

VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2015

Overview:

Under current law and House rules, standing committees are required to submit to the Committee on the Budget views and estimates. The Budget Act sets April 15th as the date for the completion of the congressional budget resolution. To assist the Budget Committee with meeting this deadline, we are submitting the views and estimates of the Committee on Transportation and Infrastructure.

The Committee believes that properly targeted investment in transportation and infrastructure is necessary to ensure the safe and efficient movement of people and goods, increase economic growth, and maintain our global economic competitiveness.

The detailed views and estimates presented below requests a deficit-neutral reserve fund for surface transportation and an allocation for contract authority that reflects baseline levels plus inflation in the budget resolution. A reserve fund and adjusted allocation are critical for the success of the surface transportation reauthorization bill. These views and estimates also identify priorities within the Committee's jurisdiction.

This year, the Committee will continue to perform oversight on programs within our jurisdiction as well as focus on authorizing some key programs. The Committee's legislative priorities this year include reauthorizing surface transportation programs, finalizing a Water Resources Development Act, reauthorizing Amtrak while identifying cost-effective and innovative approaches to delivering modern and efficient passenger rail service, reauthorizing and reforming the Federal Emergency Management Agency, and reauthorizing the Federal Aviation Administration's aviation insurance program.

Transportation and the Economy:

Infrastructure provides a strong physical platform that facilitates economic growth, ensures global competitiveness, and supports national security. Providing the Nation with this platform has long been recognized as a federal responsibility that is shared with states and local governments. From the Transcontinental Railroad to the Panama Canal to the Interstate Highway System, Congress has played a critical role in ensuring the connectedness of the Nation and to supporting the needs of the American people. Throughout our Nation's history, economic growth, prosperity, and opportunity have followed investments in the Nation's infrastructure.

Today, the Nation's transportation system is an extensive network of highways, airports, railroads, public transit systems, waterways, ports, and pipelines that provide a means for taxpayers to travel to and from work and to conduct business. The United States transportation system not only provides the backbone of our economy by moving people and goods, it also

employs millions of workers and generates a significant share of total economic output. Economic growth and vitality are also dependent upon high quality water and wastewater infrastructure systems and resilient infrastructure designed to protect lives and properties from storms and flooding.

In addition to facilitating economic growth and global competitiveness, our transportation system has a direct and significant impact on the daily lives of nearly all Americans. To the average American, properly targeted investment in transportation infrastructure will mean shorter commutes that save time, reduce fuel consumption, and decrease pollution; lives saved; safer systems to accommodate the transportation of hazardous materials; and fewer delays for the more than 700 million passengers who travel by air each year.

Status of Authorizations:

The 112th Congress approved and the President signed into law, an authorization bill for aviation. The Committee supports the funding levels authorized in this Act.

On February 14, 2012, the FAA Modernization and Reform Act of 2012 was signed into law. This act was approved after nearly five years and 23 short-term operating extensions. The act provides a four-year, \$63.4 billion package to continue operating the air traffic control (ATC) system, advance the development of the “NextGen” ATC system as well as provide funding for airport infrastructure improvements.

The reauthorization act puts in place sound multi-year policies that reform Federal Aviation Administration programs, modernize our air traffic control system, improve airport infrastructure, and reduce air traffic delays. This critical effort to shift from our antiquated air traffic control technology to a GPS-based system will improve air traffic efficiency and safety, reduce fuel burn and pollution from aircraft, and bring costs down for consumers.

Reauthorization of Federal Surface Transportation Programs:

The Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141) was enacted on July 6, 2012. MAP-21, which was the first multi-year highway authorization enacted since 2005, funds federal surface transportation programs at more than \$105 billion for FY 2013 and FY 2014.

MAP-21 was a milestone for the U.S. economy and the Nation’s surface transportation system. It made significant programmatic and policy reforms to federal surface transportation programs. Among those reforms, MAP-21 consolidated or eliminated nearly 70 U.S. Department of Transportation programs, which afforded state and local partners greater flexibility with the use of their federal funding. MAP-21 reformed the project approval and delivery process for highway and public transportation projects, which allows projects to begin construction faster, maximizing the public investment and benefit. MAP-21 also emphasized performance management by incorporating performance measures into the highway, transit, and highway safety programs, which focus federal funding on national transportation goals, increase accountability and transparency, and improve transportation planning and project selection.

