

DEPARTMENTS OF TRANSPORTATION, TREASURY AND GENERAL GOVERNMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2004

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The following testimonies were received by the Subcommittee on Transportation, Treasury and General Government, and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2004 budget request.

The subcommittee requested that public witnesses provide written testimony because, given the Senate schedule and the number of subcommittee hearings with Department witnesses, there was not enough time to schedule hearings for nondepartmental witnesses.]

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

The National Association of Railroad Passengers is a non-partisan organization funded by dues and contributions from approximately 16,000 individual members. We have worked since 1967 to support improvement and expansion of passenger rail, particularly intercity passenger rail.

We strongly support Amtrak's request for \$1.812 billion in fiscal 2004. We recognize the constraints placed on your ability to find funding for all transportation needs while forced to operate in an environment dominated by guaranteed spending programs. Nevertheless, we believe the committee has an obligation to develop a policy that puts more balance in the nation's transportation system. Minor (or even major) reductions in Amtrak's route structure would not yield any meaningful savings for a couple of years but would drain energy—at Amtrak, on Capitol Hill, and in the executive branch—away from the productive efforts David Gunn has initiated to "reform" Amtrak from within.

One cannot overstate the importance of his efforts to get Amtrak to a "state of good repair" for the first time ever. This effort—combined with capital improvements such as recent track work on the Chicago-St. Louis line and signal improvements on part of the Chicago-Detroit line—could produce very impressive ridership, even before there are any results from the much-needed higher speed rail program that we expect the authorizing committees to approve outside the regular appropriations process.

We appreciate that the Bush Administration's request for \$900 million is 73 percent higher than its \$521 million request for fiscal year 2003, but this would be a 14 percent cut from what Amtrak received in fiscal year 2003, and is only half of what Amtrak says it needs in fiscal year 2004. It has been said that \$900 million nonetheless represents an increase over "average" funding levels of the past ten years—but Amtrak's delicate financial situation today is a direct result of inadequate funding through much of that period, and Amtrak's 2004 request of \$1.812 billion is meant to start to make up for those past deficiencies. Looked at another way, \$900 million is 40 percent below the inflation-adjusted average for 1982–1984.

More recently, between fiscal year 1997 and 2002, Amtrak averaged \$1.1 billion a year in federal funding, with much of that coming through the Taxpayer Relief Act of 1997 (TRA), which provided Amtrak with \$2.2 billion outside of the appropriations process.

PUBLIC WANTS MORE TRAVEL CHOICES, NOT FEWER

Although public support for passenger rail was well established before September 11, 2001, as reflected in polls discussed near the end of this statement, the 9/11 catastrophe focused and energized public interest in having more transportation choices, not fewer, and thus in retaining and improving our national passenger rail network.

Because of the combined impacts of the “airport hassle” factor and fear of flying, people who formerly flew to avoid four-hour ground trips now accept ground trips of about eight hours in order to avoid flying. Ironically, the majority of those trips are by car even though plane travel remains far safer than driving. Where good train service is offered in such markets, business is thriving even in the face of a weak travel and tourism industry. The public—by its purchase of tickets—has shown that it will ride conventional-speed services in large numbers in many markets. Such trains need not come anywhere near the speed of a TGV; they need only be reasonably fast and reasonably frequent to be attractive to many travelers. This is not to deny the importance of continuing to work towards world-class high speed rail, particularly in longer corridors.

During the first seven months of Fiscal 2003 (October–April), the following services posted travel increases in the face of extraordinary weakness in the travel and tourism markets. The percentages shown are increases in passenger-miles compared with the year-earlier period. (The passenger-mile—one passenger carried one mile—is the standard measure of intercity travel.)

- Chicago-Grand Rapids, +30.7 percent.
- New York-Pittsburgh *Pennsylvanian*, +21.1 percent.¹
- Boston-Portland *Downeaster* service, +12.5 percent.
- Pacific Surfliner* (primarily San Diego-Los Angeles-Santa Barbara), +10.6 percent.
- Chicago-New Orleans *City of New Orleans*, +9.7 percent.
- San Joaquin Valley Service, +7.6 percent.
- New York-Charlotte *Carolinian*, +7.2 percent.
- Chicago-Carbondale *Illini*, +7.1 percent.
- Chicago-Quincy *Illinois Zephyr*, +6.7 percent.
- Sacramento Area-Bay Area-San Jose, +6.5 percent.
- Chicago-Seattle/Portland *Empire Builder*, +5.9 percent.
- Chicago-St. Louis, +5.8 percent.

Reflecting the relationship between an aging population and interest in alternatives to driving, the American Association of Retired Persons in its new “Public Policies 2003” states: “Congress should support nationwide passenger rail service that is integrated and coordinated with regional, state and local passenger rail [and should] establish a dependable funding mechanism that insures continuing passenger rail service.”

ANALYZING ROUTE FINANCIAL PERFORMANCE

DOT Inspector General Kenneth Mead, in February 27, 2002, testimony before a House appropriations subcommittee, called operating grants needed for long-distance trains (what we call national network trains) “chump change” compared with “the annual capital subsidy required to continue operating” Northeast Corridor trains. He said national network operating losses are only about 30 percent of NEC capital requirements.

We offer the following comments about measurements:

First, the passenger mile—one passenger traveling one mile—is the standard measure of intercity travel. Trip lengths vary widely and use of the passenger-mile reflects that. Thus, subsidy per passenger-mile is a more meaningful way to measure the relative efficiency of Amtrak’s routes. To illustrate how results can differ, the fiscal year 2001 data in the Amtrak Reform Council final report showed that the Southwest Chief had the fifth best operating ratio but the fifth worst subsidy per passenger. (Operating ratio—costs divided by revenues—is another good way to measure economic performance.)

¹Primarily the result of restructuring the train to run at “passenger-friendly” rather than “freight-friendly” times.

Second, the absolute numbers that have been widely quoted, though they exclude depreciation, are based on fully allocated costs (including, for example, a share of the Amtrak CEO's expenses) and thus exceed savings that might be realized by discontinuing a specific route.

Third, the *Sunset Ltd.* in particular has been hampered by exceedingly poor on-time performance, much of which is related to heavy track work on a largely single-track railroad as Union Pacific has worked to eliminate deferred maintenance on former Southern Pacific lines. There is hope for improvement. Union Pacific Chairman and CEO Dick Davidson, Railway Age magazine's "Railroader of the Year," is quoted in their January issue saying, "We do want to be a good partner with Amtrak, and we're doing our best to get our railroad upgraded on the Amtrak routes and work with them to improve performance."

Finally, our Association strongly believes that the existing network is a skeletal foundation, from which the system should grow, and that all the routes that "should" be discontinued—and some that should not have been—have already been discontinued. Thus, the only purpose for ranking routes would be to identify where special actions might be needed to improve performance, not to identify routes for discontinuance.

We question the relevance of the planning process used to restructure the Northeast rail freight network in the 1970s. That network was dense and arguably overbuilt, so that it was easy to take out many route miles without harming major markets. The Amtrak network by contrast is skeletal. The ability to take out individual routes without collapsing the system is limited because of the interrelationships among the routes in terms of shared revenues (connecting passengers) and shared costs (common facilities).

EXAMPLES OF IMPROVED EFFICIENCY AT "GUNN'S AMTRAK"

Gunn and his key people have impressive knowledge specific to railroading and to budget discipline, which appears to be paying off already.

One change visible to passengers is the now-consistent, dining-car requirement that sleeping-car passengers sign their names and room numbers. Meals are included in the sleeping-car charge, but not in coach fares. Reinstitution of the signature process—and an audit (comparing dining car checks with passenger manifests)—aims to determine more accurately food/beverage revenues and costs and to help eliminate abuse (e.g., coach passengers getting free meals).

Amtrak is fixing, scrapping or selling equipment that has been out of use, realizing that there is a cost to the indefinite storage of such equipment. Elderly, costly-to-maintain coaches have been kept in service (especially on the New York-Philadelphia "Clockers") while modern equipment that needed only minor repairs was sidelined; Amtrak is undertaking those minor repairs.

Amtrak is making good use of sizable inventories left over from previous projects cut short by funding shortages. For example, Amtrak has found orange upholstery to use when overhauling coaches with ratty old upholstery of the same color. The end result may not be the color one would have chosen for the new century, but it will be clean and new—and did not require any new purchase.

Amtrak is covering a lot of old carpeting with plastic, which is easier to clean and doesn't hold dirt, odor, or splashed coffee.

A new frequency—the 10th Acela Express on the New York-Boston run—was added January 27 without increasing crew costs.

Amtrak's organizational structure has been flattened by elimination of the Eastern and Western general manager positions, so that the seven divisional general superintendents now report directly to the vice president of operations.

Amtrak announced January 24 that it would close its Chicago call center, the smallest of its three centers, at the end of December. Even if the number of agents added at empty desks in Riverside and Philadelphia equals the number of agent positions eliminated in Chicago, Amtrak expects to save \$3 million a year in management, facility and technology costs. Any net reduction of agents—such as might be possible because of the continuing migration of business to the internet—would increase the savings.

APPENDIX I.—POLLS INDICATE PUBLIC SUPPORT FOR PASSENGER RAIL

Polls over the years have consistently shown public support for faster, more frequent, and reliable passenger trains, including two national polls last summer. A poll conducted by CNN/Gallup/USA Today near the height of Amtrak's June, 2002, cash crisis (June 21–23) found that 70 percent of the public support continued Federal funding for Amtrak. Similarly, The Washington Post found that 71 percent of

Americans support continued or increased federal funding for Amtrak (August 5, 2002, article reporting on July 26–30 poll).

An October 27, 1997, nationwide Gallup Poll sponsored by CNN and USA Today asked whether “the federal government should continue to provide funding for the cost of running Amtrak, in order to ensure that the U.S. has a national train service, or the federal government should stop funding Amtrak, even if that means the train service could go out of business if it doesn’t operate profitably on their own.” Favoring continued funding were 69 percent of respondents, with 26 percent against (and 6 percent other responses). State-specific polls also have been positive.

Wisconsin

A poll by Chamberlain Research Consultants of Madison, released by the Wisconsin Association of Railroad Passengers in June, 2002, indicated that

—77 percent of Wisconsin residents “support a nationwide system of passenger trains with increased routes, frequencies, and shorter travel time.”

—76.6 percent said they would use the trains if the planned nine-state Midwest Regional Rail network becomes available to them.

—54.3 percent responded positively to this question: “If federal funding is available for improving intercity passenger rail services, Wisconsin may try to attract these rail improvement funds by pledging to pay for a portion of the project with state money as we do now with highway and airport projects. Is this something you favor, oppose, or neither favor nor oppose as a way to raise money to develop passenger rail services in Wisconsin?”

