

VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2017

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 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. In the 114th Congress, the Transportation and Infrastructure Committee continues to focus on strengthening our Nation's infrastructure, and improving federal programs through common sense reforms.

The detailed views and estimates presented below requests that the reauthorization of the Federal Aviation Administration be reflected in the budget resolution. This views and estimates also identifies 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 numerous key programs. The Committee's legislative priorities this year include reauthorizing air transportation programs, the United States Coast Guard, the Federal Emergency Management Agency (FEMA), and the pipeline safety program at the Department of Transportation. In addition, the Committee intends to advance a Water Resources Development Act.

Transportation and the Economy:

Infrastructure provides 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 the air traffic control system, 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 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 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 800 million passengers who travel by air each year.

Status of Authorizations:

The first session of the 114th Congress approved and the President signed into law a number of important pieces of legislation from this Committee, including a long-term surface transportation reauthorization and reform bill, the Fixing America's Surface Transportation (FAST) Act (P.L. 114-94).

The Committee intends to act early in 2016 on legislation to reauthorize the Federal Aviation Administration (FAA) and ensure America's aviation system remains the world's finest for years to come.

The Committee also intends to advance a Water Resources Development Act, legislation pertaining to the management of federal real property and public buildings, and measures to reauthorize the Federal Emergency Management Agency (FEMA) and the pipeline safety program at the Department of Transportation.

In addition, the Committee will authorize appropriations for the Coast Guard for fiscal years 2016 and 2017 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.

Reauthorization of the Federal Aviation Administration:

On February 14, 2012, the President signed the FAA Modernization and Reform Act of 2012 (FMRA) (P.L. 112-95) into law. This act was approved after nearly five years and 23 short-term operating extensions. This Act was due to expire on September 30, 2015. To provide Congress with more time to finish the FAA reauthorization process, Congress passed an extension until March 31, 2016.

The first agenda item for the Committee in 2016 will be to advance an FAA reauthorization bill that provides stability and predictability in the funding of aviation programs and expedites

modernization of the National Airspace System. This legislation will also address aviation safety, regulatory reform, 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 complete action on H.R. 4188, the Coast Guard Authorization Act of 2015, and send it to the President. For fiscal year 2017, H.R. 4188 authorizes \$7.158 billion for Coast Guard operational accounts, and \$1.945 billion for Coast Guard acquisitions. The Committee strongly supports these authorization levels. The amount authorized for acquisitions is particularly important if the Coast Guard is to continue the crucial recapitalization of its cutter fleet, programs to make and keep its aircraft mission ready, to ramp up the acquisition of new polar icebreakers, which has been neglected, and progress on upgrading its command, control, communications, computers, intelligence, surveillance and reconnaissance program.

General Services Administration – Federal Real Property and Public Buildings:

The Committee intends to advance two pieces of legislation related to the General Services Administration (GSA) this session of Congress. The 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 government property and improve the leasing process. One bill the Committee plans to move works to streamline the GSA leasing program enabling GSA to get lower leasing rates. The second piece of legislation seeks to reform the government disposal process so that the government can dispose of property and consolidate office space more efficiently.

With respect to GSA’s leasing program, over one-half of the agency’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 decrease office space, improve space utilization, and lower costs.

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.

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, respectively. The Committee intends to 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 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 2016, it is estimated that the Inland Waterways Trust Fund will collect approximately \$220 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.

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 2016 will be approximately \$1.2 billion. The balance in the fund continues to grow and by the end of the fiscal year 2016 the balance will be approximately \$10 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 the Nation's ports. The number of ships calling on American ports is rising, and with the upcoming expansion of the Panama Canal, currently scheduled to be completed as early as May 2016, 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 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. Without significantly increased investment those costs could rise to \$49 billion by 2020.

The Committee is aware that 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 provide technical and budget oversight of Corps funding, backlog, and future needs.

Reauthorization of Federal Surface Transportation Programs:

On December 4, 2015, the President signed the FAST Act into law. The FAST Act is bipartisan, bicameral, five-year legislation to improve the Nation's surface transportation infrastructure, including our roads, bridges, transit systems, and passenger rail network.

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 infrastructure needs.

Specifically, the FAST Act provides needed certainty and flexibility for states and local governments to address their unique infrastructure 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 monitor the implementation of the programs, policies, and funding authorized in the FAST Act.

Rail Reform Legislation:

The FAST Act also includes reforms from the Senate surface transportation bill and H.R. 749, the Passenger Rail Reform and Investment Act, which the House overwhelmingly approved on March 4, 2015, 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 the way Amtrak operates into business lines, to ensure Northeast Corridor (NEC) profits get reinvested in the corridor, and the legislation also creates a new authorization structure for separate grants for Northeast Corridor and National Network activities. The bill also authorizes Amtrak to transfer funding between the two accounts to ensure Amtrak is able to operate, maintain, and improve a national rail passenger transportation system. The Committee expects that the Appropriations Committee will follow this new authorization structure in the 2017 appropriations process. The Act also gives states greater control over their routes, by creating a State-Supported Route Committee to coordinate and monitor Amtrak's performance, and it creates 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 to involve NEC states as equal partners and make Amtrak more accountable. It 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 highways and transit streamlining provisions to rail, creating modal equity, and preserves historic sites for rail while ensuring that important safety-critical improvements can be made in a timely manner. It speeds up timelines, enhances coordination among agencies, and

ensures 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, so that they may have better insight into the process.

Finally, on December 18, 2015, the President 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 monitor the implementation of the programs, policies, and funding authorized in the FAST Act and the STB Reauthorization Act.

Pipelines and Hazardous Materials:

Almost four billion tons of hazardous materials are transported throughout the country each year. The Pipeline and Hazardous Materials Safety Administration (PHMSA) oversees the safe and secure shipments of nearly 1.4 million daily movements of hazardous materials, including common products such as paints, fuels, fertilizers, alcohol, chlorine, fireworks, and batteries that are essential items to the general public and the American economy.

The FAST Act reauthorizes PHMSA's 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.

This year the Committee plans to review PHMSA's implementation of the mandates included in the FAST Act.

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 2015, FEMA supported 43 major disaster declarations, 2 emergency declarations, and 34 fire management assistance declarations. These included the response to the October 2015 South Carolina floods, Washington Wildfires, Typhoon Soudelor, a six day tornado outbreak in the Great Plains, and Winter Storm Juno. FEMA continues to implement new 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 second session of the 114th Congress, the Committee will continue to bring together key interest groups to look at the trends in disasters and disaster assistance—how disaster costs, assistance, and programs have changed over time—and what opportunities exist to reduce future losses and increase efficiencies. In the first session, the Committee introduced and passed legislation 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. The Committee intends to advance that legislation early in the second session of the 114th 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 11, 2016. 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.