VIEWS AND ESTIMATES
OF THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
FOR FISCAL YEAR 2009

Overview

The Committee's legislative priorities this year will include reauthorization of the Federal Aviation Administration (FAA), selected provisions of the Clean Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Coast Guard, Amtrak, and the Federal Railroad Administration, and enactment of a Water Resources Development Act.

The Committee has identified several areas in which the Administration's fiscal year (FY) 2009 budget request does not adequately fund our nation's critical infrastructure needs. These areas, which include highways, public transit, Amtrak, aviation, wastewater treatment, and Army Corps of Engineers programs, are discussed in greater detail in the views presented below. Among these areas, the Committee is particularly disappointed that the Administration has not honored the guaranteed highway and transit funding levels established by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

Transportation Investment Leads to Economic Growth

Increased investment in transportation infrastructure has far-reaching effects on our nation's economy, our competitiveness in the world marketplace, and the quality of life in our communities. Each day, every American and every business will benefit from such investment by experiencing shortened travel times, increased productivity, and improved safety.

Throughout our nation's history, economic growth, prosperity, and opportunity have followed investments in the nation's infrastructure. From the "internal improvements" of the early 1800s – canals, locks, and roads – to the Interstate Highway System of today, infrastructure investment has been our foundation for economic growth. For example, between 1980 and 1991, almost one-fifth of the increase in productivity in the U.S. economy was attributable to investment in highways.[1]

Our nation's highways, transit and rail systems, pipelines, airlines, airports, harbors, and waterways not only provide the backbone of our economy by moving people and goods, they also employ millions of workers and generate a significant share of total economic output. In 2006, transportation-related goods and services contributed $1.4 trillion, or 10.6 percent, to the total U.S. Gross Domestic Product of $13.2 trillion. Economic growth and vitality are also dependent upon high quality water and wastewater infrastructure systems.

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[1] "Transportation and the Economy: National and State Perspectives," American Association of State Highway and Transportation Officials, May 1998.

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. The average person travels 40 miles each day, and transportation expenses represent 18 percent of the average household's total expenditures, more than any other category of expense except housing.

To the average American, higher Federal investment in transportation infrastructure will mean:

- Shorter commutes that save time, fuel, and reduce pollution.
- Better access to work, school, health care, and recreation.
- Lives saved – many of the more than 42,000 highway fatalities each year could be prevented by building better roads and improving the safety features of existing roads.
- Safer systems to accommodate the transportation of hazardous materials, estimated at 1.2 million daily movements and 3 billion tons of regulated hazardous materials transported each year.
- Fewer delays for the estimated 806 million passengers who will travel by air in fiscal year 2009.
- Facilities to accommodate the more than one billion air passengers projected to travel each year beginning in 2016.

Despite the importance of transportation to both our economy and the quality of life in our communities, many of our nation's transportation infrastructure needs are going unmet. This has resulted in, among other things, an alarming increase in congestion.

Congestion Crisis

Congestion is a major national problem. In February 2004, a highway organization study found that the number of severe highway bottlenecks had increased by 40 percent in the past five years. In 1999, 167 major highway bottlenecks located in 30 states and the District of Columbia were identified. Using the same methodology, the number of bottlenecks grew to a total of 233 in 2004, located in 33 states and the District of Columbia.

According to the Texas Transportation Institute's 2007 Urban Mobility Study, traffic congestion in the Nation's 437 urban areas continues to increase. Congestion now occurs during longer portions of the day and delays more travelers and goods than ever before. The severity of congestion has also increased. In 1982, extreme or severe congestion occurred during just 11 percent of peak period travel. In 2005, extreme or severe congestion occurred during 31 percent of peak period travel.

The extra time needed for rush hour travel has nearly tripled since 1982. The average Travel Time Index for the nation's urban areas in 2005 was 1.26 (meaning a trip during rush hour took 26 percent longer than the same trip during free-flowing travel conditions). The average in 1982 was only 1.09. Thirty-five urban areas now have a Travel Time Index above 1.20, compared with only one such area in 1982.

As congestion increases, so does the cost it imposes both on our economy and on motorists. In 2005, traffic congestion cost urban motorists $78.2 billion in terms of wasted time and fuel, compared to $73.1 billion in 2004, and just $14.9 billion in 1982.[2] This equates to an average annual cost per traveler of about $710 in 2005, up from $680 in 2004, and $260 in 1982. The hours of delay and gallons of fuel consumed due to congestion are only the elements that are easiest to estimate. The effect of uncertain or longer delivery times, missed meetings, business relocations and other congestion impacts are not included in this estimate.

The uncertain and longer delivery times caused by congestion are a serious problem for freight transportation. Over the last two and a half decades, the volume of freight has grown dramatically. Highway system improvements have not kept pace with this growth. For example, between 1980 and 2005, truck vehicle-miles traveled more than doubled, while roadway lane-miles increased by only 5.7 percent. According to the Federal Highway Administration, the demand for freight transportation will continue to increase in the future. Over 19 billion tons of freight worth more than $13 trillion were transported in 2002. By 2035, freight volumes are expected to almost double and the value of shipments is expected to grow to nearly $42 trillion.

Congestion negatively impacts our environment, as well, by increasing emissions and wasting fuel. Vehicles in stop-and-go traffic emit more pollutants – particularly carbon monoxide and volatile organic compounds – than they do when operating without frequent braking and acceleration. In 2005, traffic congestion in the nation's urban areas wasted an estimated 2.9 billion gallons of fuel.

Perhaps most importantly, reducing highway congestion would save lives. If modest improvements were made to improve the traffic flow at the 233 severe bottlenecks identified in the highway organization study discussed above, the number and severity of vehicle crashes would be lessened. Over the 20-year life of the projects, such improvements would prevent more than 449,500 crashes, including some 1,750 fatalities and 220,500 injuries.

Although the slowing economy and the terrorist attacks of September 11, 2001, temporarily reduced aviation congestion beginning in 2001, the number of air travelers has since rebounded and has surpassed the previous record-high level experienced in 2000. With the rebound in airline travel, the number of delayed flights has increased. In 2007, travelers experienced the highest number of delayed flights -- 1.8 million -- in the 13 years since the Department of Transportation (DOT) has collected such data. These delays are a warning of things to come. Absent aviation system capacity improvements, delays will increase significantly as airline travel continues to increase. The FAA forecasts that, from 2008 through 2021, aviation passenger traffic will increase by 49 percent, to 1.16 billion passengers annually. This growth will place even greater demands on an already delay-plagued system. The FAA predicts that, absent any changes to the aviation system, delays will increase by 62 percent by FY 2014.

