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Introduction

Mr. Chairman, Congressman McEwen, Members of the Subcommittee, I thank you for inviting me here this morning to discuss the transportation trust funds. I am pleased to have with me today Mr. Gene McCormick, the Deputy Administrator of the Federal Highway Administration, and Mr. Mike Moffet, Assistant Administrator of the Federal Aviation Administration for Policy, Planning, and International Aviation.

Dealing with issues related to the transportation trust funds has occupied a significant portion of my first year at the Department of Transportation -- along with assisting in the development of Secretary Skinner's National Transportation Policy, where we dwelt considerably on the Nation's infrastructure needs. Speaking of the Transportation Policy, let me again state our appreciation for the Public Works Committee's providing a platform for presentation of the Policy, and our appreciation for the leadership this Committee has exercised in addressing infrastructure needs -- which we all see as a key component of investing in America's future.

With respect to the highway and aviation trust funds, I have learned that the issues are complex, that the public debate on the issues includes a great deal of misinformation, and that setting the record straight is a difficult task. For that reason, I appreciate your willingness to provide a forum for informed debate of the issues.

I propose to provide some background on the transportation trust funds before I discuss the specific issue of their budget status, which I understand is of particular interest to the Subcommittee. History has some important lessons for us, and, in the interest of some expediency today, it is well to remember the wisdom of Oliver Wendell Holmes' observation that "A page of history is worth a volume of logic."

History of the Highway Trust Fund

The Highway Trust Fund was created in 1956 in support of the vision of Dwight D. Eisenhower and the Congress to build a national Interstate Highway System. The trust fund is funded by highway user fees -- primarily, a cents-per-gallon charge on motor fuels, but other excise and truck use taxes as well.

Funds authorized from the trust fund are distributed to the States on a formula basis.

Perhaps it would be useful to digress here to explain the budgetary notion of "contract authority," because it plays a critical role in the transportation trust funds. As you know well, Congress authorizes funds in authorization legislation and subsequently appropriates funds in appropriations bills. Authorized funds generally cannot be used until they are appropriated. Contract authority is a special kind of budgetary resource that is available for obligation without Appropriations Committee action. The authorizations for the Federal-aid highway program provide mainly contract authority. Each year, by law, on October 1, the Federal Highway Administration (FHWA) apportions to the States most of the contract authority under a formula distribution that is established by law. There are also some amounts distributed through discretionary allocations.

That is all the action that is needed to obligate the funds, and, if Congress took no further action, the States could proceed to obligate all the contract authority apportioned to them. However, that is not the last Congressional word. An annual obligation limitation is also imposed as part of the appropriations process on most elements of the Federal-aid highway program. This limitation is generally less than the full amount of contract authority that would otherwise be available for obligation. Obligation authority is distributed to the States at the same time as the contract authority is apportioned, or when discretionary allocations are made. States are then constrained, by the amount of obligation authority they are provided, in how much of their contract authority they can obligate in total. The States do have discretion to decide how to use their obligation authority across the range of specific Federal-aid programs. Depending on a State's priorities, it could use its obligation authority to obligate all its Interstate construction funds, for example, if completion of gaps in that System were its top priority. It would then have to make up for that by obligating proportionately less of its Federal-aid funds in another category.

I should note that traditionally some elements of the Federal-aid highway program are exempted from the obligation limitation. The major elements that are exempted are the Minimum Allocation program (which ensures that each State receives at least a percentage of the total apportionments equal to 85 percent of its percentage contribution in tax receipts) and the Emergency Relief program. Special authorizations for demonstration projects have also usually been exempted from the limitation.

Not only do States decide how to use their obligation authority among the various specific Federal-aid programs, they also decide which projects to advance with the funds they use. The Federal-aid highway program is a federally assisted, State-administered program.

Once FHWA approves a project that the State proposes, the Federal share of the cost of the project is considered "obligated." The State then proceeds -- doing the detailed engineering, advertising for bids, and selecting a contractor, who then begins work. The State incurs costs, pays the bills, and then seeks reimbursement of the Federal share from FHWA. Federal outlays (i.e., actual expenditures) do not occur until the State is reimbursed.

Because Federal payments are reimbursements to the States and because it is typically several years from project approval to project completion, outlays are spread out for several years after obligations. Based on a long history of actual expenditures, we estimate that, on average, one dollar obligated this year will mean an outlay of 17 cents this year, 52 cents next year, 15 cents in the third year, 5 cents in the fourth year, and 3 cents in the fifth year. That is 92 cents of the dollar; the remaining 8 cents is paid out over the next several years following the fifth year.

