

VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2018

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 submit the views and estimates of the Committee on Transportation and Infrastructure.

The Committee believes that a strong infrastructure means a strong America – an America that competes globally, supports local and regional economic development, and creates jobs. Through properly targeted investment, we can build a 21st century infrastructure for America, ensure the safe and efficient movement of people and goods, and increase economic growth. In the 115th Congress, the Transportation and Infrastructure Committee continues to focus on improving federal programs through common sense reforms and strengthening our Nation’s infrastructure for the challenges of today and tomorrow.

The detailed views and estimates presented below requests that the reauthorization of the Federal Aviation Administration be reflected in the budget resolution. In addition, the Committee requests a deficit neutral reserve fund for infrastructure. This views and estimates also identifies priorities within the Committee’s jurisdiction.

This fiscal year, the Committee will continue to perform oversight on programs within our jurisdiction as well as focus on authorizing numerous key programs. The Committee’s legislative priorities this year include reauthorizing the Federal Aviation Administration (FAA), the United States Coast Guard, the Federal Emergency Management Agency (FEMA), and reforming the General Services Administration (GSA). In addition, the Committee intends to advance a Water Resources Development Act.

Transportation and the Economy:

As a people, we Americans are bound together by our values and dedication to liberty, but we are physically bound together by our infrastructure. Our transportation networks provide a strong backbone 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 and more, Congress has played a critical role in ensuring the connectedness of the Nation and 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 transportation 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 foundation 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 upon 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, reduced fuel consumption, and lower pollution; lives saved; safer systems to accommodate the transportation of hazardous materials; and fewer delays for the more than 800 million passengers who travel by air each year.

Policies to address the increasing demands on the U.S. infrastructure system and provide a vision for an infrastructure that is up to the challenges of the 21st century must be guided by strong principles that will enhance our competitiveness and grow our economy, such as:

- Making smart investments, consistent with the fundamental federal role, to ensure a modern, efficient U.S. transportation infrastructure,
- Leveraging resources from all levels of government and the private sector,
- Recognizing, promoting, and developing integrated transportation systems,
- Empowering state and local governments,
- Encouraging technological solutions and promoting innovation, and
- Reducing unnecessary regulatory burdens.

Status of Authorizations:

The Committee's record in the 114th Congress includes 56 public laws and concurrent resolutions, 104 bills approved by the House, 61 bills ordered reported or discharged by committee, 54 hearings, 12 markups, 12 committee field hearings and meetings outside the beltway, and the initiation of 34 Government Accountability Office and Inspector General oversight reports and audits.

The Committee intends to act in this session of the 115th Congress on legislation to reauthorize the FAA and ensure America's aviation system remains the world's finest for years to come.

The Committee also intends to advance legislation pertaining to the management of federal real property and public buildings, measures to reauthorize FEMA and measures to improve economic development programs.

In addition, the Committee will authorize appropriations for the Coast Guard for fiscal years 2018 and 2019 at levels sufficient to maintain currently planned levels of operations, including

mission activities in the Arctic region, and continue the acquisition of new assets at a rate that will limit the costs associated with maintaining legacy assets long identified as at or past the end of their useful life.

This year the Committee looks forward to working with the Administration on its efforts to invest in our Nation's infrastructure. As part of that effort, the Committee requests that the budget resolution include a deficit neutral reserve fund.

Reauthorization of the Federal Aviation Administration:

On July 16, 2016, the President signed the current FAA extension, the *FAA Extension, Safety, and Security Act of 2016*. The Act extends the agency's authority and provides funding at current levels through September 2017. It also contained important and time-sensitive safety and security provisions including: the development of a cybersecurity framework to reduce cybersecurity risks to the national airspace system, a pilot project to detect and mitigate unauthorized operation of unmanned aircraft around airports and other critical infrastructure, as well as changes to the hiring process for air traffic controllers.