According to the Commission on the Future of the U.S. Aerospace Industry, estimates of the cost of aviation delays to the U.S. economy range from $9 billion in 2000 to

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[2] In constant 2005 dollars.

more than $30 billion annually by 2015. Without improvement, the combined economic cost of delays from 2000-2012 will total an estimated $170 billion.

Infrastructure Investment Needs

To alleviate congestion and reap the economic benefits of an efficient transportation system, our transportation infrastructure needs must be met. These needs, which are discussed in more detail later in this document, are significant:

- $78.8 billion a year just to maintain highways and bridges at their current conditions, or $131.7 billion a year to improve conditions.
- $15.8 billion a year just to maintain transit systems at the current condition and performance, or $21.8 billion a year to improve conditions and performance.
- $17.5 billion a year in airport capital needs.
- Over $3 billion per year to meet the capital needs of the Federal Aviation Administration, including modernization of the air traffic control system.
- Between $7-8 billion over the next 15 years to restore the rail corridor between Washington, D.C., and New York City to a good state of repair.
- Up to $7 billion to upgrade shortline and regional railroads to accommodate heavier rail cars.
- $35 billion over the next ten years to fund cumulative capital improvement needs at the nation's largest public ports.
- $7 billion to finish currently authorized inland waterway construction needs.

The nation's commercial shipping ports, which handle 95 percent of our international trade, face severe access problems on both the waterside and landside. With more than two billion tons of cargo valued at more than $2 trillion moving through our ports and waterways annually, we must ensure adequate infrastructure to meet the growing demands of international trade. Investments of at least $3 billion per year are needed by federal and nonfederal sources to improve ports and keep pace with the growth of commerce.

The nation's inland waterways contain a series of outdated and antiquated locks and dams that, unless rehabilitated or improved, will continue to hinder the movement of coal, grain, and other bulk products. Fifty-three percent of the lock chambers on the system have exceeded their 50-year design lives. With the use of the aging inland waterway system expected to increase, including through expanded use of short-sea shipping, delays are likely to continue to rise.

Immediate construction needs for the inland waterway system are valued at $7 billion, but we are currently investing at a pace that will see us falling further behind these needs. Additional investment of hundreds of millions of dollars will be needed each year for modernization and replacement of the nation's locks and dams to meet the demands on the inland waterway system.

Our wastewater infrastructure also is facing substantial funding needs in order to meet and maintain clean water restoration goals. Communities throughout the United States continue to struggle financially to meet their ever-increasing wastewater treatment infrastructure needs. The Environmental Protection Agency (EPA) has reported that a failure to increase investment in wastewater treatment infrastructure would erode many of the water quality achievements of the past 30 years.

The nation's failure to adequately restore and maintain the integrity of its waters can have devastating effects on the economy. Cities and towns, commercial fishing and shellfish harvesting, tourism, recreation, and many sectors of industry rely on the availability of clean, safe water supplies.

Estimates of the nation's clean water infrastructure needs over the next 20 years exceed $400 billion. The needs are especially urgent for areas trying to remedy the problem of combined sewer overflows and sanitary sewer overflows and for small communities lacking sufficient independent financing ability. Drinking water infrastructure needs are estimated at nearly $500 billion over the next 20 years. Current spending by all levels of government is one-half of the estimated needs. Increased investment by Federal, State, and local governments, as well as by the private sector, will be needed to close the gap between current spending and projected needs.

The federal government is continuing to under-invest in its wide variety of buildings and facilities that house federal employees, the judiciary, and cultural institutions. The General Services Administration (GSA) controlled inventory of existing federal buildings is aging and requires extensive repair and renovation to ensure that federal employees are housed in safe, modern facilities. These GSA-controlled facilities have a functional replacement value of $41 billion, and an estimated backlog exceeding $7 billion to repair and modernize existing Federal buildings. The Smithsonian Institution estimates its repair and alteration backlog to be in excess of $2.5 billion. At the current level of funding, many buildings are having basic repair needs delayed or derailed. Delaying these necessary repairs threatens the missions of the agencies that occupy this space.

Transportation Trust Funds

To help meet some of the infrastructure investment needs discussed above, Congress established a series of trust funds to collect user fees and invest those funds in capital improvements. These funds include the Highway Trust Fund, the Airport and Airway Trust Fund, the Inland Waterways Trust Fund, and the Harbor Maintenance Trust Fund. 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 rebuild our nation's infrastructure.

Each of these trust funds is self-supporting and invests dedicated user fee revenues in infrastructure programs. With the general exception of the Harbor Maintenance Trust Fund, each of the transportation trust funds also finances long-range construction programs that benefit from certainty in funding.

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 taxpayer's use.

While recent surface and aviation reauthorization acts have upheld the contract for the Highway and Aviation Trust Funds, balances in the two remaining funds continue to be held hostage to a budget process that fails to recognize the unique nature of these funds. At the end of FY 2009, the Inland Waterways Trust Fund will either face a shortfall of $59 million, or a surplus of $40 million should an Administration proposal to replace the existing fuel tax be enacted this fiscal year. At the end of FY 2009, the balance for the Harbor Maintenance Trust Fund is estimated to be $5.407 billion. Under the President's Budget request, the Harbor Maintenance Trust Fund balance is rising because the Administration proposes to eliminate the maintenance of many harbors. Although the Administration proposes to spend down the surplus in the Inland Waterway Trust Fund, currently authorized waterways construction and harbor maintenance needs are not being met. The Committee supports the continued maintenance of all authorized ports and harbors, and the Harbor Maintenance Trust Fund contains sufficient funds to do so.

Similar to the reforms achieved for the Highway and Aviation Trust Funds, the full receipts and balances of the Inland Waterways and Harbor Maintenance Trust Funds should be made available to serve their intended purpose - meeting our infrastructure needs.

Extension of Spending Caps and Budget Process Reforms

Given the Transportation and Infrastructure Committee's commitment to achieving budget reforms for the transportation trust funds, other budget process legislation, including any extension of the discretionary spending caps, is of significant interest to this Committee.

The Administration proposes the reinstatement of discretionary spending caps for 2008 through 2013 at the levels proposed in the FY 2009 President's Budget. For 2008 through 2010, separate defense and non-defense categories would be enforced. For FY 2008 and 2009, there would also be separate categories for highway and mass transit spending. However, in FY 2010, there would be a single cap for all non-defense discretionary spending, and for 2011-2013, there would be a single cap for all discretionary spending.

