agencies within DOT from 10 to three and eliminate the duplication that exists among those agencies. Then you could eliminate public affairs people, lawyers, regional offices in each of these modes. There is a benefit too from trying to consolidate and eliminate transportation programs. I think one question that has been on everyone's mind in Washington is which agency will be eliminated. Will it be DOT? There was some talk late last year within the Administration of eliminating an agency, and DOT was briefly considered. Because the need is so great for transportation programs at the local, state, and federal levels, there needs to be a transportation department headed by a cabinet-level secretary. Each of us in various areas of transportation is concerned about the particular area of transportation with which we are working, be it highways, rail, or transit. But a passenger or someone who is shipping a product across country doesn't think of whether it moves on rail or on highways. When you call Federal Express or Delta Airlines to ship a package, you don't think about how it is going to happen. You just want to make sure that the goods are shipped efficiently and productively. That is what our society needs to help ensure that it continues to be competitive in the international marketplace. We need to be less concerned about whether or not there are separate modes and more concerned about integrating those modes.

A cabinet secretary in the DOT can play that role. A good example of that was something I learned about earlier this year that has occurred at the Los Angeles International Airport. Apparently, they have a light rail system to transport people from nearby communities. The problem is that since the rail system stops two miles away from the airport, a passenger has to board a bus or taxi to get to the airport. That doesn't make sense at all. Some amount of federal money, and perhaps a large amount of state and local money went into building that rail line, and it cannot be used efficiently because it doesn't go all the way to the airport. It doesn't make sense at all.

There is the realization that we can no longer do things the way we have always done them. We need to figure how we can better utilize those dollars. One idea the department has proposed is consolidating grant programs. This has been an area that Congress and various transportation groups have looked at but have been frightened away (interest groups particularly have been frightened away) because what has belonged to one group now may be shared or taken by other groups. Congress, rightly so, reflects that uncertainty. As the amount of money (whether it comes from the trust funds or other sources) that is committed to transportation by the federal government shrinks, there is a realization by the Department that there needs to be flexibility given to people like you. Today, we have 30 categorical grants for infrastructure development, be it for highways, transit, and airport. These are 30 different pots of money that an applicant can use to fund a particular project. And, we are looking at a future that will likely include significant budget cuts. Each of you in the state may apply for money from a particular grant program. But, if the budget is shrinking, there may not be enough money to do the work that is needed. You may get a small amount of money from this pot and a small amount of money somewhere else. The idea we are considering is to give people at the state and local level, who are closest to the projects, an opportunity to flex those monies together to get the critical mass of federal resources needed to fund the highest priority projects. Again, that has met with some resistance in Washington. That is fine. That means that we, as proponents of these ideas, have to better define them to better ensure that there are protections to each element of the transportation community so that we are able to fund the highest priority programs. Obviously, we don't want to sacrifice roads for airports or vice versa.

Our proposal is not built on block grants. Many of you have fantasies about the federal gas tax being returned from the federal government to the states, particularly in Kentucky since it is a donor state. Instead, we have proposed to create a working process with the states and localities in which performance criteria can be established. As you try to flex the monies together under our proposals, there are agreed-to performance standards in which we would not tell you how to spend that money. We would work together to decide if that money is spent appropriately and how we can measure it as a success so that the money can continue. And if it isn't successful, how can we ensure that it goes to places where it will be successful. The idea is to get the federal government to work more with the states and localities.

The focus in Washington is on reduced spending. The President and Congress have a disagreement about the length of time it will take to balance the budget—seven years for Congress and ten years for the President. I have figures for five years of the ten-year plan. The President has proposed to cut \$23 billion from transportation spending. Obviously, that is a good chunk of money. Those kinds of cuts are going to hurt, no one is going to deny that, but they will occur whether it is the

President's plan or Congress's plan. Being a shorter track to try to balance the budget, additional spending will be cut under the Congressional plan—another \$7-\$8 billion over that five-year period. It is a debate, right or wrong, that will go on in Washington. The objective is to balance the budget, it is just a question of how to do it, at what pace to do it, and what length to go to cut back on spending. The bottom line is that transportation is going to be forced to do more with less. And, as I have said, flexibility is one of the keys to try to make that work.

Another thing I will mention briefly that is under consideration in Washington is an attempt to leverage federal dollars to promote innovative financing techniques in ways we haven't commonly thought of before. Typically, I think folks look to the federal government and say they want their money to help build this road or this airport, or transit system, or whatever it is. With a shrinking budget, there needs to be other ideas on the table in which those federal dollars can be leveraged with other nonfederal funding sources. Whether they be state or whether they be private or local.

Congress presently is considering the idea of permitting states (it wouldn't be mandatory) to enter into a pilot program in which they could test the concept of creating an infrastructure bank. Other ideas with respect to highways in the National Highway System bill would allow advance construction, which can be reimbursed, or eligibility for bonding within the federal-aid program. There are ideas on the table and the debate has to continue. I encourage each of you to think of how we can stretch the federal dollar because that is a necessity.

A major bill before Congress is the National Highway System designation bill. It is of vital importance to ensure transportation funding. The bill would designate about 168,000 miles throughout the nation. You saw the map of Kentucky (page 21). The NHS builds on the Interstate Highway System which was created by President Eisenhower in 1954. The difference between the National Highway System and the Interstate System is that the National Highway System builds on changes in our economy since the 1950s. The Interstate System was primarily an east-west system. With the passage of NAFTA two years ago, the north-south corridors are equally important and there has to be an effort to ensure that adequate resources are built into those projects to ensure that commerce and people flow smoothly from north to south as well as east to west.