One of the top agenda items for the Committee in 2017 will be to advance an FAA reauthorization bill that reforms and streamlines the FAA's regulatory and safety certification processes, provides stability and predictability in the funding of aviation programs and expedites the modernization of the National Airspace System. This legislation will also address aviation safety, and unmanned aircraft systems. To prepare for the reauthorization, the Committee has held hearings, roundtables, listening sessions, and meetings with public and private sector stakeholders. The Committee requests that the FAA reauthorization be reflected in the budget resolution.

Coast Guard Authorization Act:

The Committee intends to reauthorize the U.S. Coast Guard, one of the Nation's five armed services. Reauthorization of the Coast Guard to provide it with the resources, vessels, and technology it needs, as well as strengthen the service to ensure it can successfully conduct its critical missions of maritime border protection, migrant and drug interdiction, search and rescue, and fisheries law enforcement. In addition, the Arctic is becoming a new maritime border for the United States. Our icebreaking capabilities are limited and in need of recapitalization to meet Coast Guard mission needs. Our maritime border capabilities also must be fortified for the future, which will require greater investment in Coast Guard assets and operations.

General Services Administration – Federal Real Property and Public Buildings:

The Committee intends to advance legislation related to GSA. GSA continues to face significant asset management challenges because of chronic underfunding of its maintenance and repair budget, difficulties in disposing of surplus property, and an aging inventory. For these reasons, in 2003, the Government Accountability Office (GAO) placed real property management on its list of "high risk" government activities, where it remains today.

Considerable amounts of vacant or underperforming assets can translate into significant costs associated with their operation, maintenance, and security, and the Committee believes there are significant opportunities to save taxpayers money through disposal of unneeded government property and improve the leasing process. On December 16, 2016, President Obama signed into law the Federal Assets Sale and Transfer Act (FASTA), which establishes pilot authority for the President to sell or redevelop vacant and underutilized federal real property and buildings. That legislation also codified the requirements for the Federal Real Property Database to ensure better accuracy and management of real property. On that same day, the President signed into law the Federal Property Management Reform Act which, among other things, codified the Federal Real Property Council. The Committee plans to conduct oversight to ensure the timely and effective implementation of these new laws. In addition, the Committee plans to move a bill that works to streamline the GSA leasing program enabling GSA to get lower leasing rates.

With respect to GSA's 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 five 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 Federal Building Fund (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 also continue to take steps to ensure agencies lower costs, decrease office space, and improve space utilization.

Furthermore, GSA has a number of statutory authorities that, if used appropriately, could reduce costs and result in ownership opportunities in federal real estate. The Committee will examine how these authorities could be used more effectively to address space underutilization, reuse vacant space, convert long-term leased space into owned 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 has been underfunded in previous years and 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. The Committee also

believes there are real opportunities to leverage private investments in not only providing new office space but in modernizing the existing inventory.

Water Resources Development Act:

On December 16, 2016, President Obama signed the Water Infrastructure Improvements for the Nation Act (WIIN P.L. 114-322), which contained the Water Resources Development Act (WRDA) of 2016. Legislation authorizing activities under the Corps of Engineers' Civil Works program has 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, respectively. The Committee intends to keep WRDA's on a 2-year cycle and will develop a WRDA bill to address the needs of ports, inland waterways, flood damage reduction, and other programs and activities of the Corps of Engineers.

Revenues in the Inland Waterways Trust Fund are derived from a 29-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 in the U.S. Treasury. Prior to the enactment of a 9 cent diesel fuel increase in 2014, bringing the tax to 29-cents per gallon, the Army Corps of Engineers was spending the funds at the same rate that it was collected and that was insufficient to maintain an efficient construction schedule for existing projects or to begin any significant new investments. In fiscal year 2017, it is estimated by the Congressional Budget Office that the Inland Waterways Trust Fund will collect approximately \$109 million in receipts.

The infrastructure along the inland waterway system is old and in need of repair, replacement, and rehabilitation. Of the 236 lock chambers currently in operation, 139 are more than 50 years old. Investment in the replacement and rehabilitation of these projects are necessary to ensure products and commodities produced in this Nation remain competitive in the global marketplace.