The Administration's proposal fails to acknowledge that the general fund budget authority for transit programs is, by law, included within the mass transit budget category. In addition, the Administration fails to recognize the need to provide a link between highway user revenues and highway and transit program funding beyond FY 2009.

The Transportation and Infrastructure Committee is strongly opposed to the Administration's proposal, and any other extension of the discretionary spending caps that is done in a manner that would negatively impact the guaranteed funding levels in SAFETEA-LU or the FAA Reauthorization Act of 2007 (H.R. 2881) as passed by the House.

Waste, Fraud and Abuse

Pursuant to section 207 of the FY 2008 congressional budget resolution, S. Con. Res. 21, the Committee submits the following recommendations regarding waste, fraud, and abuse, and improving governmental performance.

Leasing of Federal Office Space

In almost all circumstances, the use of long-term leases to satisfy the need for federal office space is a wasteful use of appropriated funds, because such leases are almost always more expensive than federal construction. The current guidelines for the budgetary treatment of leases, which have been in place since 1991, require the full cost of a capital lease or lease-purchase to be scored up-front, rather than on an annual basis. This scoring rule has had the unintended and undesirable effect of forcing the General Services Administration (GSA) into using long-term operating leases, which contain no ownership option, to meet federal space requirements. Under the current scoring rule and budget constraints, more cost-effective options, such as lease-purchase, cannot be considered; rather, GSA is left with just two options for meeting the federal government's space needs -- either direct appropriations or long-term leases. Due to budget constraints, direct appropriations are often not a viable option, resulting in an inefficient use of long-term leases.

The Government Accountability Office's (GAO) work over the years has shown that building ownership often costs less than operating leases, especially for long-term space needs. For example, in 1995 GAO reported in GAO/T-GGD-95-149 that 55 of 73 operating leases that the GSA had entered into cost a total of $700 million more than construction. In 1999, GAO reported in GAO/GGD-99-49R that for eight of nine major operating lease acquisitions GSA had proposed, construction would have cost less than leasing and saved the government $126 million over 30 years. In 2005, GAO testified that for the Patent and Trademark Office's long-term requirements in northern Virginia, the cost of an operating lease was estimated to be $48 million more than the construction and $38 million more than lease purchase. Similarly, the Department of Transportation Building in Washington, D.C. was estimated to be $190 million less to construct than to enter into an operating lease.

According to GAO, the current practice of relying on costly leasing to meet long-term space needs results in excessive costs to taxpayers and does not reflect a sensible or economically rational approach to capital asset management. If GSA's budget cannot be increased such that it can accommodate the up-front scoring rule while still meeting the space needs of the federal government, then the Committee recommends that GSA be authorized to acquire federal space through lease-to-ownership leases, without up-front scoring, if such a lease-purchase is more cost-effective than an operating lease.

Airman Medical Certificates - FAA

In July 2007, the Aviation Subcommittee held a hearing on FAA's handling of falsified pilot medical certificates. The hearing resulted from a 2005 Department of Transportation Inspector General (IG) report which recommended that FAA establish a database-matching program with providers of medical disability benefits to determine whether airmen were disclosing potentially disqualifying medical conditions. The IG had found numerous cases of fraud in which airmen with mental disorders and other medical conditions were receiving 100 percent Social Security disability pay, but had not provided any information on those medical conditions to FAA. In the 2009 budget submission, FAA acknowledges that this is a concern, and is planning to modify the medical certificate application form to ask whether an applicant is receiving disability benefits from the federal government or any other source. If a disability is disclosed, FAA will follow up to ensure that the condition for which the benefit is being paid is not disqualifying.

While this is a good start, it falls far short of the IG's and the Committee's recommendations that FAA establish a database-matching program. In addition to the evaluations by Aviation Medical Examiners, aviation safety relies heavily on pilots' self-assessment, and where appropriate, self-grounding. However, the Committee and the IG agree that voluntary compliance could be improved if the risk of an audit were present. While a 100-percent database-matching program would consume too many resources, even a 1-percent match would effectively send the signal that the FAA is actively policing the community. If warned of such an audit on the medical certificate forms, pilots would likely be more willing to voluntarily disclose medical conditions.

It is our understanding that the FAA and the Social Security Administration are currently working to develop such a cross-matching system, and are working to resolve any legal or privacy issues. However, it is unclear whether the President's FY 2009 budget for airman credentialing and examination requests additional resources to establish a matching program.

FEMA - Disaster Relief

The Committee recognizes the inherent tension between providing disaster relief in an expeditious manner while at the same time minimizing waste, fraud and abuse. Nevertheless, the Committee expects FEMA to fulfill its obligation to be a good steward of the public's funds and trust. The Committee recognized the importance of this issue when it passed the Post Katrina Emergency Management Reform Act of 2006, which includes Subtitle F, "Prevention of Waste Fraud and Abuse" (6 U.S.C. 791 -797). In 2007, the Committee continued to provide oversight to prevent waste, fraud and abuse by holding the following oversight hearings to examine whether FEMA was carrying out these duties: "Post-Katrina Temporary Housing: Dilemmas and Solutions" (March 2007); and "FEMA's Emergency Food Supply System" (April 2007). The Committee will continue its vigorous oversight of FEMA's disaster relief program.

Coast Guard Deepwater Contract

The Committee held three hearings last year – in January, April, and in June – to examine the Coast Guard's 25-year, $24-billion "Deepwater" contract, through which the service will replace or rehabilitate aircraft and cutters that operate primarily 50 miles offshore.

During these hearings, the Committee examined the failure of the effort undertaken in the early years of Deepwater to lengthen 110-foot legacy cutters to 123 feet as well as the installation of faulty topside equipment on these vessels. The Committee also examined whether the vessels' technology equipment complied with federal standards for preventing emanations that could compromise classified information.

Last year, the House passed H.R. 2722, the *Integrated Deepwater Program Reform Act*, which would strengthen the Coast Guard's management of acquisition functions. Specifically, H.R. 2722 would require that a civilian with extensive professional experience in acquisitions management be named to head its acquisitions department. H.R. 2722 would also impose stringent new requirements for the use of third-party certification to ensure that assets procured under Deepwater meet the highest technical and quality standards. Further, the bill requires the Coast Guard to phase out the use of a private sector lead systems integrator and assume responsibility for that function.