The survey, which was conducted over a week-and-a-half ending in mid-February, took place as the future of Amtrak and the need for a nationwide rail passenger service was being debated by Congress, and as Wisconsin state government wrestled with its most serious financial crisis ever. More information is available at <http://www.wisarp.org>.

Ohio

The Ohio State University Center for Survey Research (OSU–CSR) released a poll (“Tracking Ohio”) on March 8, 2001, which found that 80 percent of Ohioans want the state to develop passenger rail service. The following question produced a 74 percent positive response: “If Ohio had a modern, convenient and efficient passenger rail network, do you think it would improve the quality of life in Ohio or would it have no effect?” About two-thirds (65 percent) of respondents said state money should be used to attract federal passenger-rail funding to Ohio, if such federal funding were available. More than half (53 percent) said the best way to relieve road traffic congestion is to “improve all forms of transportation including mass transit and high-speed rail.” The statewide poll was conducted by telephone January 2–31, 2001, as part of the OSU–CSR’s monthly Buckeye State Poll. The margin of sampling error was no more than ± 4.3 percent.

New York

In 1998, the Marist College Institute for Public Opinion (Poughkeepsie) released results of a poll it conducted of New York State registered voters regarding state investment in intercity rail passenger service (trips longer than 75 miles one way). Findings: 82 percent believed that having modernized intercity passenger train service is at least as important as having good highways and airports (of this figure, 12 percent felt rail service was even more important); 87 percent favored an increase in government spending for intercity passenger train service. The poll was based on approximately 600 responses with a margin of error of no more than ± 4 percent. It was commissioned by the Empire State Passengers Association and the Empire Corridor Rail Task Force.

APPENDIX II.—BENEFITS OF AMTRAK AND PASSENGER TRAINS

In crowded corridors, passenger trains represent vital people-moving capacity and help relieve air and road congestion. This benefit will grow over time as travel demand continues to grow while airport and highway construction face more intense local opposition and ever-tighter limits on funding and sheer availability of land.

Amtrak is far safer than auto travel.

During inclement weather, Amtrak is safer and usually more reliable than airplanes and buses. Amtrak was the only thing going in the Northeast in the recent President’s Day storm.

In most cities, Amtrak helps mass transit, downtown areas and transit-dependent people by serving—and increasing the visibility and economic viability of—transit-accessible downtown locations. Amtrak feeds connecting passengers to transit. Amtrak shares costs with transit at joint-use terminals and on joint-use tracks. Positive

impacts have been observed even in small cities with minimal Amtrak service. Mayor John Robert Smith of Meridian, Miss., on Amtrak's New York-Atlanta-New Orleans run (one train per day in each direction), says property values have tripled in recent years around the railroad station, site of a relatively new intermodal terminal.

By contrast, new airports intensify energy-inefficient suburban sprawl and stimulate auto-dependent development. This leads to the social costs of getting transit-dependent people to work, or the need to address the consequences of their not working.

Amtrak is important to those who cannot fly due to temporary or permanent medical problems, and to those for whom physical and financial considerations rule out driving long distances, for example, seniors and students. (The editor of *Frequent Flier*, forced by doctor's orders to take the train to Florida, wrote a favorable column about the trip.) Indeed, some of those medical problems have come about as a result of flying.

Amtrak serves many communities where alternative transportation does not exist, is not affordable or only serves different destinations. Trains can make intermediate stops at smaller cities at minimum cost in energy and time. This is apparent in corridors—where benefits go to such cities as Jefferson City, Lancaster, Trenton, Kalamazoo, Wilmington, Bloomington/Normal and Tacoma. It also means, for example, that the *Empire Builder* can stop at eight small cities in Washington (plus Seattle and Spokane), 12 in Montana and seven in North Dakota without compromising the train's appeal to those riding between Chicago or Minneapolis and Seattle or Portland. Similarly, the *California Zephyr* serves five Colorado points (plus Denver) and five points each in Iowa and Nebraska. Also, Amtrak serves 14 North Carolina points.

Here is an example of long-distance travel that I encountered on the *Southwest Chief*: a mother and her 14-month-old child rode from Garden City, Kansas, to Barstow, California. The family was moving to California; the husband was driving the U-Haul; the wife and child were on the train “so the move would not be so traumatic” for the child. They did not consider the plane because they felt it would be too cramped for the child. Also, airfare out of Garden City was prohibitive.

Amtrak is part carrier (like United and Greyhound) and part infrastructure. Thus Amtrak provides important passenger-moving capacity, unlike airlines and bus companies. In much of the Northeast Corridor and a few other places, Amtrak is the rail equivalent of the air traffic control system, airport authorities and airlines. (Among the “other places”: the Chicago terminal, part of the Chicago-Detroit line and the track between Albany, New York, and the Massachusetts state line.) Elsewhere, Amtrak is the only carrier with legal access to freight railroads' tracks—a *quid pro quo* for relieving the railroads of their passenger-train obligations in 1971.

Amtrak's national network trains are transportation “melting pots.” Intercity travelers by all modes had an average annual income of \$70,000. The comparable figure for travelers on Amtrak's national network trains is \$51,000. [This is 1999 data inflated to 2002 and thus probably good for 2003 as well.] However, the majority of passengers on these trains ride coach. Surveys available to us six years ago indicated that, for 30 percent of coach passengers traveling over 12 hours, average income was less than \$20,000 (for 11 percent, it is less than \$10,000). Obviously, most standard- and deluxe-room sleeping car passengers have considerably higher incomes and pay much higher fares. Nonetheless, anyone who characterizes these trains as land versions of cruise ships should try walking the coaches, especially at night.

Trains, especially on longer trips, offer a form of social contact almost lost in this country today—the opportunity to meet and relax with total strangers that one may or may not ever see again.

Amtrak over much of its network enables one to enjoy gorgeous scenery in total comfort. Some examples: the Connecticut and California coastlines, the Hudson River in New York, the Colorado Rockies, the mountains of Vermont and northern New Mexico, Glacier Park in Montana and West Virginia's New River Gorge.

Amtrak uses only 79 percent of the energy airlines use to move a passenger a mile, and only 22 percent of the energy general aviation uses (to do the same). This statement is based on the following 2000 data from the Oak Ridge National Laboratory's annual Transportation Energy Data Book (Edition 22, published September 2002) and available on-line: Amtrak—2,902 British thermal units per passenger-mile; Airlines—3,666; General aviation—12,975. Just two years earlier, in 1998, Amtrak was at 2,441. Amtrak is much less polluting than airplanes. (Energy efficiency is a good proxy for air pollution.)

Thanks to a growing array of connecting buses available with train travel in a single ticket transaction, Amtrak puts people on intercity buses who would not oth-

erwise have considered using them. “Thruway” is Amtrak’s copyrighted name for connecting buses that can be booked and ticketed through Amtrak’s reservation system. Thruways first developed in a big way in California, where the state underwrites an impressive network of dedicated, feeder buses. Elsewhere, depending on the situation, Amtrak or the private bus companies themselves bears the financial risks for many Thruway runs themselves.

APPENDIX III.—SUBSIDIES

Virtually all federal spending on highways is generated from user fees. However, —Federal policy helps encourage states and local governments to spend primarily on highways and aviation, where federal funds cover 50–80 percent of project costs, and not on railroads, where federal funding generally is zero.

—A total of \$34 billion in 2001 highway spending came from non-user sources in all levels of government (while \$10 billion in highway user payments went to “nonhighway purposes” (Table HF–10, Highway Statistics 2001).

—A mode-specific trust fund system insures massive continued investment in the modes that are already dominant, regardless of whether they are the best solution for tomorrow’s transportation problems, and regardless of the needs of the users paying those taxes. A large proportion of them are soon to be senior citizens who will place greater value on non-automobile travel choices.

—User fees clearly do not cover environmental and other external costs associated with highways and aviation.

The proportion of general funds covering FAA Operations grew by about \$2 billion from fiscal year 2002 to fiscal year 2003 and now represents about half of FAA Operations costs. As to airport construction is done through public rather than private finance. The savings associated with financing an airport project with tax exempt, government-backed bonds rather than with commercial loans sought directly by the airlines is substantial. The various sources available to fund airports, like the mode-specific trust fund system, fall into the category of reinforcing the dominance of modes that are already dominant whether or not they offer the best solution for today’s transportation problems.

PREPARED STATEMENT OF THE PEOPLE FOR THE ETHICAL TREATMENT OF ANIMALS (PETA)

Chairman Shelby, Ranking Member Murray, and Members of the Subcommittee: People for the Ethical Treatment of Animals (PETA) is the world’s largest animal rights organization, with more than 750,000 members and supporters. We greatly appreciate this opportunity to submit testimony regarding the fiscal year 2004 appropriations for the Department of Transportation (DOT). Our testimony will focus on chemical tests allowed or required by the DOT to be conducted on animals.

As you may know, the DOT requires hazardous materials to be categorized and labeled for shipping. Traditionally, a chemical’s dermal corrosive potential has been estimated by applying the substance to the shaved, abraded skin of animals. Fortunately, there are non-animal test methods that are just as effective. Human skin equivalent tests such as EpiDerm™ and EpiSkin™ have been scientifically validated and accepted in Canada, the European Union, and by the Organization for Economic Cooperation and Development (OECD) (of which the U.S. is a key member) as total replacements for animal-based skin corrosion studies. Another non-animal method, Corrositex™, has been approved by the U.S. Interagency Coordinating Committee on the Validation of Alternative Methods. However, the DOT continues to allow the use of animals in many skin corrosion studies, despite the availability of data from validated, non-animal tests.

In 2000, PETA discovered that the DOT was using rabbits for corrosivity tests for which, according to the agency’s own guidelines, Corrositex™ could have been used instead. In 2001, at PETA’s urging, the DOT’s Office of Hazardous Materials Enforcement added language to its operation procedures requiring that DOT staff arranging for testing of materials “inform the prospective laboratory that you want testing to be conducted using the Corrositex™ testing protocol, when testing using animals is not required. Advise the laboratory that testing using animals is to be conducted only when absolutely necessary.”

We were glad to see that change in policy. However, Corrositex™ is not considered sufficient by the DOT to test all of the hazardous materials for which the agency requires corrosivity tests. According to the DOT’s policy, Corrositex™ can only replace animal tests for organic and inorganic acids and bases as well as acid derivatives. PETA would like the agency to require the use of EpiDerm™ and EpiSkin™ so that all of the hazardous materials could be tested for corrosivity with

non-animal methods. The cruel rabbit tests for corrosivity are no longer necessary in any situation.

Secondly, to our knowledge, there is no DOT policy of enforcement to ensure that only non-animal methods are used. Therefore, we are requesting that the subcommittee include report language ensuring that no funds for the DOT (including salaries or expenses of personnel) may be used for the purpose of assessing data from an animal-based test method when a non-animal test for the desired endpoint has been validated and/or accepted by the OECD or its member countries.