MAP-21 is set to expire on September 30, 2014. As a result, reauthorization of federal surface transportation programs is a priority for the Committee on Transportation and Infrastructure this year. The Committee formally began its process for developing a surface transportation reauthorization bill with a hearing in January. The Committee will hold additional hearings and roundtables in the months ahead to gather public and private sector input on key policy priorities for the next bill. The Committee intends to develop a long-term, bipartisan, policy-focused bill that improves the condition, performance, and safety of the surface transportation network, and adheres to the following key principles: fiscal responsibility; regulatory relief; flexibility for non-federal partners; freight mobility; and innovation and technology.

The Committee looks forward to working with the other committees of jurisdiction to address the challenges facing the Highway Trust Fund and to ensure that the framework is in place to enact a bill. The Committee acknowledges that Ways and Means Committee Chairman Camp recently released a tax reform proposal, which includes a provision that can bring greater certainty for the Highway Trust Fund. The Committee is currently reviewing the details of Chairman Camp's proposal. The Committee requests a deficit-neutral reserve fund for transportation in the upcoming budget resolution. In addition, the Committee also requests an allocation for contract authority that reflects baseline levels plus inflation.

Water Resources Development Act:

Water Resources Development Acts (WRDA) and their predecessors have been authorized by Congress since the 1800's. Later WRDAs established the Inland Waterways Trust Fund and the Harbor Maintenance Trust Fund to help pay for the modernization of locks and dams on America's inland navigation system and maintenance of waterways and ports.

Revenues in the Inland Waterways Trust Fund are derived from a 20-cent-per-gallon user fee on diesel fuel used by commercial vessels engaged in inland waterway transportation, plus investment income. The Trust Fund is used to pay one-half of the costs associated with the construction, replacement, expansion, and major rehabilitation of federal inland waterways projects, the other half coming from the General Fund of the U.S. Treasury. Currently, the Corps of Engineers is using the money at the same rate that it is collected and that is insufficient to maintain an efficient construction schedule for existing projects or to begin any significant new investments. The Inland Waterways Trust Fund collects approximately \$80 million to \$90 million per year while the balance in the fund is approximately \$40 million.

The infrastructure along the inland waterway system is old and in need of repair, replacement, and rehabilitation. Of the 257 locks in operation in 2009, more than one-tenth were built in the 19th Century; the average age of federal locks is 60 years, and they were built with an expected lifespan of 50 years. By 2020 more than 80 percent of America's locks will be functionally obsolete.

The Harbor Maintenance Trust Fund is meant to pay for harbor maintenance needs. Funds are collected through a 0.125 percent tax imposed on the value of cargo loaded or unloaded at U.S. ports. The fund collects approximately \$1.6 billion per year and under the recently enacted

omnibus appropriations act, appropriations for FY 2014 have increased to approximately \$1 billion per year. The balance in the fund is approximately \$8 billion. The trust fund pays for the federal share of the maintenance of federal channels at ports.

America's businesses and consumers depend on these ports as 70 percent of America's imports and 75 percent of its exports go through its ports. The number of ships calling at American ports is rising and with the upcoming expansion of the Panama Canal, the size of ships will grow. With an expanded Panama Canal, very large container ships will become the norm but the number of American container ports that can receive such ships is limited. The American Society of Civil Engineers estimates that underinvestment in America's inland waterways cost American businesses \$33 billion in 2010 and that without significantly increased investment those costs could rise to \$49 billion by 2020.

The Committee is aware that the current rate of revenue collection and investments in both trust funds is not sustainable in the long term if we are to keep inland waterways and ports as a viable part of a multimodal transportation system.

The Committee reported and the House passed the Water Resources Reform and Development Act, and the Committee is currently in final negotiations with the Senate to complete a conference report on the bill. The final conference report will address the needs of ports, inland waterways, flood protection, environmental protection, and other programs of the Corps.

In addition, the Corps of Engineers is challenged with aging infrastructure, increased demands, reduced budgets, and severe weather and water conditions. Ensuring that the Corps has the capability and direction necessary to meet the expectations of the Nation requires a thorough review and understanding of its priorities and its ability to manage its portfolio of assets in the context of federal budget constraints. The Committee intends to provide the technical and budget oversight of Corps funding, backlog, and future needs.