Conclusion

The detailed views and estimates presented below urge that the Congressional Budget Resolution meet the important needs discussed above, to improve our nation's infrastructure and transportation safety and ensure that vital services, such as those provided by the Coast Guard, are maintained. While the cost of meeting our nation's transportation and infrastructure investment needs may seem high, the cost of not meeting them is greater still.

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, 2008. While the report reflects a bipartisan effort, the Committee wishes to emphasize that not all Members of the Committee necessarily agree with every aspect. 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.

Aviation

Since airline deregulation in 1978, air travel has become an essential form of transportation for much of the nation. The number of commercial air travelers has grown dramatically since then, from 312 million travelers in 1980 to 765 million in 2007.

This unprecedented number of air travelers has pushed our nation's air traffic control system and over-crowded airports to the brink of gridlock. In 2007, travelers experienced the highest percentage of late arrivals -- 24.2 percent -- in the 13 years since the Department of Transportation (DOT) has collected such data. According to the DOT Inspector General, escalating numbers of severe flight disruptions and delays, as well as a sharp rise in consumer dissatisfaction, are all signs of an increasingly strained system. The average delay length rose from 56 minutes in the summer of 2006 to 60 minutes in the summer of 2007. Delays will likely increase further as the number of air travelers continues to grow in the future. The FAA's aviation forecast predicts that the annual number of air travelers will exceed one billion by 2016, and 1.16 billion by 2021.

In addition to the increasing number of air travelers, the proliferation of regional jets and the anticipated influx of Very Light Jets (VLJs) into the national airspace system over the next few years could further strain the already delay-plagued system. For example, the FAA expects an increase of 400-500 new VLJs per year starting in 2008, reaching approximately 6,000 by 2017. The current air traffic system was never intended to handle the current level of traffic, much less the doubling or possibly tripling of passengers, aircraft operations, and cargo the DOT predicts will occur by 2025. Absent further improvements in aviation system capacity and efficiency, delays will increase significantly.

FAA Facilities & Equipment

Increased capital investment in our air traffic control system is necessary to increase system capacity and avoid gridlock. These investments have traditionally been funded by the FAA's Facilities & Equipment (F&E) account.[3]

While the FAA is embarking upon on a major new Next Generation Air Transportation System (NextGen) program to increase system capacity, in recent years it has requested F&E funding well below both congressionally authorized levels and its own preliminary cost estimates for NextGen.

In 2007, the interagency Joint Planning and Development Office (JPDO) issued both an Enterprise Architecture and a Concept of Operations for NextGen. These documents provide a high-level blueprint for how to technologically transform the National Airspace System and triple capacity by the year 2025. The cost of transitioning to the NextGen remains uncertain. However, preliminary cost estimates presented by the FAA's Air Traffic Organization (ATO) at industry workshops in 2006 indicate that, from FY 2008 through FY 2025, a total of $15.2 billion in additional F&E investment will be needed. This is in addition to the $50 billion that would be needed just to sustain the existing air traffic control system during these same years. As shown in the table below, based on these preliminary cost estimates, the total F&E funding requirement in the near-term is more than $3 billion each year, increasing to more than $3.5 billion by FY 2013. Based on these preliminary cost estimates, the total F&E funding requirement in FY 2009 is $3.246 billion, $522 million more than the $2.72 billion requested for F&E in the FY 2009 President's Budget.

[3] For FY 2009, the Administration again proposes a new account structure that would eliminate the FAA's traditional Operations and F&E accounts, and create a new "Air Traffic Organization" account and "Safety and Operations" account. For purposes of this document, the FAA's funding needs are discussed in terms of the traditional account structure.

F&E Preliminary Cost Estimates (Including NextGen)	
Fiscal Year 2008	$3.120 billion
Fiscal Year 2009	$3.246 billion
Fiscal Year 2010	$3.259 billion
Fiscal Year 2011	$3.301 billion
Fiscal Year 2012	$3.411 billion
Fiscal Year 2013	$3.541 billion

Of the $2.72 billion requested for F&E, the FAA identifies $631 million (approximately 23 percent) as part of NextGen. This is a significant increase above the $188 million provided for NextGen in FY 2008. Nevertheless, the FY 2009 request appears to be at odds with the FAA's own preliminary NextGen cost estimates.

In addition, a $2.72 billion F&E funding level in FY 2009 would likely result in continued deferred maintenance and repair of the FAA's existing infrastructure. The FAA's air traffic control facilities are aging and deteriorating. Overall, the FAA's ATO has more than $30 billion worth of facilities and equipment that are used to operate the air traffic control system. According to the FAA, approximately two-thirds of these assets are already beyond their useful life.

The FAA reports that terminal radar control (TRACON) towers and en-route ATC facilities are relatively old, on average, and are overall in "fair to poor" condition using General Services Administration Facility Condition Index (FCI) criteria. The average FCI of the 21 en-route ARC centers is 90.3 percent, which is classified at the cutoff point between "fair" and "poor." Eleven of the 21 en-route centers have FCI values below 90 percent, which is indicative of a facility that requires attention. According to the FAA, there are areas within some of these facilities where the index is as low as 57 percent.

The FAA has a substantial maintenance backlog for repairs at many FAA facilities. According to documents obtained from FAA, the maintenance backlog estimates ranged from approximately $250 - $350 million. Yet, the FAA's annual budget for facility maintenance and improvement for FYs 2006 and 2007 was less than $60 million in each year. At this rate of expenditure for facility maintenance, even the FAA's analyses show an ever increasing maintenance backlog. Although the FAA states that some of these facilities may be consolidated as a result of NextGen, the FAA needs to properly invest in the maintenance and upkeep of existing infrastructure in the interim.

While the FAA may be relying upon new funding flexibilities contained in its reauthorization proposal when setting the F&E budget level, this proposal was rejected by both the House and Senate last year. The Committee considers the Administration's FY 2009 proposed funding level for the F&E program to be inadequate. To ensure that our nation's air traffic control system remains safe, reliable, and efficient, and is ready to accommodate the significantly increased number of passengers anticipated in the near future, the Committee recommends that the F&E program be funded at no less than $3.246 billion in FY 2009, consistent with both the FAA's preliminary NextGen cost estimates, and the authorized funding level approved by the House in H.R. 2881, the FAA Reauthorization Act of 2007.