Some people (I don't think any in this audience) question the need for a National Highway System. Why not return the money to the states and let them allocate dollars to those projects. Look at a state like Kentucky. What if Kentucky wanted to build Interstate-66 through the state into West Virginia on down into Missouri? What if the other states said that they didn't want to because that was not their priority? That road would flow through Kentucky, stop at the border, and, as a result, interstate commerce would be severely disrupted. There would be a lot of wasteful spending. That doesn't make sense. Obviously, we need to have

a National Highway System. The difficulty with the NHS is that yesterday was the beginning of the fiscal year and Congress has not yet enacted the bill and sent it to the President. The Department has mailed letters to each governor's office saying that the federal government has to withhold \$5.4 billion until that legislation is enacted. That money won't be lost; as soon as the bill is enacted, the money will go to the states. However, until the NHS bill is enacted, there will be disruptions. There are 15 states that have spent all of their NHS funds; I am not sure if Kentucky is one of them. I do know there are states like California and Texas that have already reached that point. They will have to slow down spending and interrupt projects. With \$1 billion from the Highway Trust Fund (that equals 50,000 jobs), you start to see some effect on an economy. It is our hope that bill will be enacted as quickly as possible.

We at DOT are trying to get a clean bill enacted without extraneous provisions. The Congress has overwhelmingly adopted amendments to the NHS bill, in both the House and Senate. They have complicated the bill with additions such as provisions repealing the speed limit, repealing motorcycle helmet laws, taking steps to minimize and cut back on federal safety standards. That may be the will of Congress, but it doesn't come without a cost. We know that speeding today kills 1,000 people a year, that has been documented by police and motor vehicle experts. The cost of those accidents and the cost of helping the people who are hurt in those accidents exceeds \$23 billion a year. We may, in fact, be cutting speed limits, but there is a cost related to that. And, as speeds increase, accidents and deaths increase.

When will the NHS be enacted? Again, the differences are being worked out. I am hopeful that in the next couple of weeks those differences will be resolved. The immediate issues will be how many of the congressional earmarks of the so-called high-priority projects will be included in the final bill and will the congressional leadership accept them. Those earmarks, of course, do take away funding for other programs, so it will be a balancing act that will be interesting to watch.

Obviously, we are concerned in 1997 about the debate on reauthorizing ISTEA. ISTEA has been a huge success. Twenty billion dollars will flow out this year for federal highway programs, the vast majority for the formula program. I think states have benefited significantly from that. There is an overall improvement as the localities become more involved in working with the states and get better representation of what should be included in those programs.

I want to touch briefly upon an issue that is being debated in Washington and may be for many years to come—the idea of taking the highway and aviation trust funds out of the federal budget. It is an issue driven by the fact that there are significant balances that are building up in the Highway Trust Fund and a fairly significant surplus in the Aviation Trust Fund. You can see the Highway Trust Fund of \$30 billion sitting there. But, all of that money is committed for authorized projects. Each of you knows better than I do that the states draw down those

funds at a slower pace. The fact that all that money is there tempts people to say that the answer to our problem is to take these funds off budget. There is no denying the fact that taking trust funds off budget might free up spending for highway programs. But, in our opinion at DOT, the cost would be other programs that are not funded out of the trust funds; in other words, highways would be funded but mass transit would be cut. Other transportation programs within DOT, which many of you rely upon for federal funds, would be cut. As the federal budget shrinks, any effort to take the trust funds out of the budget causes a ripple effect that would adversely impact other programs. While it will be debated and, certainly, there is the potential for increased funding in certain areas, it comes at the expense of others.

There are any number of transportation issues that we could talk about. There is Amtrak and its new leadership. President Tom Downs has set a goal this year of bringing costs down to match revenues, and he has succeeded in cutting significantly the cost structure at Amtrak. Services and routes are being cut and eliminated throughout the country, but the attempt to maintain a national system within the funding profile of what the federal budget will bring the next several years is a necessary step, and one that is being positively addressed by Amtrak.

I should mention FAA because so many of us travel by airplanes and we read about outages in the air traffic control system. The reality is that all of these are budgetary issues. FAA has to be funded at a certain level to maintain the controller work force and the inspector work force. As we look to the future and see a shrinking federal budget, we have to accept the fact that traffic will increase as projected. Senator Ford, along with some of his colleagues in the Senate, have put together a proposal to tap into the Aviation Trust Fund. But, we can't turn our back on the FAA or aviation safety. Once we have used the resources in the Federal Aviation Trust Fund, we need to ask the users of the system to contribute more, if necessary, and not impose a new tax. We must make sure the air traffic control system is modernized and that the air traffic controllers are put in the right places. That whole effort is just beginning and it will continue for several months. We are hoping an FAA reform bill can be enacted to improve aviation safety and ensure for many of you interested in the airport grants that the airport improvement program is maintained.

In conclusion, there are many serious challenges that exist for all of us. We have a shrinking budget, we have growing infrastructure needs, and we have certain philosophical changes in Washington about how those funds should be used. Fewer operating subsidies will go towards our transportation systems. And, again, there is an increasing need for self-reliance. There is a proverb that we have all heard about wanting to live in interesting times, and I think we are there. Each of us is concerned about transportation; we know there are problems that need to be addressed. Working together, we can address those problems so that we can develop and maintain our vast transportation network. Thank You.