

## DEPARTMENT OF TRANSPORTATION

Under the President's leadership, we have turned our economy around and created 14 million jobs. Our unemployment rate is below five percent for the first time in almost eight years. Nearly 18 million people have gained health coverage as the Affordable Care Act has taken effect. And we have dramatically cut our deficits by almost three-quarters and set our Nation on a more sustainable fiscal path.

Yet while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward and making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be – the kind of country we want to pass on to our children and grandchildren.

The Budget makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms.

The Budget shows that the President and the Administration remain focused on meeting our greatest challenges – including accelerating the pace of innovation to tackle climate change and find new treatments for devastating diseases; giving everyone a fair shot at opportunity and economic security; and advancing our national security and global leadership -- not only for the year ahead, but for decades to come.

The President's FY 2017 Budget reflects an ambitious 30-year vision for the Department of Transportation to take the United States "Beyond Traffic" and towards a transportation network that matches the changing geography of where people live and work; fosters innovation and adapts to evolving technology; and provides access to opportunity for people and communities across America. Population is expected to grow by 70 million over the next three decades, creating pressures that cut across modes and infrastructure – roads, rails, airspace, ports, and pipelines – with impacts that create environmental challenges as well; the transportation sector accounts for roughly 30 percent of greenhouse gas emissions.

Meeting these challenges will require a long-term transformation of the transportation sector to provide the public and the economy with transportation services decoupled from fossil fuel consumption and carbon dioxide emissions. The Administration has taken many important steps to advance goals to cut our carbon footprint and mitigate the impacts of climate change, like raising fuel economy standards, making the transportation networks more resilient to natural disasters, and taking a more comprehensive, lifecycle view in managing infrastructure assets. But more needs to be done. Transportation solutions can provide the benefits of cleaner, sustainable alternatives. This Budget charts a series of steps to get us closer to that vision.

Across the Department's programs, safety is the highest priority in every mode – pipelines, highways, transit, aviation, rail, and maritime. The Budget invests in the safe integration of emerging technologies, such as autonomous vehicles and unmanned aircraft systems (UAS), which have the potential to revolutionize our transportation systems, save lives and reduce carbon emissions. The Budget also

supports capacity for rigorous regulatory development and enforcement across the Department's safety agencies.

The Budget supports FAA's current operations, sustainment of legacy systems, continued deployment of air traffic modernizations through NextGen, and continued integration of emerging technologies, such as UAS and commercial space launches, into the National Airspace System (NAS). And importantly, this Budget charts a path towards fundamental changes in the way that we think about, balance, and integrate our surface transportation options. As the Department works to implement the recent surface transportation authorization, the Fixing America's Surface Transportation (FAST) Act, rigorously and expeditiously, this Budget takes important steps towards a modernized approach to transportation funding that recognizes the importance of a regionally- focused approach that reflects the changing shape of the Nation's communities, and prioritizes spending on projects that will yield options and impact the American people.

### **Funding Highlights:**

The Budget provides a total of \$98.1 billion in discretionary and mandatory budgetary resources for the Department of Transportation in 2017.

- Over the next decade, the Budget reflects an average increase of about \$30 billion per year in investments associated with the 21st Century Clean Transportation Plan to reduce traffic and carbon intensity of the transportation sector and adapt to emerging technologies in developing sustainable systems of the future. This investment package includes:
  - An average of about \$10 billion a year over 10-years for new, multi-modal programs awarded at the state and local level to promote innovations that lead to smarter, cleaner regional transportation systems;
  - On average, \$10.5 billion annually over 10 years to improve our Nation's transit systems, including \$3.6 billion per year to expand the development, access and use of public transit;
  - Nearly \$7 billion annually on average over 10 years to support current operations, improve rail safety and invest in high-performance rail initiatives.
  - \$2 billion in FY 2017 to expand investment in the future of our freight system, in addition to nearly \$2 billion in baseline resources;
  - \$1.25 billion annually to expand the successful, multi-modal Transportation Investment Generating Economic Recovery (TIGER) program.
- The Budget also fully supports FAST-authorized funding levels for the surface transportation program, which are aimed at keeping the system safe and in a state of good repair. For 2017, this includes:
  - \$44 billion to invest in the critical infrastructure of the nation's highway and bridge systems;
  - Nearly \$10 billion to support operations of public transit systems across the Nation;
  - Roughly \$730 million for the National Highway Traffic Safety Administration (NHTSA) to research and develop new, life-saving technologies and to support vehicle safety programs;

- Around \$640 million to support nationwide motor carrier safety and consumer enforcement efforts through the Federal Motor Carrier Safety Administration (FMCSA).
- The Budget also provides discretionary resources to fund air, maritime and pipeline and hazardous materials transportation activities, including:
  - \$15.9 billion for the Federal Aviation Administration (FAA) to invest in the safest, most efficient aerospace system in the world.
  - \$295 million for the Pipeline and Hazardous Materials Safety Administration (PHMSA) to facilitate the safe transportation of hazardous materials through pipelines, rail, roadway, air, and waterways.
  - \$428 million for the Maritime Administration to implement programs that promote the economic competitiveness, efficiency, and productivity of U.S. maritime transportation.
  - \$36 million for the Saint Lawrence Seaway Development Corporation (SLSDC), to operate and maintain the U.S. portion of the binational St. Lawrence Seaway, and promote environmental management and regional economic development.