Airport Improvement Program (AIP)

Increased investment in our airport infrastructure is also necessary to maintain a safe and efficient aviation system. A comprehensive assessment of airport capital needs was made based on a survey of U.S. airports conducted by an airport trade association in 2006 and 2007. The survey, which includes both AIP-eligible and -ineligible projects, and adjusts for inflation, estimates that airport capital development needs will total $87.4 billion from 2007 through 2011 (an average annual of $17.5 billion). This estimate of capital development needs can be compared to the total amount of capital funding available to airports from all sources (airport bonds, grants, and Passenger Facility Charges (PFC)) to calculate the "investment gap." For FY 2008, assuming $11.7 billion in available funding ($3.5 billion from AIP grants, $500 million in local matching funds, $2.7 billion from PFC collections, and approximately $5 billion in bonds[4]), the investment gap could be as large as $5.8 billion.

Despite these significant, unfunded airport investment needs, the President's Budget proposes just $2.75 billion for AIP in FY 2009, $765 million or 22 percent less than the FY 2008 enacted level, and $1.15 billion or 29 percent less than the $3.9 billion FY 2009 authorized funding level approved by the House in H.R. 2881. Under the existing statutory formula, a $2.75 billion funding level would cause primary airport entitlement funds to be reduced by 50 percent, the minimum primary entitlement grant to be reduced from $1 million to $650,000, and general aviation airport entitlement funds to be eliminated.

To allow the AIP program to keep pace with inflationary cost increases, and begin to address the investment gap in airport safety and capacity needs, the Committee recommends that AIP be funded at least at $3.8 billion in FY 2008, $3.9 billion in FY 2009, $4.0 billion in FY 2010, and $4.1 billion in FY 2011.

FAA Operations and Maintenance

For FAA's operating costs, the Committee recommends providing at least $9.127 billion, consistent with the FY 2009 authorized funding level approved by the House in H.R. 2881. This is an increase of $259 million, or three percent, above the President's Budget request of $8.999 billion.[5] The authorized funding level will allow the FAA to maintain current operations, as well as hire additional air traffic controllers and aviation safety inspectors.

FAA Reform

The Committee recognizes that greater efforts must be made to ensure that scarce resources are used as effectively as possible. Toward that end, the Committee included in

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[4] According to Thomson Financial, a firm that tracks all municipal bond issues, over the last five years (2003-2007), airports issued an average of $4.9 billion per year in new airport bonds.

[5] As noted earlier, in the FY 2009 President's Budget, operating expenses are requested in two new accounts. Within the Air Traffic Organization account, $7.08 billion in operating expenses are requested, and within the Safety and Operations account, $1.92 billion in operating expenses are requested.

past FAA reauthorization bills several management reforms that were intended to improve the FAA's performance, especially with regard to the acquisition and distribution of air traffic control equipment and services. In 2004, after almost a decade of Congressional efforts to improve performance and reduce costs, the FAA formally established the performance-based Air Traffic Organization (ATO) to provide air traffic control services. The Committee intends to continue its oversight of this organization and consider additional reforms as necessary.

Small Community Air Service Development

Inadequate service to small communities has been a concern since airline deregulation. Although the benefits of airline deregulation have been significant, they have not been evenly distributed. In certain small- and medium-sized communities, the lack of competition among airlines has resulted in significantly higher fares. Other small communities lack air service altogether. The Small Community Air Service Development program addresses these problems by helping underserved communities improve their air service through the use of strategies such as marketing support and revenue guarantees. Demand for this program has far exceeded the funding available. When this program received its initial funding of $20 million in FY 2002, the Department of Transportation (DOT) received 179 applications totaling more than $142.5 million from communities in 47 states. The program continued to receive $20 million in each of FYs 2003 through 2005, and $10 million in each of FYs 2006 through 2008. However, the Administration requests no funds for this program in FY 2009. The Committee recommends this program be funded from the General Fund in FY 2009 at the $35 million authorized funding level approved by the House in H.R. 2881.

Essential Air Service

The financial condition of the airlines, higher fuel costs, and increased regulatory costs have also increased demands on the Essential Air Service (EAS) program over the past several years. Before September 11, 2001, a total of 106 communities required EAS subsidy (32 in Alaska and 74 elsewhere in the U.S.). As of February 2008, there are 142 communities requiring EAS subsidy (40 in Alaska and 102 elsewhere), a 34 percent increase compared to 2000. The EAS program received $125 million for FY 2008.[6] The FY 2009 Budget proposes to cut funding for this program by 60 percent, to $50 million. As a result of this dramatic cut, approximately one-half of the 142 communities that currently receive EAS funding would have to be dropped from the program. The communities that are at risk of losing subsidized service under the Administration's proposal are shown in Attachment A. The $50 million funding level proposed by the Administration is clearly insufficient to meet EAS communities' needs. The Committee recommends EAS be funded in FY 2009 at the authorized level of $133 million approved by the House in H.R. 2881.

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[6] FY 2008 program level for EAS consists of $50 million from overflight fee collections, $60 million appropriated from the Airport and Airway Trust Fund, and $15 million from spectrum auction proceeds, pursuant to section 3012 of P.L. 109-171, for a total of $125 million.

Coast Guard and Maritime Transportation

The President requests $8.8 billion in FY 2009 for U.S. Coast Guard activities, which is an increase of approximately $459 million (or 5.5 percent) over the total amount enacted for FY 2008.

The Coast Guard's request is designed to sustain the Coast Guard's ability to support America's maritime safety, security, and stewardship, interests for FY 2008.

The Committee believes it is imperative that the Coast Guard receive the resources necessary to protect America while maintaining the Service's core missions such as search and rescue, marine safety, fisheries law enforcement, drug interdiction, migrant interdiction, aids to navigation, marine environmental protection, and boating safety. Therefore, the Committee makes the following recommendations.

Coast Guard Operating Expenses

The overall budget request for Coast Guard Operating Expenses (OE) in FY 2009 is approximately $6.2 billion, an increase of more than $212 million, or 3.5 percent, over the FY 2008 enacted level. The Operating Expenses account comprises over two-thirds of the Coast Guard's budget and provides for the safety of the public and the Coast Guard's workforce. This will fund 47,368 positions (both military and civilian) in the Coast Guard.

The OE request includes $82.215 million for personnel costs that had been attributed to the Acquisition, Construction, and Improvements (AC&I) part of the Coast Guard's budget in previous fiscal years.

In FY 2006, funding for Coast Guard polar icebreakers was transferred to the National Science Foundation (NSF) which was then directed to reimburse the Coast Guard for costs associated with operating the Service's three polar icebreakers (POLAR SEA, POLAR STAR, and HEALY). The FY 2009 request again provides operation and maintenance funds for the polar icebreakers through NSF.