Passenger Rail Reform Legislation:

The Passenger Rail Investment and Improvement Act of 2008 (PRIIA) reauthorized the National Railroad Passenger Corporation, better known as Amtrak, and strengthens the U.S. passenger rail network by tasking Amtrak, the U.S. Department of Transportation, Federal Railroad Administration, states, and other stakeholders with improving service, operations, and facilities. PRIIA was a five-year reauthorization bill covering FY 2009 through FY 2013, and the Committee continues to work to enact a reauthorization bill in the 113th Congress.

PRIIA focused on intercity passenger rail, including Amtrak's long-distance routes and the Northeast Corridor, state-supported corridors throughout the Nation, and the development of high-speed rail corridors. To address the challenges facing Amtrak and to promote more efficient and improved intercity passenger rail service, PRIIA authorized stable and predictable funding for long-term investments and improvements to intercity passenger rail service and set forth strict guidelines for improvements to Amtrak's long distance and corridor routes to reduce Amtrak's operating subsidy. Since PRIIA was enacted, Amtrak's operating subsidies have declined over 20 percent (\$103 million in reductions).

The Committee intends to review Amtrak's performance since PRIIA.

Coast Guard Reauthorization:

On February 11, 2014, the Committee on Transportation and Infrastructure ordered reported the Coast Guard and Maritime Transportation Act of 2014. The measure authorizes funding for the Coast Guard for fiscal year (FY) 2015 and FY 2016 at the FY 2014 level. The bill also institutes reforms for the U.S. Coast Guard, reduces regulatory requirements on small business, and upholds the Coast Guard's ability to carry out its important and diverse missions. The two-year authorization act enhances operations while reducing costs by reforming and improving Coast Guard administration and eliminating obsolete authorities. The legislation recognizes the current budget environment and directs the Coast Guard to review its missions in a manner that reflects budget realities. The bill also directs the Coast Guard to prepare plans for meeting its icebreaker needs in the Arctic, and to cover the shortfall in funding and timeline delays in the acquisition of the Offshore Patrol Cutter.

Furthermore, the bill encourages job growth in the maritime sector by reducing regulatory requirements on small businesses. The regulatory changes provided by this bill include making permanent the current moratorium for fishing vessels and small commercial vessels' compliance with the National Pollutant Discharge Elimination System requirements of the Clean Water Act governing vessel incidental discharges. The Committee intends to enact a reauthorization bill in the 113th Congress.

Federal Emergency Management Agency:

The Federal Emergency Management Agency (FEMA) manages and coordinates the federal response to and recovery from major domestic disasters and emergencies of all types, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288), as amended. FEMA coordinates programs to improve the effectiveness of emergency response providers at all levels of government to respond to terrorist attacks, major disasters, and other emergencies.

FEMA assists state and local partners by coordinating the core federal response capabilities needed to save and sustain lives and protect property in communities overwhelmed by the impact of a disaster. In 2012, FEMA supported 47 major disaster declarations, 16 emergency declarations, and 49 fire management assistance declarations. These included the response to Hurricane Sandy and Irene, and major fires in the West. In 2013, FEMA supported 62 major disasters, 5 emergency declarations, and 28 fire management assistance declarations.

In the 113th Congress, the Committee intends to reauthorize FEMA and provide FEMA with the tools it needs to streamline its mitigation, disaster response, and recovery efforts to act quickly and effectively in the face of disaster.

Federal Aviation Administration's Aviation Insurance Program:

The FAA Aviation Insurance Program provides products that address the insurance needs of the U.S. domestic airline industry not adequately met by the commercial insurance market. Currently, the FAA is providing war risk hull loss and passenger, crew, and third-party liability insurance. The current authority to provide aviation insurance expires on September 30, 2014. The Committee intends to review and reauthorize the aviation insurance program.

General Services Administration – Federal Real Property and Public Buildings:

Given the vast real estate holdings of the federal government, poor asset management and missed market opportunities cost taxpayers significant sums of money. For this reason, in 2003, the Government Accountability Office (GAO) placed real property management on its list of “high risk” government activities, where it remains today. GAO conducts biennial reviews on high-risk areas within the federal government to bring focus to specific areas needing added attention and oversight. Areas are identified as “high” risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement, or a need for broad-based transformation to address major economy, efficiency, or effectiveness challenges.