Since the highway program is "slow spending," commitments can be made that depend on future-year revenue, that is, FHWA can approve projects and incur obligations that total more than the current cash balance. The law permits that approach under a provision known as the Byrd Amendment, which was sponsored by Senator Harry Byrd and dates back to creation of the trust fund. The Byrd Amendment, as amended in the Surface Transportation Assistance Act of 1982, says that FHWA can apportion contract authority at the beginning of any one year as long as that new contract authority plus existing unpaid commitments do not exceed the current cash balance and the projected income for that coming year plus the next two. In other words, we are legally permitted to be in a position where, if we stopped the program at the end of one year and made no new commitments, we are authorized and would need to continue to collect taxes and earn interest for up to two years to pay the bills for commitments we had already made.

Recent History

As most of you, no doubt, well remember, in 1982, then President Reagan proposed and Congress enacted an increase in the motor fuel tax, from 4 cents a gallon to 9 cents. That was the first significant increase since 1960, and I might add that the cash balance in the Highway Trust Fund at the end of 1982 was $9.0 billion, or, in 1990 dollars, $11.9 billion -- more than the cash balance now. At that time, Congress also made a major increase in the truck use tax. In 1984, the truck use tax was reduced and a "diesel differential" was created. Diesel, which is a common fuel for trucks, is taxed at 15 cents a gallon. Non-truck users of diesel are entitled to a rebate on their income tax to offset the diesel differential. In addition to the motor fuel tax and the truck use tax, there are excise taxes on the sale of trucks and truck tires. There are two partial exemptions from the motor fuel tax: gasohol and ethanol/methanol not made from petroleum or natural gas are taxed at 3 cents per gallon, and ethanol/methanol made from natural gas is taxed at 4.5 cents per gallon.

In FY 1989, the gas tax, including the tax on gasohol, accounted for 58 percent of annual revenue; the diesel tax, for 28 percent, the truck sales tax, for 8 percent; the truck use tax, for 4 percent; and the truck tire tax, for 2 percent.

The Mass Transit Account

As part of its proposal to raise the fuel taxes in 1982, the Administration also proposed to dedicate one cent of the increase to transit and create a new Mass Transit Account in the Highway Trust Fund to accept those receipts. (The rest of the tax receipts went to the newly created Highway Account.) Congress accepted that proposal.

The Mass Transit Account operates much the same as the Highway Account. One difference is that, instead of the Byrd Amendment, commitments from the Mass Transit Account are governed by the Rostenkowski Amendment, which limits the reliance on future-year revenue to one year beyond the current year, rather than the two years under the Byrd Amendment. Like the Federal-aid Highway program, the portion of the Urban Mass Transportation Administration's (UMTA) program that is financed from the Mass Transit Account is contract authority.

Balances in the Highway Trust Fund

There are two important figures in any discussion of the trust fund balances: the cash balance and the uncommitted balance. The cash balance represents the amount of money that the Treasury Department credits to the trust fund at any particular moment. There are two important things to say about the cash balance: one, there is not really a pot of cash sitting in the Treasury -- in fact, the cash balance is invested in government securities; and, two, the cash balance is not a "surplus," since there are outstanding commitments against it, that is, bills for commitments already made that will have to be paid. The situation might be compared to a personal checking account: you may have written checks that have not cleared your bank yet, so the bank's statement of your balance looks better than you know it to be.

At the end of this fiscal year, we project a <u>cash balance</u> in the Highway Trust Fund of $17.9 billion -- $11.0 billion in the Highway Account and $6.9 billion in the Mass Transit Account. <u>Commitments</u> against that balance will total $37.4 billion -- $33.0 billion against the Highway Account and $4.4 billion against the Mass Transit Account. So, commitments will exceed the balance in the Highway Account by $22.0 billion, and the cash balance will exceed the commitments against the Mass Transit Account by $2.5 billion, that is, the Mass Transit Account will have a surplus of $2.5 billion.

There are two kinds of commitments: one, commitments made for specific, approved projects, where Federal funds have been obligated for the projects but, because States have not yet sought reimbursement, have not been expended. These we call, logically enough, unexpended obligations. The second kind of commitment is the more general commitment represented in the contract authority that Congress has authorized, and most of which has been apportioned to the States, but which has not been obligated, either because of obligation limitations or because, independent of obligation limitations, recipients have not been able to advance projects with those funds yet. These "unobligated balances" still represent a commitment to the States.