Finally, the President's Operating Expenses request funds pay increases for officers and enlisted members and civilian employees of the Coast Guard. The Committee supports these pay increases.

Reserve Training

The President requests approximately $130.5 million for training of Coast Guard Reserve personnel representing a 3.6 percent increase over the FY 2008 appropriated level of $126.9 million. The Committee supports funding of at least the President's request.

Environmental Compliance and Restoration

The President requests approximately $12.3 million for environmental compliance and restoration, a 0.7 percent decrease from the FY 2008 appropriated level of $13.0 million.

The Committee supports funding of at least the President's request of $12.3 million to provide adequate resources to meet the mandated milestones of major cleanup efforts and other environmental restoration needs.

Coast Guard Capital Funding (Acquisition, Construction & Improvement (AC&I))

The President requests nearly $1.2 billion to fund all Coast Guard capital acquisitions in FY 2009, an approximately $217.3 million (22 percent) increase from the FY 2008 appropriated level of $987.8 million. These funds support the acquisition, construction, and improvement of vessels, aircraft, information management resources, shore facilities, and aids to navigation. Of the $1.2 billion request, $990.4 million, an approximately $207.2 million increase from the enacted funding for FY 2008, is for the Deepwater program, the Coast Guard's integrated capital asset replacement program. However, in the FY 2009 request, $9 million for the administration of the program is included in the OE account, rather than in AC&I. The budget requests $73 million for Rescue 21, the Service's new "maritime 911" program. In FY 2008, $ 80.3 million was appropriated for Rescue 21.

The Coast Guard's Integrated Deepwater Systems (Deepwater) program will result in a nearly complete recapitalization of all Coast Guard aircraft, vessels and support systems over a 20-25 year period. Fundamental changes in the mission and requirements of the USCG have occurred since the terrorist attacks of 2001. These changes have required substantive revisions in the timing, budget, system components and acquisition strategy for Deepwater.

The AC&I budget request also includes $14.6 million for continued deployment of a nation-wide automatic identification system for ships, a transponder based collision avoidance system that will also allow the Coast Guard to track vessels for security purposes. This capital budget also includes $64 million to build additional response boat mediums, the replacement for the Coast Guard's 41-foot patrol boats.

Also, the Committee recommends $360 million for non-Deepwater capital expenditures in FY 2009. This is the FY 2005 appropriated level, and a $145.3 million increase over the Administration request. The President's budget has requested only $50 million for capital expenditures for shore-based facilities. Delaying funds for maintenance and repairs of shore facilities will only cost the Federal Government more money later.

The Committee also recommends an additional $16 million to complete the missionization of the Coast Guard's C-130J aircraft. These aircraft are not currently available to conduct all necessary Coast Guard missions due to insufficient aircraft systems.

The Committee also recommends an additional $18 million to purchase 100 DEFENDER CLASS boats. In March 2003, the Coast Guard signed a contract to purchase up to 700 of these boats but has only purchased 409 of these boats. These additional boats will help the Coast Guard fulfill its expanding port security missions such as providing security to liquefied natural gas facilities.

Research, Development, Test and Evaluation

The President's budget requests approximately $16.0 million for Research, Development, Test and Evaluation. This is $9.0 million (-36 percent) below the amount appropriated for FY 2008.

The Committee continues to support full funding of this account under the Coast Guard's direct control and supports providing at least $25 million directly to the Coast Guard for research, development, testing and evaluation for FY 2009.

Alteration of Bridges

The Administration proposes to eliminate funding for the Truman-Hobbs bridge alteration program. The Committee recommends $16 million be appropriated for this safety program.

Port Security Grants

The President's budget proposes $210 million for port security grants for FY 2009. In FY 2008, $388.6 million was available for port security grants.

The Committee supports providing at least $388.6 million for port security grants in FY 2009.

Federal Maritime Commission

The President requests approximately $24.0 million for the Federal Maritime Commission, up approximately 9.1 percent from nearly $22.0 million appropriated in FY 2008. The Committee supports the President's request.

Economic Development, Public Buildings, and Emergency Management

Economic Development

The Committee has jurisdiction over five existing economic development programs: the Economic Development Administration (EDA), the Appalachian Regional Commission (ARC), the Denali Commission, the Delta Regional Authority (DRA), and the Northern Great Plains Regional Authority.

The Administration requests $100 million for EDA's Economic Development Assistance Programs (EDAP) in FY 2009, a decrease of $149.1 million or 60 percent below the FY 2008 enacted level of $249.1 million. For EDA's salaries and expenses, the Administration requests $32.8 million in FY 2009, a slight increase of $2 million above the FY 2008 enacted level of $30.8 million.

Regional Economic Development Commissions

Regional commissions have a proven track record of efficiently and fairly meeting the needs of the regions they serve by providing grants for infrastructure and economic development plans. These plans undergo a rigorous and thorough vetting process to ensure that only the best plans receive funding. The Committee remains committed to ensuring the full funding of these programs.

Last year, the House passed a reauthorization bill (H.R. 799) for the Appalachian Regional Commission. In FY 2008, the authorized funding level in H.R. 799 was set at $80 million. The Administration's FY 2009 funding request for the ARC is $65 million, which is $8.03 million, or 11 percent, below the FY 2008 enacted level of $73.03 million. The Committee supports full funding for this important economic development program, 50 percent of which goes to Appalachian counties that are economically distressed. The Committee reauthorized the Appalachian Development Highway System as a part of SAFETEA-LU at $470 million annually, and supports continued funding for this program. The Committee recommends funding the ARC at least at $85 million for FY 2009, equal to the amount authorized in H.R. 799.

The Administration has requested $1.8 million for the Denali Commission for FY 2009. The Committee supports funding the Denali Commission at levels sufficient to allow it to continue with effective sustainability and development programs.

The Administration has requested $6 million for the Delta Regional Authority for FY 2009, a reduction from the FY 2008 enacted level of $11.685 million. The Committee recommends funding the DRA at $30 million for FY 2009, equal to the authorized level. A failure to fully fund the DRA significantly hampers its ability to meet its mission.

The President's budget did not include any funding for the Northern Great Plains Regional Authority, which will play a vital role in the economic renewal of the Great Plains region. The Committee recommends funding the Authority at $30 million for FY 2009, equal to the authorized level.

Public Buildings

In the area of public buildings, the Committee intends to address a number of issues concerning the Public Buildings Service of the United States General Services Administration (GSA). These issues include the continued viability of the Federal Buildings Fund, GSA's courthouse construction program including the Courts' ability to pay for space already occupied, border station construction, the need for increased funds for repairs and alterations, and the use of leased space.