**Reforms:**

- Refocuses the flow of Federal transportation dollars to invest in growing regional economies that reflect a 21<sup>st</sup> Century American geography and economy.
- Prioritizes multimodal investments like transit and high performance rail that will expand cleaner transportation alternatives and provide Americans with more choices and greater access to opportunity.
- Accelerates the development, deployment, and safe integration of cutting-edge technology breakthroughs like vehicle automation.
- Builds on Administration progress to increase the efficiency of permitting and approval processes to deliver projects faster with better outcomes.
- Expands access to innovative finance opportunities through implementation of a new National Surface Transportation and Innovative Finance Bureau, housed in the Office of the Secretary.
- Continues the comprehensive modernization of our aviation system through “NextGen.”
- Modernizes the organizational structure for the Pipeline and Hazardous Materials Safety Administration to ensure that regulation and enforcement keeps pace with changing technology.
- Supports increased cybersecurity efforts and dissemination of data transparently to hold programs accountable to taxpayers.

***Invests in Clean, 21<sup>st</sup> Century Surface Transportation Options that Reflect America's Changing Demographics and Economy, and Provide Access to Opportunity***

**Enhancing clean transportation options for American families:** Over a 10-year period, the Budget invests an average of nearly \$20 billion per year in new investments to reduce greenhouse gas emissions and provide new ways for families to get to work, to school, and to the store. The Budget would expand transit systems in cities, fast-growing suburbs, and rural areas; make high-speed rail a viable alternative to flying in major regional corridors; modernize our freight system; and expand the successful Transportation Investment Generating Economic Recovery (TIGER) program to support high-impact, innovative local projects.

**Supporting investment decisions towards a “21<sup>st</sup> Century Regions” approach that reflects a changing demographics and economy:** Increasingly, Americans are choosing to live in metropolitan areas and megaregions that often cross State lines, yet the majority of Federal transportation funding flows, via formula, through the States. This Budget balances that funding stream, by directing billions of dollars through regional governments such as Metropolitan Planning Organizations, empowering them to play a stronger role in decision-making. Over a 10-year period, the Budget invests an average of \$10 billion a year towards a series of new, innovative programs that improve the balance of funding and decision-making and will accelerate the move towards smarter, cleaner, and more integrated communities. These include:

- **A ‘21<sup>st</sup> Century Regions’ grant program to implement regional-scale transportation and land use strategies:** This grant program would achieve a fundamental shift in the planning and delivery of transportation dollars, by rewarding Metropolitan Planning Organizations or Regional Planning Organizations that can achieve meaningful environmental benefits through smarter and more comprehensive regional approaches that reflect and connect the Nation’s changing demographics and transportation challenges. The program would empower regional governments with control of dollars comparable to what many States currently receive through traditional highway formula programs, creating a powerful incentive for more performance-based, regional, and equitable decision-making.
- **‘Climate-Smart Performance Formula Funds’ to Reward States that Use Federal infrastructure funds to cut greenhouse gas emissions:** These funds are designed to accelerate fundamental reform of Federal formula funds across transportation modes in a way that will help mitigate transportation’s contribution to climate change and improve outcomes for communities.
- **New ‘Clean Communities’ grant program aimed at creating more livable cities and towns with expanded transportation choices:** Grants would support projects such as Transit Oriented Development; reconnecting downtowns divided by freeways; bicycle and pedestrian networks, brownfields clean-up, and more.
- **A “Resilient Transportation” grant program to spur local innovation for resilient transportation infrastructure:** This recurring competition, based on the National Disaster Resilience Competition (NDRC), would encourage local and State governments to propose specific projects that address the impacts of climate change on transportation systems and surrounding communities.

*Advances Public and Private Sector Collaboration to Accelerate Cost-Competitive, Low-Carbon Technologies and Intelligent Transportation Systems*

**Continues the transition to the Next Generation Air Transportation System (NextGen):** The President's Budget requests a total of \$1 billion to support NextGen. This includes \$877 million for NextGen Capital investments, an increase of \$22 million above FY 2016, to advance modernization efforts such performance-based navigation to optimize the use of airspace; enhancements to automation that improve the efficiency and effectiveness of air traffic management and reduce operational errors; implementation of satellite-based surveillance capabilities; improvements to data communication practices and technology that can increase productivity and capacity with little overhead; and improvements to maximize traffic flow efficiently, with commensurate time and environmental benefits. The Budget also requests nearly \$63 million for Research, Engineering & Development, to support both NextGen and other areas such as environmental and unmanned aircraft safety research.