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. Appropriations from the Trust Fund for fiscal year 2017 was approximately \$1.3 billion. The balance in the fund continues to grow and by the end of the fiscal year 2017 the balance will be approximately \$9 billion. The Trust Fund pays for the federal share of the maintenance of federal channels at ports. Full utilization of the funds collected for the Harbor Maintenance Trust Fund would address the Nation's port maintenance requirements. The Committee requests increased funding to address the needs of the Corps.

America's businesses and consumers depend on these ports, as 70 percent of America's imports and 75 percent of its exports go through the Nation's ports. The number of ships calling on American ports is rising, and with the expansion of the Panama Canal, the size of ships will grow. With an expanded Panama Canal, increasingly larger container ships will become the norm, although the number of American container ports that currently receive such ships is

limited. The American Society of Civil Engineers (ASCE) estimates that underinvestment in America's inland waterways cost American businesses \$33 billion in 2010. Without significantly increased investment those costs could rise to \$49 billion by 2020.

The current rate of investment by the trust funds may not be sustainable in the long term if we are to keep inland waterways and ports as a viable part of a multimodal transportation system.

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 conduct technical and budget oversight of Corps funding, backlog, and future needs. Additionally, the Committee looks forward to working with the Administration on completing the implementation of the Water Resources Reform and Development Act of 2014, and initiating and completing implementation of the Water Resources Development Act of 2016.

The Committee continues to believe that investment in critical Environmental Protection Agency programs, like the Clean Water Act State Revolving Loan Fund and the Brownfields program is important for sustainable long-term economic growth. Both of these programs provide substantial returns on investment, and Congress should continue to provide funds that support these activities.

Reauthorization of Federal Surface Transportation Programs:

On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act into law. The FAST Act authorizes funding to improve the Nation's surface transportation infrastructure, including our roads, bridges, transit systems, and passenger rail network over the next five years.

A safe, efficient surface transportation system is essential to the economy and Americans' quality of life, and the FAST Act includes important authorizations and reforms to ensure that federal surface transportation programs can more effectively address the country's transportation infrastructure needs.

Specifically, the FAST Act provides needed certainty and flexibility for states and local governments to address their unique transportation needs; refocuses programs on national priorities, including nationally and regionally significant projects and the movement of freight; streamlines environmental review and project approval processes; promotes innovation and the deployment of transportation technologies; and maintains a strong commitment to safety.

This year, the Committee will continue to monitor the implementation of the programs, policies, and funding authorized in the FAST Act. The Committee requests that the budget resolution reflect authorized funding levels of the FAST Act.

Rail Reform Legislation:

The FAST Act also includes reforms to provide greater accountability and transparency for Amtrak, improve our rail infrastructure, enhance rail safety, accelerate rail project delivery, and leverage innovative financing.

The FAST Act reorganizes Amtrak into the Northeast Corridor (NEC) and National Network lines of business, to ensure NEC profits are reinvested in the Corridor, while authorizing Amtrak to transfer funding between the two accounts to ensure Amtrak is able to operate a national rail passenger transportation system. The Act also creates a State-Supported Route Committee to coordinate and monitor Amtrak's performance, and provides opportunities for the private sector through station and right-of-way development.

The FAST Act consolidates rail grant programs for passenger, freight, and other rail activities; focuses project selection on cost-benefit analysis principles; and repeals several duplicative programs. The Act also establishes a Federal-State Partnership for State of Good Repair grant program to improve essential NEC infrastructure. In addition, the Act strengthens NEC planning and enhances competition by authorizing a program to allow competitors to operate up to three Amtrak long-distance lines, if they can do so at less cost to the taxpayer, and it provides competitive opportunities for the enhancement and restoration of rail service.

The Act authorizes several activities to improve the safety of highway-railway grade crossings and strengthens passenger and commuter rail safety, including use of inward-facing cameras, speed limit action plans, and locomotive cab alerters. In addition, the law improves track and bridge safety by reviewing innovative technologies and creating a process for states to monitor bridge conditions, and it provides commuter railroads with competitive grants and loans funded out of the Highway Trust Fund to spur timely positive train control (PTC) implementation.