The Federal Buildings Fund (FBF), the primary source of funding for GSA's capital investment program, while receiving consistent funding over the past several years, is barely maintaining its present position with regard to providing funding for construction of new federal buildings and the repair of existing buildings. The FBF is supported by lease payments charged to federal agencies occupying space in GSA facilities. GSA is increasingly relying on the use of leased space because it lacks funds for construction, repair, alteration, and modernization of Federally-owned facilities. Under the President's Budget, this inefficient trend is likely to continue. The Committee recommends that the Administration carefully review the amount of funds made available for the construction, repair and alteration of federally owned facilities as well as reconsider the increased reliance on leased space and how these issues impact the Federal Buildings Fund.

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. The functional replacement value of GSA's 1,532 owned buildings is $41 billion. A significant investment will be necessary to make these buildings modern and efficient places to work. The FY 2009 repair and alteration request is $692.3 million, a four percent decrease below the FY 2008 enacted level of $722.1 million. The requested amount will fund repairs and alterations at federal buildings and judicial facilities, the majority of which are in the Washington, D.C. metropolitan area. The Committee recommends fully funding the FY 2009 repair and alteration program, which will allow for an increase in the level of renovations being made to federally owned buildings. Doing so will allow GSA to locate more federal employees in government-owned space, which will reduce the amount of office space being leased from the private sector and thereby reduce overall costs.

GSA has requested $620.1 million for the construction and acquisition of new facilities, a 102 percent increase from the FY 2008 enacted level of $306.4 million. This request includes funding for continued agency consolidations, new border stations, funds for general infrastructure and development activities, funds for non-prospectus level construction, and new funding for one Federal Judiciary project. The Committee supports this request and urges the full funding of GSA's construction program.

The Committee will continue to monitor GSA's leasing program. For years the Committee has been concerned about the rising amount of leased space being used to meet the requirements of the civilian branch of the government where Federal facilities are not available. Leasing costs of $4.692 billion now account for 56 percent of the FY 2009 budget, a percentage slightly above previous years. The leasing program is increasing from year to year, largely as a result of the scoring rules implemented pursuant to the Budget Enforcement Act of 1990, which force GSA into short-term, expensive leases, to avoid the budget impact of a capital lease.

Emergency Management

Department of Homeland Security

The failed response to Hurricane Katrina made evident many shortcomings at the federal level, in general, and with the Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA), in particular. In response Congress passed the Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA). That Act put preparedness programs and functions, which had been previously removed by DHS administratively, back into FEMA, and attempted to bolster FEMA, which had been losing capability and resources since becoming part of DHS. Most of the changes in the Act took effect on March 31, 2007. The Committee will continue to monitor the implementation of this Act carefully. Additionally, there are continuing tensions between homeland security grant programs and the all-hazards emergency management approach as was identified at hearings of the Subcommittee on Economic Development, Public Buildings and Emergency Management on "FEMA's Preparedness And Response To All Hazards" on April 27, 2007 and "Readiness in the Post-Katrina and Post-9/11 World: An Evaluation of the New National Response Framework" on September 11, 2007. The Committee is concerned that the Administration's proposed budget continues to move away from the all-hazards emergency management approach despite the requirements of PKEMRA and the lessons learned from Hurricane Katrina.

Federal Emergency Management Agency

As a part of its FY 2009 budget request, the Administration has requested $5.729 billion for programs managed by FEMA, including those transferred into FEMA from the former Preparedness Directorate. This is a reduction of $1.094 billion from the FY 2008 enacted level.

The Administration's budget request continues to restructure FEMA accounts. For example, the accounts for the Undersecretary (Director), Readiness, Mitigation and Response and Administrative and Regional Operations in FY 2007 were all combined into a new "Operations, Planning and Support" account in FY 2008. In FY 2009 the Administration renames this account "Operations Management and Administration" and merges other accounts into this account including administration costs for the "Disaster Assistance Direct Loan Program" and the account for the United States Fire Administration. As a result, it makes it more difficult to compare the FY 2009 request to previous years. This account reflects the majority of FEMA's programmatic funding activities and operations.

Mitigation - In FY 2008 Congress enacted $148 million for mitigation grants including $114 million for Pre-Disaster Mitigation (PDM) and $34 million for flood mitigation (FMA). The Administration's FY 2009 budget proposal provides only $110.7 million for mitigation grants, including $75 million for PDM and $35.7 for FMA. The Pre-Disaster Mitigation Program, which is authorized by the Committee on Transportation and Infrastructure, will sunset on September 30, 2008 without any further action. Effective disaster mitigation spending reduces the costs incurred in managing the consequences of natural disasters.

Disaster Relief - For disaster relief programs administered by FEMA, the Committee recommends funding sufficient to meet the needs of communities hit by disasters. The total amount enacted in FY 2008 for the Disaster Relief Fund (DRF) was $4.3. billion, which includes $1.4 billion provided in the FY 2008 Consolidated Appropriations Act, and $2.9 billion provided in supplemental appropriations. The Administration's FY 2009 budget request $1.9 million for the DRF. This figure represents the five-year average for the DRF, but does not include funds expended as a result of significant events in the last five years ("outliers") including 9/11, Hurricane Isabel, the four Florida Hurricanes of 2004 and Hurricanes Rita and Katrina. In addition, the Administration is requesting $200 million for "Disaster Readiness and Support Activities" that were previously funded by the DRF. The Committee has requested additional information from FEMA on what activities this new account would cover. The Administration is also requesting $295,000 for the Disaster Assistance Direct Loan account, a decrease of $580,000 for that account. This includes moving some administrative expenses to the Operations Management and Administration Account. The Committee supports funding of at least the Administration's request and will closely monitor FEMA's ability to recover previous grants to meet the needs of the disaster relief program.

Flood Map Modernization - The Administration proposes an increase of $28.2 million for flood map modernization. Specifically, the Administration requests an appropriation of $150 million, plus $98.2 from internal reallocation of resources and policy fees, for a total of $248.2 million in FY 2009, compared with the FY 2008 enacted level of $220 million. Over the past several years, FEMA has engaged in an aggressive plan to modernize the nation's flood maps. The Committee supports fully funding this program at its authorized level to ensure that communities across the country have the most accurate information possible for insurance, planning, and mitigation activities.