ANIMAL TESTS CAUSE IMMENSE SUFFERING

Traditionally, the degree to which corrosive materials are hazardous has been measured by the very crude and cruel method of shaving rabbits' backs and applying the test substance to the animals' abraded skin for a period of hours. As one can imagine, when highly corrosive substances are applied to the backs of these animals who are not given any anesthetics or analgesics, the pain is excruciating.

THE RELIABILITY AND RELEVANCE OF ANIMAL TESTS TO HUMAN BEINGS IS QUESTIONABLE

The assessment of damage to the rabbits' skin is highly subjective and variable, which limits the reproducibility of the animal test (which, unlike non-animal tests, has never been scientifically validated). One study, which compared the results of rabbit tests with real-world human exposure information for 65 chemicals, found that the animal test was wrong nearly half (45 percent) of the time in its prediction of a chemical's skin damaging potential (Food & Chemical Toxicology, Vol. 40, pp. 573-92, 2002).

VALIDATED METHODS EXIST WHICH DO NOT HARM ANIMALS

Fortunately, non-animal test methods, such as EpiDerm™, EpiSkin™, and Corrositex™, have been found to accurately predict chemical corrosivity without harming animals. In fact, although the DOT continues to accept data from animal tests, the agency specifically allows an exemption from animal testing for organic and inorganic acids and bases as well as acid derivatives if Corrositex™ tests are used instead. The DOT has the power to allow a similar exemption for EpiDerm™ and EpiSkin™ so that no animal tests would be required for any of DOT's skin corrosivity data needs.

EpiDerm™ and EpiSkin™ are comprised of human-derived skin cells, which have been cultured to form a multi-layered model of human skin. The Corrositex™ testing system consists of a glass vial filled with a chemical detection fluid capped by a membrane, which is designed to mimic the effect of corrosives on living skin. As soon as the corrosive sample destroys this membrane, the fluid below changes color or texture. Users simply record the time it takes for the sample to break through the membrane. Then, depending on their needs, they can assign the proper U.N. Packing Group classification for DOT compliance, or use the data to substantiate marketing claims.

NON-ANIMAL TEST METHODS SAVE TIME

Unlike animal testing that can take two to four weeks, Corrositex™ testing can provide a Packing Group determination in as little as three minutes and no longer than four hours.

THE DOT CONTINUES TO ALLOW THE USE OF ANIMALS

From materials obtained through the Freedom of Information Act, PETA learned that the DOT itself has used rabbits to test the corrosivity of products whose labeling accuracy was questioned by a competitor.

Listed below are some of the products that the DOT has tested on animals.

Name of Product	Results
Spoke Wheel Cleaner	Full-thickness skin destruction.
Whitewall Cleaner	Full-thickness skin destruction.
Savage Acid	Full-thickness skin destruction.
Goodbye Graffiti	Full-thickness skin destruction.
Heavy Duty Spoke Wheel Cleaner	Full-thickness skin destruction.
Amazing Rust Stain Remover	Full-thickness skin destruction.
Oxalic Acid	Tissue necrosis.

SUMMARY

The skin corrosivity of all the products listed above could—and should—have been measured using Corrositex™, EpiDerm™, or EpiSkin™. There simply is no excuse for causing this kind of suffering to animals when three fully validated non-animal tests are available.

We therefore hereby request, on behalf of all Americans who care about the suffering of animals in toxicity tests, that you please include language in the report accompanying the fiscal year 2004 Transportation, Treasury and General Government Appropriations bill stating that no funds for the DOT (including salaries or expenses of personnel) may be used for the purpose of assessing data from an animal-based test method when a non-animal test for the desired endpoint has been validated and/or accepted by the OECD or its member countries.

Thank you for your consideration of our request.

PREPARED STATEMENT OF THE COALITION OF NORTHEASTERN GOVERNORS

Dear Mr. Chairman: As the Subcommittee begins the fiscal year 2004 transportation appropriations process, the Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee testimony on the fiscal year 2004 Transportation and Treasury Appropriations bill. The CONEG Governors commend the Subcommittee for its past support of funding for the nation's highway, transit, and rail systems. Although we recognize the extensive demands being made upon federal resources in the coming year, we urge the Subcommittee to continue the important federal partnership role that is vital to strengthening the multi-modal transportation system. This system is a critical underpinning to the productivity of the Nation's economy and the security and well-being of its communities.

First, the Governors urge the Subcommittee to fund the combined highway, transit and safety programs at levels that will continue the progress made over the last several years to improve the condition and safety of the Nation's highways, bridges and transit systems. In both urban and rural areas, these infrastructure improvements are not only necessary for moving people, but are also critical for improving the projected substantial growth of freight movements along the Nation's surface transportation system. The U.S. Department of Transportation's 2002 Conditions and Performance Report to Congress documented the improvements in the physical condition of the nation's highway, bridge and transit infrastructure as a result of the federal-state investments made under the Transportation Equity Act for the 21st Century (TEA-21). It also found that a combined federal highway and transit program of \$53 billion annually is needed simply to maintain our Nation's highways and transit systems in the current conditions, and a program level of \$74.8 billion is needed to actually improve our Nation's highways and transit systems.

Within the Transit program, the Governors strongly urge the Subcommittee to address the solvency of the mass transit account while maintaining the basic program structure. Further, the Governors urge the Subcommittee to continue the traditional 80/20 federal/state match for the New Start Program and the Bus and Bus Facilities Discretionary Grant Program. These programs have been instrumental in ensuring that needed funds are invested to improve and extend transit services in both our urban and rural communities.

Second, the Governors strongly urge the Subcommittee to provide at least \$1.8 billion in fiscal year 2004 for intercity passenger rail. Intercity passenger rail is an vital part of the Nation's transportation system, particularly in the Northeast and Mid-Atlantic region, where it provides essential mobility, enhances capacity of other modes, and provides much needed redundancy to the Nation's transportation system. This funding level is critically needed to maintain services and begin a program of essential investments in equipment and infrastructure to bring the system back to a state of good repair for reliable service. The United States Department of Transportation Inspector General has noted that over \$1 billion in capital funds is needed annually just to sustain the current intercity passenger rail system, regardless of who operates that system. The states are already major investors in the current intercity passenger rail system, with the Northeast and Mid-Atlantic states already investing over \$4 billion in intercity passenger rail operations and infrastructure since 1991. A funding level of \$1.8 billion in fiscal year 2004 will help provide a period of stability for intercity passenger and commuter rail operations while the Congress, Administration and states work cooperatively to determine the future of intercity passenger rail and Amtrak in the Nation's transportation system.

Third, the Governors urge the Subcommittee to continue funding for investments in Intelligent Transportation Systems (ITS). It is vital that the Nation's transportation system maintain and enhance the capabilities made possible by investments

in ITS. The densely populated Atlantic Coast region relies heavily on ITS to improve operations every day on both highways and transit. The Northeast's rural areas and communities also benefit significantly from ITS investments. The region's ITS systems, including those provided by TRANSCOM and the I-95 Corridor Coalition, have demonstrated their critical role, both in the emergency management and recovery phases, when security demands put added pressure on the region's transportation networks.

Fourth, safety on the Nation's highways, transit and rail systems remains a priority of the Governors. The safety of the aging rail tunnels along the Northeast Corridor is a particular concern, and we urge the Subcommittee to fund life safety improvements for the Baltimore and New York tunnels. The Governors also support maximum funding for the Railway-Highway Crossing Hazard Elimination Program. As part of the federal-state partnership to correct hazardous conditions on the Nation's highways, investments in highway-rail crossings can reduce injuries and death from accidents even as they allow higher train speeds and increased reliability.

Fifth, the Governors urge the Subcommittee to provide sufficient funding for border crossing and gateway infrastructure projects, particularly those transportation projects that are required to meet new federal security requirements.

Sixth, the Governors also support the President's funding request of \$20 million for the Surface Transportation Board.

Finally, the Governors support continued federal investment in transportation research and development programs, particularly the Federal Railroad's Next Generation High Speed Rail program. This program enhances safety and helps stimulate the development of new technologies, which will benefit improved intercity rail service across the Nation.

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

PREPARED STATEMENT OF THE UNIVERSITY CORPORATION FOR ATMOSPHERIC
RESEARCH

On behalf of the University Corporation for Atmospheric Research (UCAR) and the university community involved in weather and climate research and related education, training and support activities, I submit this written testimony for the record of the Senate Committee on Appropriations, Subcommittee on Transportation.

UCAR is a consortium of 66 universities that manages and operates the National Center for Atmospheric Research (NCAR) and additional research, education, training, and research applications programs in the atmospheric and related sciences. The UCAR mission is to support, enhance, and extend the research and education capabilities of the university community, nationally and internationally; to understand the behavior of the atmosphere and related systems and the global environment; and to foster the transfer of knowledge and technology for the betterment of life on earth. In addition to its member universities, UCAR has formal relationships with approximately 100 additional undergraduate and graduate schools including several historically black and minority-serving institutions, and 40 international universities and laboratories. UCAR is supported by the National Science Foundation (NSF) and other federal agencies including the Federal Aviation Administration (FAA).

The fiscal year 2004 budget request for the FAA should support the Administration's and the country's commitment to a safe, efficient, and modern aviation system. Weather research contributes to this commitment. In testimony before the House Committee on Transportation and Infrastructure last month, Charles Keegan, Associate Administrator for Research and Acquisitions for the FAA, stated, "weather continues to be a major safety factor for all types of aircraft. A recent estimate by the FAA identified weather as being responsible for 70 percent of flight delays and approximately 40 percent of accidents. To mitigate the effects of weather, the FAA's Aviation Weather Research Program conducts applied research in partnership with a broad spectrum of the weather research and user communities with a goal of transitioning advanced weather detection technologies into operational use." Leveraging the work of the research community, the FAA has made tremendous strides in understanding and mitigating severe weather on aviation. Current research on turbulence, thunderstorm forecasting, oceanic weather, icing, and other areas will result in even more savings, in lives and dollars.

Regarding the fiscal year 2004 request for the FAA, I would like to comment on accounts related to aviation weather research that fund the collaborative work of researchers in universities and federal laboratories. These accounts are relatively small in dollar amounts, but the work is potentially life saving for our Nation's pilots and passengers.

FACILITIES AND EQUIPMENT

C. Overall Aviation Safety Improvement

IC01 Advanced Technology Development Prototyping

Within Advanced Technology Development Prototyping of the Facilities and Equipment section of budget, please add \$5.5 million to continue the development and implementation of a terrain-induced windshear alert system. This project would be done in the Juneau, Alaska, area because of the complex terrain surrounding the airport. The technology developed could lead to a National Terrain-Induced Windshear and Turbulence Alerting System that would be installed in airports nationwide to help prevent crashes like the one that occurred in 1991 on approach to the Colorado Springs Airport. Work would include verifying the prototype alert system and transferring the technology to FAA systems developers. I urge the Committee to provide \$2.98 billion for Facilities and Equipment in fiscal year 2004 (the same level as last year and a 2 percent increase over the President's request), which will fund a number of worthy programs, including the development and implementation of a terrain-induced, windshear alert system.

