

VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2014

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 investment 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 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 development of a Water Resources Development Act, finding more cost-effective and innovative approaches to delivering modern and efficient passenger rail service, reauthorizing and reforming the Federal Emergency Management Agency (FEMA) 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. In 2011, transportation-related goods and services contributed \$1.6 trillion, or 10.2 percent, to the total U.S. Gross Domestic Product of \$15.6 trillion. 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, 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.

Transportation Trust Funds:

To help construct and maintain our Nation's infrastructure, Congress established a series of trust funds to collect user fees. These funds include the Highway Trust Fund, the Airport and Airway Trust Fund, the Inland Waterways Trust Fund, and the Harbor Maintenance Trust Fund. Each of these trust funds dedicates user fee revenues in infrastructure programs to finance long-range construction and maintenance activities.

One of this Committee's highest priorities is to ensure that the user fees deposited into these trust funds are in fact used for their intended purposes – to build and maintain our Nation's infrastructure. These trust funds represent a contract between the government and the user. This contract specified that certain user fees would be levied on the users of highways, airports, inland waterways, and ports. In return, the government pledged to use the receipts to build transportation infrastructure for the taxpayers' use.

The Committee intends to review the financial status of the Inland Waterways and Harbor Maintenance Trust Funds. The Inland Waterways Trust Fund balance by the end of fiscal year (FY) 2012 was approximately \$46 million and is not sufficient to meet the demands of the 21st Century economy. The Harbor Maintenance Trust Fund balance at the end of FY 2012 was approximately \$7 billion. These user fees should be made available for their intended purposes.

Status of Authorizations:

The 112th Congress approved and the President signed into law, authorization bills for surface transportation, pipelines, hazardous materials transportation, aviation, and the U.S. Coast Guard. The Committee supports the funding levels authorized in these Acts.

MAP-21, the Moving Ahead for Progress in the 21st Century Act (P.L. 112-141), was signed into law by President Obama on July 6, 2012. MAP-21 – the first multi-year highway authorization enacted since 2005 – funds surface transportation programs at over \$105 billion for FY 2013 and FY 2014.

MAP-21 is a milestone for the U.S. economy and the Nation's surface transportation system. MAP-21 consolidated or eliminated nearly 70 DOT programs, streamlined the project delivery process and incorporated performance measures into the highway, transit, and highway safety programs. In addition, MAP-21 also focused on the safe transportation of hazardous materials

by all modes of transportation and provided resources to the Pipeline and Hazardous Materials Safety Administration to continue to carry out its safety mission.

On December 20, 2012, the Coast Guard and Maritime Transportation Act of 2012 was signed into law. The measure institutes reforms for the U.S. Coast Guard, reduces regulatory burdens 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 act recognizes the current budget environment and saves taxpayer dollars without impacting the service's critical missions.

Furthermore, the act encourages job growth in the maritime sector by reducing regulatory burdens on small businesses. The regulatory relief provided by this bill includes eliminating the Transportation Security Administration (TSA) requirement for maritime workers to make multiple trips to a Transportation Worker Identification Credential (TWIC) enrollment center to receive the TWIC ID card; extending deadlines for compliance with new Coast Guard regulations on fishing vessels to ensure the service can enforce them fairly and properly; and extending the duration of medical certificates so mariners can continue to work while the Coast Guard reduces its backlog of applications.

The measure also extends for an additional year 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.

On February 14, 2012, the FAA Modernization and Reform Act of 2012 was signed into law. This act was approved after nearly 5 years and 23 short-term operating extensions. The act provides a 4-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.

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 in 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 \$50 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. Appropriations from the trust fund have been approximately \$800 million per year. The balance in the fund is approximately \$7 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 (ASCE) 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 intends to develop a WRDA bill to address the needs of ports, inland waterways and programs of the Corps. Recent devastation caused by Hurricane Sandy has highlighted the need to ensure that communities have critical flood protection, which is also a significant goal of the WRDA bill.

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 in improving service, operations, and facilities. PRIIA was a 5-year reauthorization bill covering FY 2009 through FY 2013, and the Committee intends 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 (NEC), 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 15 percent (\$84 million in reductions). Further, Amtrak is expected to reduce its operating need by another \$150 million in FY 2014 due in part to implementation of section 209 of PRIIA.

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

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. The Agency 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 has supported 3 major disasters and 1 emergency declaration.

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 in order 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 December 31, 2013. 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 the improvement of building utilization rates, the continued viability of the Federal Buildings Fund (FBF), excessive administrative costs, GSA's courthouse construction program, redeveloping or disposing of vacant or under-utilized space, realigning federal properties to maximize usage, and reigning in the dispersal of independent authorities.

The FBF, the primary source of funding for GSA's capital investment program, is barely maintaining its present position to take advantage of the market and create a balanced portfolio of 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. GSA is increasingly relying on the use of privately leased space. 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 take steps to ensure agencies decrease office space, improve space utilization, and lower costs.

In addition, 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. While GSA outlines criteria it uses to develop its priorities for repairs and alteration, the Committee often receives proposals for modernization of buildings that are barely used. GSA must work to ensure that its repair and alteration funds are consistent and in line with other property initiatives – such as improving space utilization and the disposal of under-used assets.

Wastewater Infrastructure Financing:

Since 1972, the Federal Government has provided almost \$90 billion for wastewater infrastructure and other assistance, 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 a recent state survey, States report a need of close to \$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 which 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:

As Congress currently debates funding levels for the remainder of fiscal year 2013 and the outcome of the sequester, the views and estimates for the Committee on Transportation and Infrastructure does not provide specific comment on funding levels, other than authorized funding levels provided in enacted legislation. In addition, the FY 2014 President's Budget submission has been delayed, so without a specific proposal from the Administration, the Committee is unable 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 February 28, 2013. 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.