U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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February 24, 2011

MEMORANDUM

TO: Members of the Committee on Transportation and Infrastructure
FROM: Committee on Transportation and Infrastructure Staff
SUBJECT: Field Hearing on "Improving and Reforming our Nation's Surface Transportation Programs: Oklahoma City, Oklahoma Field Hearing."

PURPOSE

The Committee on Transportation and Infrastructure will meet on Thursday, February 24, 2011 at 9:00 a.m. in Union Rooms 1 and 2 at the Oklahoma City Community College located at 7777 South May Avenue, Oklahoma City, Oklahoma to receive testimony related to the reauthorization of the Federal surface transportation programs. This hearing is part of the Committee's effort to reauthorize Federal surface transportation programs under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). These programs expired on September 30, 2009, but have been extended through March 4, 2011. The Committee will hear from the Governor of Oklahoma, the Oklahoma Department of Transportation, the Transportation Revenues Used Strictly for Transportation Coalition, and members of the construction and highway safety industry.

BACKGROUND

Current Authorization

SAFETEA-LU, enacted in August of 2005, reauthorized Federal surface transportation programs through September 30, 2009. A series of extensions of SAFETEA-LU were enacted in the 111th Congress to continue funding authority under SAFETEA-LU program structures. The latest extension, the Surface Transportation Extension Act of 2010, Part II (Public Law 111-322), extended these programs through March 4, 2011.

Highway Trust Fund Solvency

Federal surface transportation programs are funded out of the Highway Trust Fund (HTF), which receives revenue from the Federal excise tax on gasoline and diesel fuel. The

current Federal excise tax on gasoline is 18.4 cents per gallon, 15.44 cents is deposited into the Highway Account, 2.86 cents is deposited into the Mass Transit Account, and 0.1 cent is deposited into the Leaking Underground Storage Tank Trust Fund. Of the 24.4 cents per gallon Federal excise tax on diesel, 21.44 cents is deposited into the Highway Account, 2.86 cents is deposited into the Mass Transit Account, and 0.1 cent is deposited into the Leaking Underground Storage Tank Trust Fund. The latest data show the HTF receipts totaled $35 billion in FY 2010, with $30.1 billion deposited into the Highway Account, and $4.8 billion into the Mass Transit Account.

The cash balance in the Highway Account of the HTF has fallen steadily. The Highway Account had a balance of $22.55 billion at the end of FY 2000, and by TEA 21's expiration at the end of FY 2003, the balance had dropped to $13 billion. In September 2008, the balance in the Highway Account decreased to a level requiring Congress to transfer $8 billion into the HTF from the General Fund. Subsequent General Fund transfers to the HTF in 2009 and 2010 totaled $26.5 billion. At the end of FY 2010, the balance in the Highway Account had declined further to $7.9 billion. Current projections show the cash balance in the HTF will be depleted sometime in 2013.

Innovative Financing

Revenue deposited into the HTF is not keeping up with our highway and transit infrastructure needs. Distinct from the sources of funding, transportation financing tools are used to leverage transportation funding and revenue sources, allowing transportation agencies to raise the resources needed to build projects and expedite the implementation of surface transportation improvements. These financing tools are used to expand upon the existing funding sources. Innovative financing is a broadly defined term that encompasses a combination of specially designed techniques that supplement traditional surface transportation funding and financing methods.

Innovative financing tools and private investment in financing surface transportation projects are methods that the Committee will explore to help the Federal government and states find ways to do more with less and better leverage existing revenue sources. States and localities already using innovative techniques to finance projects, including bonding, loan programs and public private partnerships, can serve as a guide for the Federal role in innovative financing.

Project Delivery

Time delays and inefficiencies in project delivery not only postpone needed improvements in our nation's transportation infrastructure but also result in increases in the cost of projects. According to the American Association of State Highway and Transportation Officials, highway and transit projects today can take ten to 15 years from the beginning planning stages to completion of construction—with up to six of those years for the environmental review process. As the reauthorization of the Federal surface transportation programs moves forward, the Committee will look at potential reforms to the project delivery process. The Committee will determine what improvements can be made to existing rules and

regulations governing project delivery in order to expedite the delivery process for all projects and reduce the cost of transportation projects.

Programmatic Reform

The U.S. Department of Transportation currently administers more than 100 highway, transit, and highway safety programs. Many of these programs serve similar purposes and several of them might not be necessary any longer because the nature of our transportation system has changed over time. During reauthorization of the surface transportation programs, the Committee will review whether or not programs serve duplicative purposes or are no longer needed, and will take steps to consolidate or eliminate those programs.

Performance Standards

Currently, Federal surface transportation programs lack performance metrics and accountability. There are no requirements for State DOTs, localities, or public transit agencies to develop transportation plans with specific performance objectives. The Committee will study performance management approaches that increase the transparency and accountability of how Federal surface transportation funds are used.

WITNESSES

The Honorable Mary Fallin
Governor
State of Oklahoma

The Honorable Gary Ridley
Secretary
Oklahoma Department of Transportation

Neal McCaleb
President
Transportation Revenues Used Strictly for Transportation (TRUST)

Jim Duit
President
Duit Construction

Jerry Hietpas
President
Action Safety

Larry Lemon
President
Haskell Lemon Construction