RESEARCH, ENGINEERING AND DEVELOPMENT (RE&D)

Those of us involved in aviation weather research are deeply concerned about the fiscal year 2004 request for the FAA Research, Engineering and Development (RE&D) budget. The total request for this budget is \$100 million, \$48 million less than the final fiscal year 2003 appropriated amount and almost half the amount appropriated in fiscal year 2002. The Administration's inadequate budget request will reduce research in aviation weather by approximately one-third (over 30 percent), and will result in the termination of a number of critical and potentially life-saving projects. I urge the Committee to fund the FAA RE&D at \$148 million in fiscal year 2004.

A12. Improve Efficiency of Air Traffic Control System

Eliminated from the RE&D line in the fiscal year 2004 budget request is line A12. Improve Efficiency of Air Traffic Control System. While it is true that airline delays are far less frequent due to the decrease in commercial airline traffic attributable to the economic slowdown and terrorist activities, the R&D that is now being described as relevant only to efficiency clearly has as much to do with safety issues as with delays. Research in the areas of severe convective weather, visibility hazards, wake turbulence, and oceanic weather would be eliminated under the current plan. In order to make this appropriation, I ask that the Committee not transfer funds from line A11. Improve Aviation Safety (see below). Moving money from one line to the other will result simply in the same cuts to important aviation safety R&D work. I urge the Committee to restore line A12 and fund Weather Research Efficiency, at the very least, at the fiscal year 2003 appropriated level of \$12.1 million.

A11. Improve Aviation Safety

Within line A11. Improve Aviation Safety, the Weather Research Safety program funds many R&D projects including a focus on turbulence. Over half of all turbulence-related injuries are caused by turbulence in the vicinity of thunderstorms, leading to \$22 million fatalities, injuries and aircraft damages annually. Current research is focused on forecasting the location and duration of thunderstorms, work that will be reduced or terminated if this budget is cut. The request for Weather Research Safety is down \$1 million from the fiscal year 2003 approved bill. Within line A11, Improve Aviation Safety, I urge the Committee to provide Weather Research Safety, at the very least, the fiscal year 2003 appropriated level of \$21.9 million.

On behalf of UCAR, as well as all U.S. citizens who take to the skies, I want to thank the Committee for the important work you do for this country's scientific research, training, and technology transfer. We understand and appreciate that the Nation is undergoing significant budget pressures at this time, but a strong nation in the future depends on the investments we make in Research and Development today. We appreciate your attention to the recommendations of our community concerning the fiscal year 2004 FAA budget and we appreciate your concern for safety

within the Nation's aviation systems, particularly during this extraordinary time in our Nation's history.

PREPARED STATEMENT OF THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

APTA is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over 90 percent of persons using public transportation in the United States and Canada are served by APTA members.

INTRODUCTION

Mr. Chairman and members of the subcommittee, on behalf of the American Public Transportation Association (APTA), I thank you for this opportunity to address the need for federal investment in public transportation programs under the Transportation, Treasury and Independent Agencies Appropriations bill for fiscal year 2004.

ABOUT APTA

APTA's 1,500 public and private member organizations serve the public by providing safe, efficient, and economical public transportation service, and by working to ensure that those services and products support national economic, energy, environmental, and community goals.

APTA member organizations include public transit systems and commuter railroads; design, construction and finance firms; product and service providers; academic institutions; and State associations and departments of transportation. More than 90 percent of the people who use public transportation in the United States and Canada are served by APTA member systems.

OVERVIEW

Mr. Chairman, throughout the United States, public transportation is undergoing a renaissance. Steady increases in transit investment have dramatically improved and expanded public transportation services, attracting record numbers of riders on state-of-the-art systems in metropolitan, small urban and rural areas.

In a recent five-year period alone, public transportation use has increased by 22 percent—growing faster than vehicle miles and airline passenger miles traveled over the same period. In 2001, Americans used public transportation 9.5 billion times—the highest ridership level in 40 years.

Communities across the country are rehabilitating and expanding public transportation systems and constructing new ones. More than 550 local public transportation operators currently provide services in 319 urbanized areas; 1,260 organizations provide public transportation in rural areas; and 3,660 organizations provide services to the aging population and disabled individuals.

Through improved mobility, safety, security, economic opportunity and environmental quality, public transportation benefits every segment of American society—individuals, families, businesses, industries and communities—and supports important national goals and policies.

At the same time, the growing problem of traffic congestion continues to choke America's roadways and constrain community and business development. Polls consistently show that most Americans view congestion as a serious problem that continues to grow every year. In April of 2003, APTA and the American Automobile Association (AAA) released the results of a poll that showed 95 percent of Americans said traffic congestion, including commutes to and from work, has grown worse over the last three years. The poll also showed 92 percent of Americans said it was either very important (71 percent) or somewhat important (21 percent) for their community to have both good roads and viable alternatives to driving.

FISCAL YEAR 2004 GOALS

Annual Federal appropriations for the Federal transit program have increased significantly in each of the last 6 years under the Transportation Equity Act for the 21st Century (TEA-21). Federal funding increased from just under \$4.4 billion in fiscal year 1997 to \$7.2 billion in fiscal year 2003, a 65 percent increase.

The stable and predictable growth in the Federal investment in TEA-21 led to impressive results for transit. While service was expanded and improved, and rider-

ship reached its highest level in 40 years, public demand for additional capital investment, new transit services, and improvements to existing systems continued to grow. This demand for additional service and capital projects comes at a time when many existing assets are nearing the end of their useful lives and need to be improved or replaced. Indeed, a 2002 American Association of State Highway and Transportation Officials report estimates that \$44 billion is needed annually to meet current transit capital needs for new projects and improvements to existing systems.

APTA's recommendations for TEA-21 reauthorization have been made available to committee members and staff and they contain detailed funding and programmatic recommendations for the next 6 years. Most critically, APTA's proposal urges Congress to continue to grow the Federal investment in public transportation to address critical national transportation needs, and to fund the Federal transit program at no less than \$8.1 billion in fiscal year 2004.

We recognize that the Fiscal Year 2004 Budget Resolution assumes \$7.3 billion in funding for public transportation in fiscal year 2004. However, a provision in the resolution granted authority to increase funding beyond that amount if Mass Transit Account (MTA) revenues exceed expected levels. Revenues accruing to the MTA could be increased in a number of ways. These would include providing interest on the balance of the MTA, particularly if outlays from the account were scored as they are from the highway account; or if user fees were adjusted to account for inflation. Therefore, we urge the committee to make every effort to set transit funding in excess of the level assumed in the Fiscal Year 2004 Budget Resolution, in order to better address transit capital investment needs.

FEDERAL INVESTMENT IN PUBLIC TRANSPORTATION

The results of TEA-21 have been profound—more Americans have access to efficient, safe, and modern transit options than ever before. Federal investment in public transportation produces tangible assets in our communities that citizens can see and use. These assets include light rail lines, buses for commuting, and transit stations that attract economic development because of convenient access to transportation options.

Investment in transit makes sense because it is in demand. Nationwide, many systems are bursting at the seams, with the highest ridership in 40 years and a huge backlog of capital improvements identified. In growing communities where transit has not been a priority in the past, citizens are demanding new services and capital projects. Public transportation supports a solid and growing economy by providing access to labor, decreasing time lost to congestion, and freeing highway and road space for the movement of goods and people. Public transportation represents an efficient use of scarce financial resources, because it helps to mitigate congestion in densely populated areas and provides a mobility option to millions of Americans. Public transportation represents an environmentally responsible transportation option because it uses less fuel and emits far less pollution per passenger than the automobile. A recent report by economists Robert Shapiro and Kevin Hassett demonstrates that if Americans used public transportation for only 10 percent of their daily travel needs, the United States could significantly reduce its dependence on foreign oil.

INCREASED DEMAND

Growing demand nationwide for transit services shows the effectiveness of federal investment. In a recent 5 year period, transit ridership grew 22 percent, greater than the growth rate of highways and domestic air travel during the same time frame. In that same time period Chicago's MTA system saw ridership increase from 419 million trips to 450 million; in Dallas, ridership on the DART system rose from 52 million to 60 million; and in LaCrosse, Wisconsin, from 713,000 to 819,000.

Support for increased transit service remains high. In February 2003, Wirthlin Worldwide Public Opinion Poll showed 81 percent of Americans support the use of public funds for the expansion and improvement of public transportation; 56 percent say the need to reduce traffic congestion has become more important over the last 5 years. The poll also stated 57 percent agree their community needs more public transportation options, including 64 percent of urban residents, 59 percent of suburban residents, 51 percent of rural residents, and 55 percent of small-town residents.

This poll demonstrates that support for public transportation has increased dramatically not only in our biggest cities, but in smaller urban communities and rural areas as well, where 40 percent of America's rural residents have no access to public transportation, and another 28 percent have substandard access. It is estimated that rural America has 30 million non-drivers, including senior citizens, the disabled and low-income families who need transportation options. According to a survey of

APTA members, bus trips in areas with populations less than 100,000 increased from 323 million to 426 million in a recent 5 year span.

Another focus of the support for transit service is in the area of security. During the September 11th attacks, hundreds of thousands of citizens in New York and Washington were able to evacuate those cities quickly and safely because of transit. As long as security threats endanger our cities, transit serves an invaluable role as a method of evacuation that will help get people out of harm's way.

ECONOMIC IMPORTANCE

Investment in public transportation plays a key role in stimulating local economies and the national economy as a whole. Investment in transit infrastructure creates jobs. Transit-oriented development around transit stations stimulates construction, new business and housing which increases land value and property taxes. Transit service provides employers with access to workers and workers with a way to get to jobs.

Investment in transit creates jobs and significant economic growth outside of the communities in which the systems are located. Optima Bus Corporation (formerly Chance Coach), located in Wichita, Kansas, built a 125,000 square foot assembly plant in 2000 and doubled its workforce. Optima builds buses and trolleys to be used in systems around the country. The same is true for North American Bus Industries in Anniston, Alabama; Neoplan USA bus company in Lamar, CO; and MCI Buses in Pembina, ND. These and many other companies supply goods and services to the transit industry, employ workers and generate economic activity in their communities with TEA-21 resources.

Public transportation's role in stimulating local economies is profound. According to a Cambridge Systematics Inc. study, for every \$10 spent on transit capital projects, \$30 in business sales is generated. Every \$10 invested in transit operations results in \$32 in business sales. Each \$1 billion in federal transportation invested creates 47,500 jobs. As States and local governments struggle to find revenues, public transportation has provided a strong return on investment. In Dallas the taxable value of properties located near its DART system increased 25 percent faster than elsewhere in the metro area. In this area, the state of Virginia will reap \$2.1 billion in tax revenues as a result of transit investment over the next 7 years.