**Funding \$200 million in FY 2017 – and nearly \$3.9 billion over 10 years – in pilot deployments of safe and climate-smart autonomous vehicles to create better, faster, cleaner urban and corridor transportation networks:** To accelerate the development and adoption of autonomous vehicles, this program would fund large-scale deployment pilots to test connected vehicle systems in designated corridors throughout the country; and work with industry to ensure a common multi-state interoperability framework for connected and autonomous vehicles.

**Funding research and regulatory activities that support fuel economy and advanced vehicle technology:** The FY 2017 Budget includes more than \$60 million, through the National Highway Traffic Safety Administration (NHTSA), to conduct research on advanced and emerging technologies and alternate fuel vehicles, and to support future rulemaking under the Corporate Average Fuel Economy (CAFE) program, including post-2018 Medium- and Heavy Duty Vehicle fuel efficiency standards, as well as CAFE rulemaking for model years 2022 and beyond.

*Ensures Transportation Safety Keeps Pace with Changing Technology and Organizational Needs*

**Integrating surface transportation technologies safely into the transportation system with \$400 million per year in investment:** Technology is fundamentally changing our transportation system, from driverless cars to electric trains to traffic demand management systems, and these technologies must be incorporated safely. High impact investments will support activities such as NHTSA's New Car Assessment Program (NCAP) to test vehicle safety through state-of-the-art equipment such as more realistic crash dummies and the Federal Motor Carrier Safety Administration's (FMCSA) work in expanding lifesaving safety programs.

**Strengthening regulatory enforcement agencies across the Department through resources and organizational changes:** Across the Department, agencies are taking action to strengthen the regulatory and enforcement capabilities that are key to protecting the safety of travelers and movement of goods. Investments include:

- Over \$47 million to enable NHTSA’s Office of Defects Investigation to improve its effectiveness and meet growing challenges to identify safety defects quickly, ensure remedies are implemented promptly and the public is informed of critical information in an effective manner. Another roughly \$30 million supports “high visibility enforcement” efforts around areas such as seatbelt use and the *Drive Sober or Get Pulled Over* initiatives.
- Investing in organizational changes at the **Pipeline and Hazardous Materials Safety Administration (PHMSA)** to elevate the role of research and analysis in support of regulatory development and enforcement; and to be more predictive and proactive in response to rapidly changing safety needs. In order to ensure the safety of the pipeline network and hazardous materials transportation, the FY 2017 Budget requests **\$295 million for PHMSA**, including more than \$176 million for pipeline safety and more than \$68 million to sustain essential safe and efficient movement of hazardous materials across the country and respond to emerging threats.

**Supporting rail safety through research and development and implementation of positive train control (PTC):** The Budget requests \$213 million to support FRA’s rail safety and development programs, an increase of \$14 million from FY 2016 enacted. Funding will support railroads’ implementation and enforcement of PTC, in addition to track and bridge safety activities. Further, the Budget includes over \$53 million for rail safety research and development, including \$12.5 million to analyze and demonstrate the safety and environmental benefits of Electronically Controlled Pneumatic brakes, and \$2 million to expand research ways to reduce the risks of transporting crude oil and other energy products by rail.

#### ***Invests in 21<sup>st</sup> Century Government and Project Delivery***

From cybersecurity to project delivery, the FY 2017 Budget supports investments to ensure that we are making 21<sup>st</sup> Century investments through 21<sup>st</sup> Century delivery mechanisms, by:

**Modernizing Permitting and Project Delivery processes:** In order to accelerate economic growth and improve the competitiveness of the American economy, the Budget expands the Administration’s progress to expedite permitting and approval processes while protecting safety and the environment. The Budget includes \$4 million to focus on activities such as expanding and deploying the President’s Permitting Dashboard and providing assistance to project sponsors, consistent with new requirements in the *FAST Act*. The FHWA Budget request will also support codification of the agency’s “Every Day Counts” initiative – also required by the *FAST Act* – which helps to identify, accelerate, and deploy proven innovations that shorten the project delivery process and improve safety and environmental sustainability.

**Implementing a new National Surface Transportation and Innovative Finance Bureau:** Building on the Administration’s successful Build America Investment Initiative, the *FAST Act* created the National Surface Transportation and Innovative Finance Bureau, a new office intended to help streamline and improve the application process for the Department’s credit assistance programs and will promote innovative financing best practices for Public Private Partnerships (PPP) across all modes. The Budget requests \$3 million in targeted, new resources to support implementation of this high priority effort. The Budget also requests \$275 million to cover the costs of providing credit subsidy through the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, along with flexibility to also use resources from a range of new multi-modal programs to cover subsidy costs.

**Protecting cybersecurity and data integrity:** The Budget includes \$15 million to continue improvements to the Department's cybersecurity posture, planned security enhancements to the Department's infrastructure, planned upgrades to the Department's Wide Area Network, and maintenance and operation of the Departments' Continuous Monitoring solution. In addition, the Budget includes \$4 million to assist the Department in meeting the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act), which includes establishing and implementing Government-wide data standards for financial data to provide consistent, reliable, and searchable data for easy public consumption.