The high-risk activities of federal real property are significant. Considerable amounts of vacant or underperforming assets can translate into significant costs associated with their operation, maintenance, and security. The proper management of federal assets will continue to be a major focus of the Committee's oversight activities during the 113th Congress.

In the area of public buildings, the Committee intends to address a number of issues concerning the Public Buildings Service of the General Services Administration (GSA). These issues include leasing reforms, the improvement of building utilization rates, the continued viability of the Federal Buildings Fund (FBF), GSA's courthouse construction program, redeveloping or disposing of vacant or underutilized space, and reigning in the dispersal of independent authorities.

The Committee believes a unique opportunity exists for GSA to save significant taxpayer dollars through its leasing program. Over one-half of GSA's office space inventory consists of privately leased buildings, and an unusually large number of those leases expire over the next three years. This large turnover of GSA leases is taking place at a time when vacancy rates for commercial office space remain high and market rents low in most markets where GSA has large lease holdings. The Committee intends to explore ways to help GSA maximize this market opportunity by accelerating long-term lease replacements and improving utilization rates.

The FBF, the primary source of funding for GSA's capital investment program, is struggling to maintain a balanced portfolio of owned properties through construction or purchase of new federal buildings and the repair of existing buildings. The FBF is supported by rental payments charged to federal agencies occupying space in GSA facilities. The Committee recommends that the Administration carefully review the need for any new space and base determinations of whether to lease or own on what would provide the greatest return on investment to the taxpayer. The Administration should address issues related to the high number of old buildings in the

federal inventory that drain resources from the FBF and are no longer efficient for modern office space. The Committee will continue to take steps to ensure agencies decrease office space, improve space utilization, and lower costs. GSA also has a number of statutory authorities that, if used appropriately, could reduce costs and waste in federal real estate through public-private partnerships. These authorities could be used to address space underutilization, reuse vacant space, and provide more efficient space leveraging private dollars. The Administration should examine how these authorities could be best used; however, the Administration should work with Congress when using these authorities and there should be authorization and strong congressional oversight of such projects.

Finally, GSA's repair and alteration program in previous years has failed to meet projected demand for the modernization of GSA's aging inventory of federal buildings that are retained. The Committee continues to believe that GSA should adhere to criteria in modernization priorities that target investment in federal buildings that maximize space utilization and dispose of underutilized assets where appropriate.

Wastewater Infrastructure Financing:

Since 1972, the federal government has provided \$90 billion in financing assistance to states and local governments for wastewater infrastructure, which has dramatically increased the number of Americans enjoying better water quality, and improved the health of the environment and the economic health of communities and the Nation. Yet, according to the Environmental Protection Agency's most recent national survey of wastewater infrastructure funding needs to address water quality issues, states report a need of approximately \$300 billion in wastewater treatment, pipe replacement and repair, and stormwater management projects over the next 20 years. This need is especially pressing in many cities and communities that are facing a critical juncture in the age and reliability of their water infrastructure, with pipes and sewage treatment facilities reaching the end of their useful lives or exceeding their design or treatment capacity, and in need of repair, replacement, or upgrading.

The Committee intends to conduct oversight of wastewater treatment and water pollution control funding issues, including levels and sources of funding, management of grant and loan programs, and an assessment of infrastructure needs.

Maritime Infrastructure:

MAP-21 reduces the cargo preference requirement for U.S.-flag vessels transporting foreign food aid shipments. The Committee intends to conduct oversight on ways to reinvigorate the U.S. maritime industry, including the impact of the MAP-21 provision on the economic competitiveness of the U.S.-flag fleet.

Conclusion:

The views and estimates for the Committee on Transportation and Infrastructure do not provide specific comment on funding levels, other than authorized funding levels provided in enacted

legislation. Due to the delay in the submission of the President's Budget, the Committee is not prepared to provide comment or analysis on the proposal.

This report was circulated to all Members of the Committee on Transportation and Infrastructure for their review and comment, and was approved in a Full Committee meeting on March 13, 2014. While the report reflects a bipartisan effort, the Committee wishes to emphasize that all Members of the Committee may not necessarily agree with every aspect of the report. Accordingly, the Committee reserves its flexibility to determine program needs and recognizes the potential for funding changes as the Committee and Congress work their will through the legislative process.