Another benefit of public transportation to a healthy economy is providing job access and reliability for an expanding labor pool. In cities large and small, businesses and other service providers are choosing to locate or relocate in areas convenient to public transportation. Transit systems are working with local businesses to provide transit passes and tax benefits to both employees and employers. Transit continues to provide a reliable, convenient option for employees who wish to avoid crowded highways or who cannot afford to travel by car.

Indeed, public transportation plays a very specialized role in this aspect of economic growth and stability. With the help of public agencies in local communities, transit helps low income workers who cannot afford other options stay productively employed and off of welfare. A project in New Jersey provides passes and tickets to welfare recipients for work-related travel. In Myrtle Beach, South Carolina, the Pee Dee RTA coordinates with the county department of social services to run a 24 hour commuter service linking rural residents with jobs in the city. The Albuquerque transit department provides reduced rate transit service for low income workers.

Further, savings as a result of transit are significant. Atlanta's MARTA system saved an estimated \$2.2 billion over a 14-year period by providing motorists a public transportation alternative. A study by the Texas Transportation Institute concludes that a single year's increase in automobile traffic requires 27 miles of freeway and 37 miles of principal streets in each city in America just to keep up. This is significant when considering urban rail systems can provide more capacity in a 100 foot right-of-way than a 6 lane freeway, which requires three times as much space.

ENVIRONMENTAL FACTORS

Public transportation represents an effective way to improve air quality without imposing new government mandates. According to a report released last summer by economists Dr. Robert Shapiro of the Brookings Institution and Dr. Kevin Hassett of the American Enterprise Institute, public transportation generates 95 percent less carbon monoxide, 92 percent less volatile organic compounds, and about half as much carbon dioxide and other pollutants per passenger mile than individuals in private automobiles. The study also shows that public transportation already saves more than 855 million gallons of gasoline and 45 million barrels of oil a year. This is equivalent to the energy used to heat, cool, and operate one quarter of all Amer-

ican homes annually, or half the energy used to manufacture every computer and piece of electronic equipment in America every year.

The study also found that if one in ten Americans used public transportation regularly, U.S. reliance on foreign oil could be cut by more than 40 percent. This is nearly equivalent to the amount of oil imported from Saudi Arabia annually. It reported that even small increases in transit use would help most of the 16 major cities that currently fail to meet EPA standards for carbon monoxide emissions; and that transit is twice as fuel efficient as private vehicles for each passenger mile traveled.

PRESIDENT'S BUDGET PROPOSAL

In February, the President's fiscal year 2004 budget proposal was released. It calls for a 6 percent increase in funding for the Department of Transportation, but no increase in overall investment for public transportation. Prior to unveiling his budget, the President identified his priorities for the Nation in the annual State of the Union Address. These included revitalizing the Nation's economy, reducing dependence on foreign sources of energy, helping the environment by investing in hydrogen powered vehicles and applying the compassion of America to solve disadvantaged American's problems.

Public transportation assists in reaching each of these goals. Regarding the economy, 47,500 jobs are created by every \$1 billion invested in the public transportation infrastructure. \$30 million in private business sales are generated for every \$10 million invested in transit. Transit provides efficient access to labor and mitigates congestion so that goods may travel more freely.

With regard to reducing dependence on foreign sources of energy, public transportation reduces by millions of barrels the amount of oil that would otherwise be imported every year. In terms of the environment, public transportation produces less pollution per rider than the automobile. It reduces the amount of volatile organic compounds and nitrogen oxides that contribute to smog and illnesses related to polluted air such as asthma.

Public transportation is a compassionate way to address the mobility needs of millions of Americans. It provides transportation options to the disabled and those who are unable to drive. It provides an inexpensive way for lower-income workers to commute to work, allowing them to save money for their families that would otherwise be spent on driving expenses. It provides a safe way for the elderly to visit the doctor or go to the grocery store.

APTA questions the Administration's proposal to restructure a Federal transit program that has worked so well in recent years. APTA's recommendations for the reauthorization of the Federal transit program build on the success of the current program without eliminating any of the major elements of that program. We do not believe that bus replacement and facility needs can be addressed by folding the discretionary bus program into the formula and fixed guideway programs. We support retention of a distinct fixed guideway modernization program that helps improve the efficiency of systems that often operate at capacity and serve large numbers of citizens in communities that depend on public transportation.

Further, APTA opposes the Administration's proposal to reduce the Federal share of new fixed guideway transit projects from 80 percent to 50 percent because we believe it would bias decisions on transportation investments that are made at the local level. APTA believes that such decisions should be based on project merit and local transportation needs, and not on the basis of the Federal share of transportation project costs. Communities that want to build rail and other fixed guideway projects already make a substantial commitment of local resources for project construction under existing law. Further, to receive Federal funding for such projects, the community must demonstrate to the Federal Transit Administration that it has the local resources to operate and maintain the system once it is built. The full funding grant agreement (FFGA) process protects against the funding of projects that fail to provide good benefits to the community or do not have adequate local funding for long-term operations. Good rail and other fixed guideway systems can provide enormous benefits to a community, including a wide array of economic benefits, and they should be considered with other transportation investments in the local transportation planning process on a level playing field.

We strongly believe that growth of the Federal investment in public transportation can help advance many of the Nation's goals, and that freezing Federal funding for transit will erode purchasing power and increase the backlog of unmet transit capital needs. We urge the committee to fund the Federal transit program in fiscal year 2004 at no less than \$8.1 billion.

CONCLUSION

Public transportation can play a key role in meeting the goals of the Administration and Congress in providing economic development, energy dependence, transportation options for Americans who cannot afford to drive or are not able to, and preserving the environment. To do so it requires a commitment on the part of the Federal government in the form of increased predictable investment.

Mr. Chairman, we look forward to working with the Committee as it advances legislation to invest in national transportation infrastructure needs.

PREPARED STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT CENTRAL CALIFORNIA OZONE STUDY (CCOS) COALITION

Mr. Chairman and Members of the Subcommittee: On behalf of the California Industry and Government Central California Ozone Study (CCOS) Coalition, we are pleased to submit this statement for the record in support of our fiscal year 2004 funding request of \$500,000 from the Department of Transportation (DOT) for CCOS as part of a Federal match for the \$9.1 million already contributed by California State and local agencies and the private sector.

Most of central California does not attain federal health-based standards for ozone and particulate matter. The San Joaquin Valley is developing new State Implementation Plans (SIPs) for the federal ozone and particulate matter standards in the 2002 to 2004 timeframe. The San Francisco Bay Area has committed to update their ozone SIP in 2004 based on new technical data. In addition, none of these areas attain the new federal 8-hour ozone standard. SIPs for the 8-hour standard will be due in the 2007 timeframe—and must include an evaluation of the impact of transported air pollution on downwind areas such as the Mountain Counties. Photochemical air quality modeling will be necessary to prepare SIPs that are approvable by the U.S. Environmental Protection Agency.

The Central California Ozone Study (CCOS) is designed to enable central California to meet Clean Air Act requirements for ozone State Implementation Plans (SIPs) as well as advance fundamental science for use nationwide. The CCOS field measurement program was conducted during the summer of 2000 in conjunction with the California Regional PM₁₀/PM_{2.5} Air Quality Study (CRPAQS), a major study of the origin, nature, and extent of excessive levels of fine particles in central California. CCOS includes an ozone field study, a deposition study, data analysis, modeling performance evaluations, and a retrospective look at previous SIP modeling. The CCOS study area extends over central and most of northern California. The goal of the CCOS is to better understand the nature of the ozone problem across the region, providing a strong scientific foundation for preparing the next round of State and Federal attainment plans. The study includes six main components:

- Developed the design of the field study,
- Conducted an intensive field monitoring study from June 1 to September 30, 2000,
- Developing an emission inventory to support modeling,
- Developing and evaluating a photochemical model for the region,
- Designing and conducting a deposition field study, and
- Evaluating emission control strategies for upcoming ozone attainment plans.

The CCOS is directed by Policy and Technical Committees consisting of representatives from Federal, State and local governments, as well as private industry. These committees, which managed the San Joaquin Valley Ozone Study and are currently managing the California Regional Particulate Air Quality Study, are landmark examples of collaborative environmental management. The proven methods and established teamwork provide a solid foundation for CCOS. The sponsors of CCOS, representing state, local government and industry, have contributed approximately \$9.1 million for the field study. The Federal government has contributed \$3,730,000 to support some data analysis and modeling. In addition, CCOS sponsors are providing \$2 million of in-kind support. The Policy Committee is seeking Federal co-funding of an additional \$6.25 million to complete the remaining data analysis and modeling and for a future deposition study. California is an ideal natural laboratory for studies that address these issues, given the scale and diversity of the various ground surfaces in the region (crops, woodlands, forests, urban and suburban areas).

There is a national need to address national data gaps and California should not bear the entire cost of addressing these gaps. National data gaps include issues relating to the integration of particulate matter and ozone control strategies. The CCOS field study took place concurrently with the California Regional Particulate Matter Study—previously jointly funded through Federal, State, local and private

sector funds. Thus, the CCOS was timed to enable leveraging the efforts of the particulate matter study. Some equipment and personnel served dual functions to reduce the net cost. From a technical standpoint, carrying out both studies concurrently was a unique opportunity to address the integration of particulate matter and ozone control efforts. CCOS was also cost-effective since it builds on other successful efforts including the 1990 San Joaquin Valley Ozone Study. Federal assistance is needed to effectively address these issues.

For fiscal year 2004, our Coalition is seeking funding of \$500,000 from DOT through highway research funds. DOT is a key stakeholder because Federal law requires that transportation plans be in conformity with SIPs. The motor vehicle emission budgets established in SIPs must be met and be consistent with the emissions in transportation plans. Billions of dollars in Federal transportation funds are at risk if conformity is not demonstrated for new transportation plans. As a result, transportation and air agencies must be collaborative partners on SIPs and transportation plans. SIPs and transportation plans are linked because motor vehicle emissions are a dominant element of SIPs in California as well as nationwide. Determining the emission and air quality impacts of motor vehicles is a major part of the CCOS effort. In addition, the deposition of motor vehicle emissions and the resulting ozone is a nationwide issue.

Thank you very much for your consideration of our request.

PREPARED STATEMENT OF THE AMERICAN PASSENGER RAIL COALITION

Chairman Shelby and Members of the Subcommittee on Transportation, Treasury and General Government, thank you for the opportunity to present testimony on fiscal year 2004 appropriations for Amtrak and for rail safety, research and development programs under the Federal Railroad Administration (FRA). My name is Harriet Parcells and I am the Executive Director of the American Passenger Rail Coalition (APRC), a national association of railroad equipment suppliers and rail businesses.