In the Highway Account, unobligated balances exist because of obligation limitations and because of unobligated contract authority for programs not subject to the limitation. The States have never failed to use all the obligation authority available in any one year, due in part to the redistribution of authority in August of each year from States that cannot use all their authority to States that can use more. Of the $33.0 billion in commitments against the cash balance of the Highway Account, $22.0 billion is unexpended obligations and $11.0 billion is unobligated balances.

To put these balances into perspective, it may be useful to make a historical comparison. The cash balance in the Highway Account will be $11.0 billion at the end of this fiscal year. In 1979, the cash balance reached its highest level -- $12.6 billion, which is the equivalent of over $21 billion in 1990 dollars. In recent years, the balance has been increasing in nominal dollars by an average of about 2.4 percent a year since 1982, when the gas tax was more than doubled.

Looking at the $33 billion in commitments, we see that they will be about three times the cash balance at the end of this year. Within that $33 billion, the unexpended obligations of $22 billion -- unpaid bills for projects already approved -- will be twice the cash balance. By comparison, at the end of 1982, just before the fuel tax was increased, commitments were only a little more than twice (212 percent of) the cash balance, and unexpended obligations were only 46 percent higher than the cash balance. You can see that the cash balance is more leveraged today than it was in 1982. And, back in 1979, commitments were only 50 percent higher than the cash balance, and unexpended obligations were only 8 percent more than the cash balance.

The Mass Transit Account has a surplus basically because the authorized levels have been less than the level of annual tax receipts, not to mention total annual income including interest. At the same time, Congress has appropriated an average of about $2 billion a year from general revenue for mass transit.

History of the Airport and Airway Trust Fund

The Airport and Airway Trust Fund was created by the Airport and Airway Development Act of 1970. It is financed by aviation user fees, including an 8 percent passenger ticket tax, an international departure tax of $6, a 5 percent freight waybill tax, and fuel taxes on non-commercial aviation of 12 cents a gallon on aviation gasoline and 14 cents on jet fuel. The passenger ticket tax accounts for 87 percent of trust fund tax receipts; the international departure fee, for 6 percent; the freight waybill fee, for 5 percent; and the fuel taxes, for 3 percent.

The trust fund finances 100 percent of the capital costs of the Federal Aviation Administration (FAA) and 100 percent of its research, engineering, and development program. FAA has two capital programs: Facilities and Equipment (F&E) and the Airport Improvement Program (AIP). The F&E program provides funding for implementation of the National Airspace System (NAS) Plan, which is a multi-year, multi-billion dollar, total revamping of the air traffic control system. The AIP is a grant program through which FAA provides funds for airport capital improvement projects directly to large airports and through apportionments to the States for smaller airports.

The F&E program and FAA's research program do not have contract authority; they are funded through annual appropriations. The AIP program, like the similar Federal-aid Highway program, is provided contract authority, and Congress applies annual obligation limitations to the program. Unlike the FHWA's approach, FAA apportions contract authority to the large airports and to the States only up to the obligation limitation. This approach is consistent with the terms of FAA's authorization legislation. For highways, there is a functional advantage to the "gap" between apportioned contract authority and obligation authority since there is contract authority for a number of different Federal-aid highway programs and the States can decide how to use their obligation authority across the various programs. For aviation, however, the only FAA program that provides funds for the States and large airports to manage is the Airport Improvement Program. Since this is the only Federal-aid program in aviation, the question of flexibility among several programs is not relevant, so there would be no advantage to apportioning contract authority in excess of obligation authority.

The trust fund is also available to fund a portion of FAA's Operations expenses, and therein lies the center of the controversy surrounding the aviation trust fund. In 1970, when the trust fund was created, Congress provided that, after the trust fund monies had been used for FAA's capital programs, the "balance" could be used for Operations and research. In the view of the authorizing committees, the Administration's next budget request (for FY 1972) did not request full funding for the capital and research programs and drew too much funding for Operations from the trust fund. In reaction, Congress amended the 1970 Act in 1971 to exclude Operations as an eligible use of trust fund monies. In 1976, Congress again amended the Act to provide for a limited, capped use of trust fund monies for Operations: up to $250 million was permitted for FY 1977, rising to $325 million for FY 1980.