The Act applies highway and transit streamlining provisions to rail, speeding up timelines, enhancing coordination among agencies, and ensuring public involvement early in the environmental review process. In addition, it unlocks the underutilized Railroad Rehabilitation and Improvement Financing (RRIF) loan program with programmatic and process reforms and enhances transparency for RRIF applicants.

In October 2015, the Positive Train Control Enforcement and Implementation Act of 2015, enacted as part of the Surface Transportation Extension Act of 2015 (P.L. 114-73), extended the deadline for installation of PTC to December 31, 2018. At the discretion of the Secretary of Transportation, the deadline may be extended for individual railroads for up to two additional years. The Act requires each railroad carrier to report annually to DOT on its progress toward implementing PTC systems.

Finally, on December 18, 2015, President Obama signed into law the Surface Transportation Board Reauthorization Act of 2015, the first reauthorization of the Surface Transportation Board (STB) since the agency's creation in 1996. This Act authorizes the STB through 2020, and also includes common sense reforms to improve STB processes that will ultimately allow the railroad industry to better serve its customers. The Act streamlines rate review procedures, provides

greater transparency into complaints received by the STB, and makes important structural changes, like making STB fully independent of the Department of Transportation.

This year, the Committee will continue to monitor the implementation of the programs, policies, and funding authorized in the FAST Act, the Surface Transportation Extension Act of 2015, and the STB Reauthorization Act.

Pipelines and Hazardous Materials:

The FAST Act reauthorizes the Pipeline and Hazardous Materials Safety Administration's (PHMSA) hazardous materials safety program and includes a number of reforms for the safe transportation of hazardous materials.

The Act grants states more power to decide how to spend training and planning funds for first responders and requires Class I railroads to provide information on the identity, quantity, and location of crude oil movements to emergency responders. The Act reforms an underutilized grant program to get more money to states and Indian tribes for emergency response.

In addition, the Act requires real-world testing and a data-driven approach to braking technology requirements for crude movements, and enhances safety by requiring new tank cars to be equipped with "thermal blankets" and top fittings protection. Also, the Act requires all legacy tank cars to be retrofitted to the new standards. Finally, the Act provides PHMSA authority to respond during national emergencies.

Congress also reauthorized PHMSA's pipeline safety program in the 114th Congress by enacting the Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (PIPES) (P.L. 114-183). The PIPES Act ensures the agency completes its responsibilities under the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90); provides for a number of assessments of the current safety program; includes the establishment of minimum standards for underground natural gas storage systems and liquefied natural gas facilities; provides PHMSA with emergency order authority to impose emergency restrictions, prohibitions, and safety measures on owners and operators of pipeline facilities to abate imminent hazards; and reforms PHMSA to be a more dynamic, data-driven regulator.

This year the Committee plans to continue to review PHMSA's implementation of the mandates included in the FAST and PIPES Acts.

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, as amended. The Agency leads the nation in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including terrorist attacks.

FEMA supports state and local partners, citizens, and first responders 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 2016, FEMA supported 46 major disaster declarations, 7 emergency declarations, and 50 fire management assistance declarations. These included the response to August flooding in Baton Rouge and Southeast Louisiana, Hurricane Mathew, and the Knoxville, Tennessee wildfire. FEMA continues to implement Sandy Recovery Improvement Act authorities, which were signed into law in 2013, as well as work extensively with tribes to develop a policy on tribal disaster requests.

In the 115th Congress, the Committee will continue to look at the rising costs of disasters—how disaster costs, assistance, and programs have changed over time—and what opportunities exist to reduce future losses and increase efficiencies. The Committee intends to advance legislation to reauthorize FEMA in this session of the 115th Congress.

Conclusion:

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 February 28, 2017. While the report reflects a bipartisan effort, the Committee wishes to emphasize that not all Members of the Committee 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.