The American Passenger Rail Coalition (APRC) urges the Subcommittee to appropriate \$1.812 billion for Amtrak in fiscal year 2004. This is the level of funding Amtrak has stated is needed to operate the existing national passenger rail system and to make crucial capital investments. Under the leadership of Amtrak President David Gunn and the Amtrak Board of Directors, Amtrak has been taking critical actions to stabilize and improve the national passenger rail network, reduce operating costs and bring a new candor and openness to Amtrak's accounting and operations. A strong Federal appropriation in fiscal year 2004 is essential to Amtrak's ability to continue these successful actions and bring the national passenger rail system into a good state of repair.

A modern, reliable and efficient national passenger rail system is in the mobility, economic and national security interests of the country. In busy metropolitan corridors, intercity passenger rail offers a safe, cost-effective alternative to congested highways and airports. For citizens of rural communities, Amtrak trains provide dependable and affordable mobility that is frequently the only convenient, all-weather intercity public transportation available. Government investments in intercity passenger rail enhance national security as was demonstrated in the days and weeks following the terrorist attacks of September 11, 2001. Investments in rail also yield significant economic and environmental benefits for cities, States and the Nation. Public opinion polls consistently show that Americans across all regions of the country, income and education levels, strongly support Federal government investment in the national Amtrak system.

AMTRAK TRAINS ARE AN ATTRACTIVE TRAVEL CHOICE FOR MANY

Ridership on Amtrak trains rose steadily for 5 years, from fiscal year 1997–fiscal year 2001, and reached 23.5 million riders in fiscal year 2001. Over the past 18 months, a weak economy, security concerns by the public since the September 11th attacks and the war in Iraq and other factors, have adversely impacted travel on air, rail and other modes and the travel sector of the economy overall. The fact that Amtrak ridership dipped only slightly in fiscal year 2002 from the prior year's ridership is a good indication of the public's support and comfort with travel by rail. In the first 5 months of fiscal year 2003 (October 2002–February 2003), travelers have continued to select rail travel for many trips. Amtrak ridership has dipped 1.5 percent nationwide compared to fiscal year 2002. In the West, Amtrak ridership has increased 4.3 percent compared to one year ago, with western corridor trains showing strong gains of 8 percent. California's strong commitment to and investments in improved passenger rail service over many years are paying off as growing num-

bers of people leave their cars behind and take the train to their destination. Ridership on Amtrak's *Surfliner* service that operates between San Diego and Los Angeles is up 21 percent in the first 5 months of fiscal year 2003, compared to one year ago. Ridership on the state's Capitol Corridor and San Joaquin trains is also up, 8 percent and 5.5 percent, respectively. In March 2003, total Amtrak ridership was up 2.3 percent over March 2002. Ridership gains have been helped by some travel promotions Amtrak has run—as have the airlines—to attract travelers who are feeling the pinch of a weaker economy and anxieties about the possibility of future terrorist acts. Thus, Amtrak passenger revenues for the first 5 months of fiscal year 2003 are 12 percent below revenues one year earlier.

AMTRAK'S NEW LEADERSHIP FOCUSED ON STABILIZING THE RAIL NETWORK

Amtrak President David Gunn and the Amtrak Board of Directors have been taking actions over the past year to stabilize Amtrak's finances, bring the passenger railroad into a good state of repair, reduce operating costs and bring greater transparency to Amtrak's finances. Under Mr. Gunn's leadership, Amtrak's management structure has been streamlined to reduce costs and be more efficient. Amtrak has largely exited the express freight business, which was losing money rather than generating revenues for the railroad. Amtrak has embarked upon a program to repair wrecked rolling stock that has been out of service. Nearly 10 percent of Amtrak's equipment was in need of wreck repair last year. As of the end of April 2003, 22 railcars will have been repaired to go back into service on routes around the country.

CAPITAL FUNDING NEEDED TO ADDRESS CRITICAL INVESTMENT

Insufficient capital funding and Amtrak's focus in recent years on achieving operating self-sufficiency, as mandated by Congress, resulted in deferral of investment in important capital projects. Amtrak's fiscal year 2004 request of \$1.812 billion includes \$1.04 billion to address critical capital needs. These needs include infrastructure investments on the Northeast Corridor that are crucial to operation of the high-speed Acela Express service and investments to continue to repair and return to service rolling stock that has been sidelined. The remaining \$768 million is needed for operation of the national Amtrak system. Amtrak is pursuing a sound course and APRC urges Congress to provide this critical funding to enable Amtrak to make needed investments in the year ahead.

FEDERAL INVESTMENTS IN TRANSPORTATION SUPPORT ECONOMIC DEVELOPMENT

Federal investments in transportation infrastructure are vital to the economic productivity of states and the nation. Every billion dollars invested in transportation infrastructure projects generates approximately 42,000 jobs. These investments ripple through the economy, amplifying the economic benefits of the investment. Investments in intercity passenger rail will create new jobs, spur economic development and enhance the economic competitiveness of regions that invest in improved passenger rail service.

The U.S. government has underinvested in passenger rail for years. The U.S. government invests only 1 percent of total transportation spending on intercity passenger rail each year. Other industrialized nations, with whom the United States competes in the global market, by contrast, invest over 20 percent of total transportation capital spending in rail. It is time to reverse this pattern of underinvestment. The returns to the Nation will be substantial.

RAIL BENEFITS RURAL AMERICA AS WELL AS METROPOLITAN CORRIDORS

The need for intercity passenger rail service in congested metropolitan corridors is clear to most policy makers. What appears to be less appreciated is the value intercity passenger rail service provides to small cities and communities across the country. Yet, intercity passenger rail service is vital to the economic health of hundreds of America's small cities and rural communities and the mobility of their citizens. Airlines have reduced or abandoned air service to many small cities, making the role of intercity passenger rail even more important to the mobility of citizens in these communities. Residents of Tuscaloosa and Anniston, AL, of Marshall and Gainesville, Texas, of Rugby, Minot and Devils Lake, ND and hundreds of other communities from coast to coast value and depend upon the passenger trains that connect their communities to the rest of the Nation.

RAIL CONTRIBUTES TO OTHER NATIONAL GOALS

Travel by passenger trains is energy-efficient, consuming about 38 percent less energy (BTU's) per passenger-mile than travel by commercial airline. Transportation is the only sector of the U.S. economy that consumes more oil today than it did 20 years ago. U.S. dependence on imported oil has been rising and since 1997, exceeds 50 percent of our daily petroleum use. Last year, the United States spent \$90 billion for imported oil. Investments in improved passenger rail service are a sensible way to reduce the vulnerability created by the nation's heavy and costly dependence on imported oil. Lower energy consumption translates into benefits to air quality. Investments in passenger rail help reduce harmful air pollutants and contribute to state and community efforts to achieve healthy air quality.

In conclusion, APRC urges the Subcommittee to fully fund Amtrak's request for \$1.812 billion in fiscal year 2004 to enable Amtrak to continue down the path it is pursuing to improve the reliability and quality of passenger rail service nationwide. APRC also supports strong funding of rail safety and research and development programs under the Federal Railroad Administration.

Thank you Chairman Shelby and Members of the Subcommittee for the opportunity to provide this testimony on behalf of our rail business association.

 PREPARED STATEMENT OF THE RAILWAY SUPPLY INSTITUTE, INC.

On behalf of the Railway Supply Institute (RSI), I offer the following comments on Amtrak's fiscal year 2004 appropriation request.

RSI is a trade association that represents the domestic railway supply industry. Our members provide goods and services to the Nation's freight and passenger railroads as well as to rail rapid transit systems. We are a \$20 billion a year industry employing some 150,000 people nationwide.

RSI supports Amtrak's request of \$1.8 billion for fiscal year 2004 to operate the current nationwide route structure and begin the process of stabilizing our nation's intercity railroad passenger system. In addition to allowing Amtrak to continue to operate its network of intercity passenger trains, that amount will allow the railroad to begin the task of rebuilding wrecked equipment so it can be put back into revenue service as well as beginning the process of rebuilding the Northeast Corridor infrastructure. RSI members will provide a significant portion of material needs for the capital projects outlined in the Amtrak request. This will provide a much-needed boost to an industry that has suffered through the recent economic downturn.

As the Department of Transportation's Inspector General has stated time and again, the real problem with Amtrak is not management efficiency or the cost of the route system but the burden of funding its infrastructure. Until Congress develops a way to address these infrastructure costs, cutting trains or attempting to extract management efficiencies will not achieve the desired results. RSI believes David Gunn has demonstrated the ability to manage Amtrak effectively. He has eliminated waste, reduced management levels, cut costs, brought fiscal responsibility to the railroad and improved Amtrak's credibility.

Amtrak's workable five-year capital investment plan is what Amtrak needs to become a good, solid, reliable passenger railroad. The railroad's strategic plan will bring Amtrak's capital assets up to a state of "good repair" and maintain current rail operations. To support the strategic plan, Amtrak proposes, and RSI supports, that annual federal funding range from \$1.8 million in fiscal year 2004 to under \$1.5 billion in fiscal year 2008 for the combined capital investment and operating needs.

RSI does recognize the constraints of the appropriations process. In response to this, we have developed a proposal that would create a Rail Finance and Development Corporation (RFDC). RFDC is designed, in part, to supplement federal appropriations for Amtrak by supporting the significant infrastructure costs that Amtrak must address in the Northeast Corridor and other parts of the system. This supplemental funding source could significantly reduce the burden of the Appropriations Committee and allow it to use its limited resources to maintain basic service levels for rail passenger service. RFDC would be a private, non-profit, federally chartered corporation similar to Fannie Mae, that would issue up to \$50 billion in tax-credit bonds over a six-year period for rail related infrastructure investments. Eligible investments would include higher speed intercity rail; rail access to ports intermodal terminals and airports; increased freight rail capacity; short line infrastructure needs; and rail line relocation. We have enclosed a white paper describing the RFDC proposal and I ask that this statement and the White Paper be included in the record.

Until RFDC, or some other supplemental funding mechanism, becomes policy, we urge the Senate Transportation Appropriations Subcommittee to provide the resources Amtrak needs to survive.

RSI looks forward to working with the Senate to create a long-term stable source of funding for Amtrak and our nations freight railroad system.

PREPARED STATEMENT OF THE AIR TRAFFIC CONTROL ASSOCIATION, INC.

The Air Traffic Control Association, Inc. ("ATCA"), located in Arlington, Virginia, USA is a professional association of forty-seven years' standing dedicated to advancement in the science and profession of air traffic control and aviation safety. Its membership is worldwide in scope, and represents all aspects of the air traffic control discipline, from air traffic control specialists and airway facilities technicians who operate and maintain the air traffic control system, to those individuals and companies who develop, manufacture and provide the technology, equipment, and services which support the system, to the citizens, government agencies, and airlines who use the system.