In the Airport and Airway Improvement Act of 1982, Congress took a new approach to the issue of trust fund support of Operations. The authorizing committees crafted what has come to be known as the "penalty" provision. It provided for a level of trust fund support of Operations expressed as a multiplier of the authorized amounts for the Airport Improvement Program. If the amounts made available for the AIP and the F&E programs through the appropriations process were below the authorized amounts, then trust fund support of Operations would be automatically reduced. There would be no less money spent on Operations -- it just would not come from the trust fund. In fact, appropriations for the capital programs were less than the authorized amounts for the fiscal years 1982 through 1987, the years authorized in the 1982 legislation, and the penalty provision reduced trust fund support of Operations. In 1984, no trust fund monies were spent on Operations.

If appropriations had equaled the authorized amounts for the capital programs for the years 1982 through 1987, some $7.4 billion in Operations would have come from the trust fund. But capital appropriations fell short of authorizations by almost $2.1 billion over the six years (about 18 percent of total authorizations), and, as a result of the penalty provision, trust fund support of Operations totaled $4.2 billion, a shortfall of 43 percent from what would have been provided without the penalty provision. Primarily as a result of the penalty provision, the cash balance in the trust fund rose from $4.7 billion at the beginning of FY 1982 to $9.9 billion at the end of FY 1987; the uncommitted balance rose from $3.0 billion at the beginning of FY 1982 to $5.6 billion at the end of FY 1987.

In the Airport and Airway Safety and Capacity Expansion Act of 1987, Congress made the penalty even more severe, extending it to funding for the research program and increasing the size of the penalty. Under its terms, each one-dollar shortfall between authorizations and appropriations for the capital and research programs results in a reduction of $2.50

in trust fund support of Operations. That has been the major factor in the continued growth in the cash and uncommitted balances in the trust fund: the cash balance will grow to $14.6 billion at the end of this fiscal year, and the uncommitted balance, to $7.6 billion.

Budget Status: The Issues

With that background on the transportation trust funds, I will turn to the issue of the budget status of the trust funds, which I understand is of interest to the Subcommittee.

I think we should ask a series of questions to help us reach consensus (if that is possible) on this issue:

- First, are we committed to reducing the total Federal deficit, that is, to reducing the amount of money the Federal government must borrow from private lenders to pay its bills?
- Second, if so, can we ignore trust fund spending in setting the annual budget for the Federal government?
- Third, if not, should trust fund spending levels be established as part of the overall budget process?
- And, finally, if trust fund spending should be established as part of the overall budget process, have we been fair to those who pay user fees when we set those spending levels? Can we be fair in the future?

Are we committed to reducing the total Federal deficit?
By enacting the Gramm-Rudman-Hollings law, Congress and the Executive Branch established reduction of the Federal deficit as a national priority. As that legislation developed, many Members of the Public Works Committee proclaimed the merits of the proposal, observing that the American people were "fed up" with paying inordinate interest on the Federal debt -- that action on the deficit was an "imperative obligation." In October 1987, we saw renewed proof of the importance of deficit reduction when the apparent inability of the Federal government to reach a budget agreement for FY 1988 that would bring down the deficit helped bring on the worst stock market decline since 1929. Chastened by that event, Congress and the White House quickly reached a 2-year budget agreement to assure the country that the Federal government could deal with the deficit.

The deficit, as we all know, is a simple calculation: total Federal outlays minus total Federal income. The difference is what the Treasury must borrow from private lenders to pay its bills. In terms of macroeconomic effects, that is the "deficit" that counts: it affects the interest rates all borrowers pay, and, therefore, the cost to produce and distribute goods and services in this country and abroad. It affects our competitiveness abroad. I would hope that, whatever we may think about particulars in Federal spending, we can agree that it is critical not to lose sight of the total Federal deficit.

Can we ignore trust fund spending in setting the annual budget for the Federal government?

If we can agree that we must not lose sight of the total Federal deficit, I think we must then agree that we cannot ignore trust fund spending in setting the annual Federal budget. If we ignore it, and simply deal with non-trust fund programs, we will not be considering the whole picture, and we could not ensure that we will meet our deficit reduction targets. If we accelerate obligations to draw it down, the resulting outlays, in addition to the outlays that will result from obligations already made and from proposed spending levels for next year, could result in a significant increase in the Federal deficit above the Gramm-Rudman-Hollings target for next year, which already appears more difficult to achieve than we thought in January.

Should trust fund spending levels be established as part of the overall budget process?

If we can agree that we cannot ignore trust fund spending in establishing the budget, should the trust fund programs be "on the table" with other Federal programs? Or should their spending levels be set first, without regard to competing needs and, then, spending be set for other programs so as to achieve overall deficit targets? I suspect that it is on this question that we may begin to find some disagreement.