INTRODUCTION: THE CHANGED AVIATION MARKETPLACE

Immediately after September 11, 2001, most aviation experts predicted that the market effects of the terrorist attacks on air transportation would be short lived, and that conditions prevailing before those events—economic prosperity, increasing demand, congestion and delay—would recur within 18 months or so. Although temporary depression in air transportation demand was anticipated, the aviation community admittedly did not foresee the lingering, intensifying economic doldrums, global political instability and war to come. Certainly few, if any prognosticators envisioned air traffic would be so persistently and profoundly depressed that major airlines and related aviation enterprises would today be struggling for their very existence.

Now, with the war against terrorism continuing and military action in Iraq just winding down, and health concerns heightened, the aviation community is becoming reconciled to the reality that sluggish air transportation market conditions likely will prevail for some time. Airlines, airports and policy makers are adjusting perspectives, plans, programs, and expectations to suit new financial and operational realities.

First among these realities is the stressed, and in some cases desperate financial condition of commercial aviation. Income is down across the board. Fewer passengers are traveling at lower fares, meaning less ticket revenue for airlines and concession income for airports. Fewer flights and smaller capacity aircraft mean reduced tax and user fee income for government and private air traffic service providers. And with airlines, airports and air traffic service providers in difficulty, aviation suppliers including travel agents, aircraft manufacturers, aviation technology companies and airport construction firms are also suffering.

To make matters worse, aviation costs have not diminished proportionately, but rather have remained constant or, like fuel prices, have increased. Airlines, air traffic service providers, and airports still must make payments on aircraft and other capital equipment, pay rent, employee wages and benefits, and meet other contractual obligations. Moreover, as a result of the terrorist attacks, airlines, airports, air traffic service providers, and government organizations must absorb significant additional costs of intensified and additional security measures. Since September 11, 2001, the airline industry alone reports having suffered a loss of \$18 billion; they expect 2003 losses to exceed \$10 billion.

Consequently, virtually all aircraft operators are economizing in every way possible, reducing or rationalizing services, deferring capital expenditures, renegotiating labor agreements, freezing hiring, laying off workers, and selling or mothballing aircraft. Many organizations, including major airlines, are regrouping, reforming, reorganizing, realigning, or disappearing entirely through merger or bankruptcy. Airlines are adjusting schedules, equipage, and even route structures in an effort to match service to demand. Some carriers are switching to smaller capacity aircraft and maintaining or increasing frequency. Others are abandoning hubs in favor of more point-to-point service. Many high-end and business travelers are abandoning commercial service altogether, instead electing to use corporate and fractional ownership aircraft or substituting telecommunications alternatives to travel.

Air traffic service providers are doing all they can to economize in their own operations while continuing to provide equal or better service, and making system enhancements that will improve operating safety and efficiency. But after years of belt

tightening and resource deprivation, there is precious little room in most air traffic service organizations for significant additional efficiencies. A significant point to recognize is that even though the benefits of ATM system and interfacing aircraft enhancements will outweigh the costs in the long run, they do not come for free, and there simply is precious little cash available—either in ATS provider or aircraft operator coffers—to invest today.

There is another aspect of the U.S. air transportation system that current events should amplify—that the U.S. National Airspace System, in contrast to many other national systems, is a “common” civil-military system. Its infrastructure and air traffic controllers support our National Defense and Homeland Security aircraft as well. This is but another reason that the ATM system must be sustained and upgraded to meet the challenge of a new era.

AVIATION SAFETY AND SECURITY IS A FEDERAL RESPONSIBILITY

Aviation—a critical segment of the Nation’s GNP and, even more important, enabler of U.S. tourism, commerce and industry—clearly is on the ropes. Now is not the time to retrench and watch the Nation’s air transportation system—jewel of U.S. ingenuity and free enterprise—disintegrate. Rather, the Federal government must do all it can to preserve and strengthen U.S. aviation, especially in these difficult times. To that end, the Air Traffic Control Association urges the following.

First, it was necessary and appropriate for the Federal Government to provide financial relief to the Nation’s airlines, to help them weather the aftermaths of the 9/11 attacks and market impacts of the War on Terrorism and military action in Afghanistan and Iraq. Although aviation was the vehicle, the 9/11 attacks were directed against the United States as a whole. Protecting the Nation against future terrorism is the Federal Government’s responsibility, and the costs—be they for National Defense or Homeland Security purposes—should be borne by all Americans. Nevertheless, airline passengers, aircraft operators, and airports are shouldering the lion’s share of the costs of air transportation system security—from direct fees for security, to aircraft and terminal modifications, to Airport and Airway Trust Fund expenditures for security infrastructure improvements. And this at a time when the entire aviation community is suffering disproportionately compared with other segments of the economy from the negative market and financial consequences of public fear and wartime disruptions to travel and tourism.

Because airport and airline security is an ongoing National and Homeland Defense function, security fees should be discontinued permanently, and the costs of TSA screening activities, related equipment and construction instead paid for with appropriations derived from the general fund. To use trust fund dollars for this purpose unfairly assesses passengers and shippers for the costs of safety and security measures that benefit everyone. Protecting aircraft from hostile attack and takeover such as we experienced in 2001 benefits the aircraft operator, the passengers and crew and, no less importantly, people and property on the ground that could be impacted. Moreover, using the trust fund in this way mortgages U.S. aviation’s future by depleting the fund without corresponding replenishment. The Association looks forward to the announced plan of the Transportation Security Administration to establish a program whereby TSA would issue Letters of Intent (LOI) to reimburse 75 percent–90 percent of the costs of federally mandated security upgrades, to be paid with appropriated funds.

FAA OPERATIONS APPROPRIATION SHOULD BE “RE-BASELINED”

The Federal Government must rededicate itself to the mission of modernizing and improving airport and airway infrastructure and technology. Modernization will enable air carriers and other aircraft operators to operate efficiently as well as safely and securely during these difficult times, sustain the National Defense and Homeland Security mission, and prepare a robust, capable air transportation system for the future.

The Administration is demonstrating its commitment to U.S. aviation by proposing to continue the FAA funding profile established by the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21). That landmark legislation boosted Federal spending limits for air transportation infrastructure improvement, and established budgetary mechanisms to assure that appropriations matched authorized levels. The Administration is seeking \$7.5 billion per year in fiscal year 2004 for FAA Operations, increasing over the authorization period at least at the rate of inflation. For FAA Facilities and Equipment, the Administration proposes \$2.9 billion in fiscal year 2004, gradually increasing to \$3.1 billion in fiscal year 2007. And the Administration proposes to continue the current funding level of \$3.4 billion per year for Airport Grants. \$100 million per year would be available

for FAA Research, Engineering and Development. The Association believes that this request understates the real needs of the FAA. Although it represents the Administration's judgment of the proper apportionment of financial resources, we believe it does so at the sacrifice of activities and programs that should not be further deferred.

The Air Traffic Control Association agrees with the Administration that continued robust funding for air transportation operations and National Airspace System improvements is a national imperative. Public reliance on air transportation is strong and increasing, and recent history shows that the occasional market dips coincident with military action or economic recession tend to be temporary. When conditions improve, the air transport market recovers rapidly. Immediately prior to the 9/11 terrorist attacks, aviation was experiencing unprecedented growth, with overcrowding and congestion clogging many major facilities. Current projections are that aviation markets will recover to pre-9/11 conditions—including congestion and delay—sometime in 2005–2006. Even with a brief hiatus in demand, the aviation community will be hard pressed to progress sufficiently on needed capacity improvements in time to avoid a repeat of the near gridlock conditions prevailing during the summer of 2001. Now is not the time to hesitate about moving on with modernization.

For the following reasons, therefore, the Air Traffic Control Association urges the Congress to take a more proactive approach to funding operations and modernization of the National Airspace System than the Administration proposes. First, the Administration's fiscal year 2004 funding proposal (3.2 percent increase, less than the rate of inflation) understates the real resource requirements of FAA's Operations functions. FAA's air traffic services, airway maintenance, and regulation and certifications organizations already are debilitated by years of funding deprivation. Because 95 percent of FAA's Operations budget is dedicated to personnel and related costs, years of rate-of-inflation increases have barely covered the costs of mandatory pay increases for on-board staff and plant maintenance and have not addressed the backfill overtime costs associated with training controllers to deal with new situations and systems. Almost no money has been available for projects and activities necessary to prepare for future needs. FAA has barely begun the process of hiring and training significant numbers of air traffic controller and airway facilities technician candidates to replace the "bubble" of employees eligible and expected to retire. (The Administration is requesting \$14 million to hire 300 controller candidates in fiscal year 2004, but because training a controller takes years and many "wash out" of the process, there are some who estimate that 1,000 per year is a more realistic hiring goal.) Schedules for installation, check out, and training of workers on new equipment and technologies are stretching out, delaying benefits until the new items can be put into service. Less than maximum effort can be devoted to development and certification of new technologies. Efforts to devise capacity, efficiency, and safety enhancing air traffic procedures and operating techniques are under resourced. And these chronic shortages are being exacerbated by diversion of resources to satisfy post-9/11 security activities and requirements. Before FAA can begin to survive on rate-of-inflation increases in its operations and maintenance funding the financial base on which these increases are calculated must be increased substantially. ATCA therefore urges Congress to authorize and appropriate Operations funding in fiscal year 2004 at least 15 percent over and above the Administration's \$7.5 billion estimate, or \$9 billion.

PROTECT AIR TRAFFIC SYSTEM MODERNIZATION!

The Administration's \$2.9 billion per year request for FAA Facilities and Equipment authorization and appropriation falls far short of what is required to sustain a really robust modernization and improvement effort. This amount is \$100 million less than the amount enacted in fiscal year 2002, and 2 percent less than the fiscal year 2003 requested amount. But needs for F&E dollars have increased significantly in since then. FAA must first of all sustain existing capability, which is becoming ever more costly. Although much has been replaced, a significant portion of equipment and software in use today is operating well beyond its intended service life and is therefore increasingly trouble prone and costly to repair or replace. Moreover, in the aftermath of 9/11, significantly more of this legacy equipment will remain in service and must be maintained indefinitely, for example, primary radars and geographically dispersed navigation aids and communications systems have renewed value and need to be retained. Other items, many intended to meet joint security and defense needs of FAA, DOD, and Homeland Defense, are being added to FAA's shopping cart. And F&E dollars also pay for the modernization of the Nation's air traffic control system. Most of these projects are well underway, requiring large cap-

ital outlays. Disruptions due to budget adjustments are very costly, both in terms of money and foregone operating benefits. And the F&E account also supports implementation of FAA's Operational Evolution Plan (OEP), a 10 year rolling blueprint for applying advanced technologies and other improvements to garner near term safety, capacity and efficiency benefits. The most recent iteration of the OEP covering fiscal years 2004–2013 is estimated to cost \$12.4 billion over the ten years—up \$1 billion over the fiscal years 2001–2010 version.