On the one hand, trust funds are supported by user fees dedicated to specific purposes, so, the argument goes, the trust funds should be used without regard to spending in other areas. I know that the Members of the Public Works Committee are dedicated -- as is Secretary Skinner -- to seeing that the Nation's transportation needs are met. There is an obvious frustration in not seeing more of the trust fund balances used to meet those needs. On the other hand, those who pay user fees benefit from other Federal spending programs for which spending might be reduced to offset increased trust fund spending. Some are obvious: as I have discussed, transit has been receiving almost twice as much from general Federal revenues as it has from the transit penny of the fuel tax, and it would be a mistake to ignore that. Aviation users have been benefiting from FAA Operations -- the services of air traffic controllers, those who maintain critical air traffic control equipment, and aviation safety inspectors, for example -- that have been largely funded from general revenues. As an example of the kind of ironic consequence that might result from setting trust fund spending levels without regard to other government spending, excessive spending on FAA's capital programs might have to be offset by reductions in general fund support of FAA Operations: we might go on buying new computers for air traffic controllers to use, and be unable to hire the controllers to use them.

Those who pay user fees -- that is, virtually all Americans, since almost all of us ride in automobiles or fly in airplanes at various times -- have an interest in a great deal of the rest of the Federal budget, as well, although that interest does not justify the diversion of user fees to support general Federal spending. I am sure, for example, that we all want an adequate national defense; we all care about education, health programs, clean-up of hazardous nuclear wastes, environmental protection, anti-drug programs, and public safety programs, to name but a few programs that affect a broad cross-section of American citizens.

The needs of our transportation systems are real, and Secretary Skinner, the heads of our operating administrations, and I have been and will continue to be forceful advocates for meeting those needs both within the Administration and before Congress. But I do not believe that we need special budget treatment -- which may come at the expense of other DOT programs or other non-transportation programs of critical importance to America -- to ensure adequate funding for trust fund programs.

And that leads me to the final questions:
<u>Have we been fair to those who pay user fees when we set trust fund spending levels? Can we be fair in the future?</u>
I believe the answer to these questions is "yes." Let me address each of the programs.

With respect to spending from the <u>Highway Account</u>, as I have mentioned, the amount of outstanding commitments is three times the cash balance, which means that, if we were to end the program at the end of this year and apportion no new contract authority, we would need an additional $22 billion to pay off those commitments. To put that into perspective, we project that the Highway Account will receive $14.7 billion in tax receipts next year, so commitments currently exceed the cash balance by the equivalent of a year and a half of tax receipts.

The important fact is, though, that Highway Account spending has <u>exceeded</u> tax receipts since the creation of the Highway Trust Fund. Since FY 1985, the Highway Account has added to the Federal deficit in every year but one. During the last highway authorization period (1983-1986), spending exceeded user fee receipts by $3.8 billion. During 1987-1991, highway outlays are projected to exceed user fee receipts by approximately $2.3 billion.

Those who pay user fees are seeing more spent on highways than they are paying in user fees. The issue, of course, is interest: the current cash balance is equivalent to the interest that has been credited to the trust fund less the excess of outlays over tax receipts. I do not argue that interest should not accrue or that it should not be dedicated to highway purposes, but it is not a "user fee" -- it is an intragovernmental transfer. That is, it is money credited to the trust fund from general revenues, but, with the deficit this country faces, the Treasury does not have that interest to spend. If spending is increased to use more of the interest that is accruing, the Treasury will have to borrow to pay the resulting bills.

With respect to the Mass Transit Account, outlays have been less than tax receipts, but total Federal spending on transit has far exceeded tax and interest collected in the Mass Transit Account. For example, this year the Mass Transit Account will earn about $1.3 billion in taxes and about $550 million in interest. Mass Transit Account outlays will only total about $976 million, but total outlays by the Urban Mass Transit Administration will total $3.5 billion -- 2.7 times the total tax revenue paid into the Mass Transit Account this year. Given those figures -- all for mass transit -- it is hard to argue that those who pay the transit penny are not getting what they are paying for, although it surely says that we must carefully consider, as we look at reauthorization for FY 1992, how we can make better use of the Mass Transit Account and reduce reliance on general revenues.