In 1998, the FAA estimated that modernization costs alone reflected in Version 3.0 of the NAS Architecture would be approximately \$3 billion per year. Add to this the annual costs of sustaining and refurbishing equipment in use—much of which is now permanently off the decommissioning list, new National Defense and Homeland Security requirements, and the expanding price of the OEP, and it becomes clear that the real necessary level of FAA funding for F&E in fiscal year 2004 and the foreseeable future is more in the order of \$4 billion per year. This is the amount the Association urges Congress to authorize and appropriate.

In addition, the Association urges the Administration and Congress to assure that dollars appropriated for NAS improvements are not diverted to other purposes. To be specific, because NAS improvement projects are multi-year endeavors requiring multi-year budgeting and financial management, annual rescission of unexpended funds wreaks havoc with overall planning. Often, the “unexpended funds” are associated with worthwhile projects and activities already in motion, and do not represent overlooked or obsolete requirements. It would be helpful if this practice were avoided. Or, alternatively, Congress might consider instituting a mechanism that increases the bottom line appropriation that compensates for earmarks rather than, as presently occurs, broader based activities or programs being decreased. Second, FAA prioritizes projects and activities with the objective of achieving the best result for the entire air transportation system. Although legislators understandably are concerned about aviation issues in their home districts, resisting the temptation to earmark F&E funds for specific local projects would greatly benefit the entire system. Third, other aviation priorities such as the Essential Air Service Program should be funded through the regular budget process, not through diversion of FAA F&E dollars intended for NAS modernization. Each year hundreds of millions of FAA F&E dollars redirected through these budget procedures—dollars that otherwise would have been applied to improving the safety, capacity and efficiency of the NAS.

THE PROBLEM OF ASYNCHRONOUS IMPROVEMENTS

The promise of air traffic system modernization will not be realized, regardless of the sufficiency of funding, without corresponding upgrade of aircraft technologies that interface with the ATC system. At a recent Air Traffic Control Association symposium, one speaker estimated that the cost of equipping each commercial aircraft to take advantage of new ATC technologies and procedures is approximately \$465,000. Avionics for business and general aviation aircraft are correspondingly expensive. Much of this equipage expense will be offset by the value to the aircraft operator of efficiencies and flexibility derived from the new systems (e.g. fuel and time savings from more direct routings, less holding, reduced delays, more operationally efficient altitudes.) FAA as the air traffic service provider also will derive safety, efficiency and capacity benefits from implementation of modern systems, for example reduced separation between aircraft thereby increasing airspace capacity, or preventing collisions and improving traffic flow on the airport surface.

But no one will enjoy the maximum payback from modernization unless ATC improvements and aircraft upgrades take place contemporaneously, and all aircraft in given airspace are comparably equipped. If new ATC system implementation lags behind aircraft equipage, operators will have made an investment with no immediate payback. If the ATC system is equipped without corresponding aircraft capability, neither the users nor FAA will derive full benefits. And if ATC improvements are made but only some aircraft are equipped for the new environment, airspace must be segregated to allow those who are equipped to derive benefits while still permitting those not so capable to continue operating and the underlying infrastructure must support both.

Universal aircraft equipage can be achieved in three ways. First, aircraft operators may be encouraged to equip voluntarily if the operating benefits are sufficient to outweigh the cost. Second, disincentives may be imposed on operators that fail to equip. For example, they may be foreclosed entirely from some environments, subjected to less optimal operating conditions (e.g. sub-optimal routings, non-preferred altitude), or charged higher fees or taxes. A third alternative is for the Government to mandate minimum equipage for everyone.

The first option—voluntary compliance—benefits everyone. But there are situations in which the cost/benefit ratio of a given improvement is positive for the entire system, yet negative for a specific aircraft or fleet. In that case, a rational operator may well choose not to invest. And cash poor operators—and today many of the Nation's largest air carriers are in this category—may simply be unable to invest in improved aircraft systems regardless of the potential compensating benefits. Using the second option—operating restrictions—to coerce compliance is not a good choice because such mechanisms work by degrading the operating environment for those less advantaged, increasing their costs and as a result perpetuating the disparity. Moreover, selective restrictions tend to disadvantage those who are least able to afford it, e.g. smaller commercial operators providing service to remote and underserved localities, and general aviation.

The third option, Government mandate, is the only 100 percent effective approach. But in the current economic environment, with the equivalent of one-third the U.S. commercial airline fleet in mothballs and one quarter of commercial airline capacity operating in bankruptcy, a mandate to equip with expensive new avionics could precipitate or accelerate liquidation of major aviation companies. For reasons stated previously in connection with aid to financially distressed airlines, the Air Traffic Control Association urges the Administration and Congress to consider making updated aircraft avionics an integral part of federally funded NAS modernization projects. This approach assures that necessary technologies will reliably be deployed congruent with corresponding new FAA systems. And in this way, safety and operating efficiency of the National air transportation system will be maximized without risking widespread collapse of the aviation industry. We also would ask that Members of transportation authorizing and appropriations committees collaborate with their colleagues to enact legislation that would enable corresponding equipment of military, homeland security and government aircraft.

AIRPORTS FUNDING NEEDS A BOOST

The Administration proposes to continue into the future the current AIR-21 annual amount of \$3.4 billion for Airport Grants. This level of support should be increased.

The Airports Council International—North America estimates that the actual average annual cost of airport capital development for the years 2003–2006 has grown to \$15 billion. Although Federal AIP is not intended to pay all the capital costs of airport improvements, since 2000 when AIR-21 was enacted, and especially since the events of 9/11, airport need for federal funding has increased significantly. On the one hand, because airport revenues are largely tied to traffic levels, income is down drastically since the terrorist attacks and initiation of military action in Afghanistan and Iraq. On the other hand, costs are way up. Approximately two-thirds of airport capital spending is for new runways and other facilities to accommodate future growth. Most of this work already is underway, and contract requirements including schedules of expenditures are firm. The other one third is used to preserve existing infrastructure and maintain compliance with standards—also non-discretionary expenditure. Neither of these categories of expenses fluctuates downward with traffic counts. Meanwhile, airports are facing significant new security costs such as terminal modifications to accommodate large baggage screening machines, stepped up grounds and terminal security including more personnel, and enhanced access system technology. And, we foresee that increasing reliance on point-to-point versus connecting passenger service will accelerate the need for improvements at airports heretofore not anticipating significant growth. If Federal funding is continued only at the AIR-21 level, the national system of airports will continue to fall behind the power curve. To support recovery of the air transport industry, the Federal Government must significantly increase—not merely continue—its contribution toward expansion and improvement of the Nation's airports.

AVIATION RESEARCH MUST BE REINVIGORATED

Fourth, and perhaps most important for the future of U.S. aviation, the level of effort of FAA RE&D must be increased four- to five-fold—that is, \$400 to \$500 million per year.

The Administration proposes a funding amount of \$100 million for this function. This is \$25 million less than the fiscal year 2003 enacted amount, and one half the amount approved in fiscal year 2002. This funding trend reflects an alarming deterioration in commitment of the Federal Government to maintaining the United States on the global forefront of aviation and aeronautical science and industry. The Administration's fiscal year 2004 proposal is paltry by any standard, and if approved as requested will sound the death knell for any notion of an independent

FAA R&D capability related to air traffic control. (ATC efficiency research is “zeroed out” in the fiscal year 2004 proposal.) In today’s “bottom line” business environment, and especially with the economy in recession, private industry cannot be counted on to fill the void.

If the United States is going to continue being the world leader in aviation and aerospace technology, it is long past time to renew the Nation’s financial commitment to the government-sponsored research programs needed to make that happen. This means multiplying by four or five times the amount of money now going each year to FAA RE&D. It also means generously supporting all manner of research being conducted by NASA as well. Although NASA’s activities cannot substitute for a vigorous, well-funded FAA RE&D capability, in some areas of research it offers expertise and research resources that increasingly complement those of FAA and support FAA’s mission and objectives. However, the breadth of appropriate FAA RE&D goes well beyond NASA and DOD’s interests, and should not be dismissed.

DEVELOPING A VISION OF THE FUTURE AIR TRANSPORTATION SYSTEM

Important for the future will be a Government-wide, interagency activity to coordinate aviation and aerospace requirements both existing and for the future, define research needs and applications for the next generation air traffic management system, and assemble a unified budget report covering all aviation system funding needs. Government-wide planning will allow various organizations to share knowledge and facilities, avoid duplication of effort, and leverage resources through joint and cooperative activities. The Department of Transportation should lead the coordination activity, with the Departments of Defense, Commerce, and Homeland Security, and FAA and NASA participating. As part of this effort, FAA should undertake to define the next generation air traffic management plan for the United States, with involvement of all private sector aviation stakeholders, members of the public, and government agencies with relevant missions.

Senate bill S. 788, the “Second Century of Flight Act”, sponsored by Senators Hollings, Brownback, Rockefeller, Inouye, Cantwell and Kerry provides an excellent framework for just such a Government-wide collaboration to enable the United States to maintain its leadership in aeronautics and aviation. The bill would establish and fund in DOT an “Office of Aerospace and Aviation Liaison” to lead the interagency coordination activity, and create in the FAA a “National Air Traffic Management System Development Office” responsible for developing a next generation air traffic system plan for the United States in collaboration with other organizations having an aviation mission. S. 788 also would authorize for FAA RE&D expenditures \$289 million in fiscal year 2004, \$304 million in fiscal year 2005, and \$317 million in fiscal year 2006. These amounts are less than ATCA advocates, but a good start nonetheless. The Air Traffic Control Association supports the principles stated in S. 788, and urges Congress to enact the legislation.

CONCLUSION

Terrorism, war, and economic uncertainty have exacted a significant toll on air transportation enterprises around the world, especially in the United States where air carrier aircraft were hijacked to be the instruments of attack. Among sectors of the Nation’s economy, aviation has paid more than its share of the price of those sad events. The lasting financial and market impacts are presenting a serious challenge for the United States in maintaining a leadership role in air transportation and aerospace technology, working together with other nations to achieve a safe, secure, efficient, capable, seamless global air transportation system. With the full support of the Administration and Congress, however, the United States can retain rather than relinquish its stature in the world aviation community, and continue to apply the fruits of its efforts in partnership with other nations toward the betterment of air transportation around the world.

To that end, the Air Traffic Control Association urges Congress to assure a robust and reliable funding stream for operations, maintenance, and modernization of the National Airspace System, and to initiate under the leadership of the Department of Transportation and fully fund a government-wide Federal aviation and aerospace research and development capability to support the air traffic management system envisioned for the future. Together we must prepare for the future, rather than react to the past.