With respect to the aviation trust fund, let me quote from the report of the Congressional Budget Office report to the House Transportation Appropriations Subcommittee: "Aviation users have received more in benefits than they have paid in taxes; i.e., total spending on aviation from both the general fund and the trust fund has been greater than the excise tax revenues over the history of the trust fund. The accumulated trust fund surplus has developed because the general fund has been used to support aviation spending."

In fact, since 1982, a total of $46 billion has been made available to the FAA. Of that amount, $26 billion was funded by user fees, and the remaining $20 billion was funded by general revenues. The trust fund has financed about 57 percent of FAA's budget.

Aviation capital spending has grown significantly. Between 1982 and 1990, FAA's annual capital and research funding has increased from $780 million to $3.3 billion. Between 1982 and 1990, FAA's Operations budget has increased from $2.3 billion to $3.8 billion. The trust fund has funded about 24 percent of the cost to operate and control the aviation system. The remainder has been funded by general revenues. The aviation user has been the beneficiary of the expenditure from general revenues.

Looking to the future, the Administration has proposed a five-year reauthorization of FAA's programs from 1991 to 1995 with significant increases in program funding. A five-year time frame provides the funding commitment necessary to plan for an effective and cohesive airport and airspace system.

Capital funding for aviation infrastructure and research would increase by 73 percent over the next five years compared to what was made available over the last five years.

Infrastructure increases include funds to modernize the air traffic control system and for airport development. The five-year funding levels we have proposed include: $13.5 billion for F&E, $7.7 billion for airport grants, and $970 million for aviation research.

Our proposal continues a major Federal role in support of airport development and also provides a new source of local revenues to provide critically needed airport capacity through a passenger facility charge (PFC). This proposal would eliminate a Federal barrier to airports' increasing their revenue base for such purposes as critical capacity expansion. Given the forecast that the number of airports experiencing more than 20,000 hours of annual flight delays will increase from 21 now to 33 by 1997, we must put every tool possible in airport operators' hands to expand capacity. Roughly $1 billion could be raised annually by a $3 PFC -- equating to $10 billion in bonding authority now to meet the demands that we are experiencing today and can see in the future.

Major funding increases and recovery of the users' share of the cost of the system -- 85 percent -- from the trust fund require an increase in the existing user fee levels. The passenger ticket fee would be raised from 8 percent to 10 percent; the freight waybill fee would increase from 5 percent to 6 percent; and the non-commercial aviation fuel fees would increase from 12 cents to 15 cents per gallon for gasoline and 14 cents to 18 cents for jet fuel.

The trust fund surplus is projected to be $7.6 billion by the end of this year. With the funding levels proposed over the next five years, it would be reduced to less than $3 billion by 1995. This represents an average reduction of nearly $1 billion a year. The surplus would be less than $2 billion if the $1 billion contingent authorization is required for modernization of the air traffic control system. If the fees are not increased, the trust fund would be in a $1 billion deficit by 1994 with the Administration's proposed funding levels. The longer one waits to increase the user fees, the higher the future level must be.

Conclusion

In conclusion, permit me to review the questions I posed. Are we committed to reducing the total Federal deficit? I hope so; I think our country's future is critically dependent on an affirmative answer to that question. Can we achieve deficit reduction and ignore trust fund spending? I do not see how: if we tried, we would not be considering the whole picture, and we could not ensure that we would meet our deficit reduction targets.

If we cannot ignore trust fund spending levels, should they be set as part of the overall budget process? I think they have to be. To do otherwise might mean critical underfunding of other government -- even other DOT -- programs to achieve necessary deficit reductions. As I mentioned before, I doubt that aviation users would want to see increased trust fund spending for airports and FAA equipment result in underfunding of the salaries of the FAA personnel who operate the equipment and control flights into and out of airports.

If we set trust fund spending levels as part of the budget process, can we treat fairly those who pay the fees that go into the transportation trust funds? As I hope I have shown you, we can and have done so. In all cases, more has been spent on the programs that the trust funds support than has been paid by users into the trust funds.

Finally, where do we go from here? Your full Committee will be a key player in answering that question. We have submitted a bill for consideration by the Aviation Subcommittee for reauthorization of the Federal aviation programs for the next five years, which we believe is a bold, aggressive proposal to meet the critical aviation needs of this country. We are now working on a proposal for reauthorization of the Federal highway, highway safety, and mass transit programs, and we look forward to working with the Surface Transportation Subcommittee in that important area.

Again, thank you for inviting us to participate in your hearing today. I hope I have been able to provide some helpful information, and my colleagues and I will be pleased to answer your questions.