Emergency Management Performance Grants (EMPG) - The EMPG program is the Federal Government's principal grant program to build basic State and local emergency management capability. In FY 2008, Congress enacted $300 million for the EMPG program. The Administration's FY 2009 budget requests only $200 million for EMPG. Further, the FY 2009 budget states that the Administration proposes to target the reduced funding to urban areas, which would ignore the intent of Congress and leave many small communities with no EMPG funding. The Committee has been advised that this is an erroneous statement in the budget documents that will soon be corrected. The Committee is particularly concerned by the Administration's current plans to earmark at least 25 percent of the funds for planning and to prohibit the use of funds for constructing or improving emergency operations centers. The Committee believes the program should remain a flexible program focused on building basic emergency management capability. However, the Committee does not support the proposed transfer of this program in the budget to the Homeland Security Grant Programs account that the Administration has previously proposed and Congress has rejected.

FIRE Grants - In FY 2008 Congress enacted $750 million in all hazard assistance to firefighters in small and large communities around the nation. Of this amount, $190 million was specifically targeted to Staffing for Adequate Fire and Emergency Response (SAFER) grants, which help fire departments increase the number of frontline firefighters, and the remainder was for Assistance to Firefighter Grants ("Fire Grants"). The Administration's FY 2009 proposal provides only $300 million for Fire Grants, with no money targeted for SAFER grants. The Administration's proposal would cut FIRE Grants by $260 million, or 46 percent, below the amount provided in FY 2008, and by $700 million, or 70 percent, below the FY 2009 authorized level of $1 billion. The Administration also is proposing to target FIRE Grants for terrorism, rather than for fire safety and all hazards. The Committee is concerned that this ignores the intent of Congress and one of the critical lessons learned from Hurricane Katrina. The Committee supports funding FIRE Grants in FY 2009 at the authorized level of $1 billion.

Homeland Security Grants - The Administration has requested $1.540 billion for Homeland Security Prevention and Protection Programs, down from $2.587 billion enacted in FY 2008. The $1.540 billion requested for FY 2009 includes $200 million for the State Homeland

Security Grant Program (SHGP) (down from $890 million enacted in FY 2008), and $825 million for the Urban Area Security Initiative (UASI) (up from $820 million enacted in FY 2008). The $375 million Law Enforcement Terrorism Prevention Grant Program has been eliminated and replaced with a requirement that 25 percent of UASI and SHGP be targeted toward law enforcement terrorism prevention purposes

Smithsonian Institution

The Administration's FY 2009 budget request for the construction and revitalization of Smithsonian facilities is $128 million. This request is an increase from the FY 2008 enacted amount ($105 million). A recent GAO report indicated $1.2 billion is necessary over the next 10 years to address the Smithsonian's backlog of facility maintenance. Instability in the amount provided for facilities at the Smithsonian Institution poses a serious risk to the continued vitality of the Smithsonian and its ability to carry out its core missions. A reduction in funding in past years has made such projects as restoration of the Arts and Industries building impossible at this time, even though this historic building has serious structural defects that have required its closure. Additionally, this lack of funding threatens the Smithsonian's accreditation due to its inability to maintain and update its collection, provide adequate security at its museums, continue to fund research, and provide adequate staffing. The Committee recommends funding the Smithsonian's construction and revitalization program at a level that will allow it to meet its basic needs while continuing its research and outreach activities.

Architect of the Capitol

The Architect of the Capitol's (AOC) FY 2009 budget request for capital assets, maintenance and repair is $413.15 million. This is $191.76 million more than the FY 2008 enacted level of $221.38 million. The budget request includes $79.7 million for House Office Buildings, $53.3 million for libraries and grounds, $10.1 million for the Botanic Gardens, $219.3 million for the power plant, $37.64 million for the Capitol Building, and $9.309 million for Capitol grounds. The AOC also requested $44.5 million for completion and initial operation of the Capitol Visitor Center. In addition to requesting funds for House capital assets, the AOC requested $99.1 million for general administrative expenses, and $64.7 million for Senate office buildings. The Committee is concerned about the mounting backlog of capital requirements and urges full funding for the AOC program. The Committee intends to exercise aggressive oversight over the Capitol buildings and grounds.

John F. Kennedy Center for the Performing Arts

The Administration has requested $33.3 million for the John F. Kennedy Center for the Performing Arts (Kennedy Center). These funds are exclusively for the Operations and Maintenance (O&M, $21.3 million) and Capital Repair and Restoration (CR&R, $12.0 million) activities of the Kennedy Center. This level is $10 million less than the amount enacted in FY 2008 ($43.3 million) and reflects decreased capital spending as the Eisenhower Theater renovation moves toward completion. Operation of the performing arts programming and administrative support for the Kennedy Center is financed by ticket sales, auxiliary and investment income, and through private donations. The House has passed H.R. 3986 to reauthorize the Kennedy Center. The Committee supports funding the

Kennedy Center at the Administration's request to ensure that the Kennedy Center can continue to maintain its historic building and provide a world class venue for its myriad of programming activities.

Highways and Transit

Highways

The Administration's FY 2009 Budget requests an obligation limitation of $39.399 billion for the Federal-aid Highways program. This funding level is $1.817 billion less than the appropriated FY 2008 obligation limitation of $41.216 billion (-4.4 percent) and is $1.801 billion below the SAFETEA-LU authorized highway funding level of $41.2 billion.

Of the $1.801 billion reduction in Federal-aid Highway obligation limitation, $1.001 billion is accounted for by the negative Revenue Aligned Budget Authority. Because gasoline excise tax receipts were lower over the last two years than was estimated in 2005, the amount of funding made available to be spent from the highway account of the Highway Trust Fund is adjusted downward.

According to the Administration, the remaining $800 million reduction below the FY 2009 authorized highway obligation limitation is meant to align actual cumulative appropriated funding with the 6-year total authorized funding levels of $286.4 billion under SAFETEA-LU (FYs 2004-2009). The Committee opposes this cut and rejects this reasoning. In the wake of the Minneapolis I-35W Bridge collapse, the FY 2008 Consolidated Appropriations Act increased the Federal-aid Highways obligation limitation by an additional $1 billion for bridge repair and replacement. That $1 billion additional obligation limitation was not part of the SAFETEA-LU authorization, and should not be counted against the federal highways and transit programs in the context of SAFETEA-LU. The Committee opposes both this cut in guaranteed highway funding and the negative RABA adjustment discussed above.

The Committee firmly believes that providing funding for infrastructure projects, such as highway construction projects, is fundamental to stimulating and sustaining long-term economic growth. Therefore, the Committee supports an obligation limitation of $41.2 billion for the Federal-aid Highways program for FY 2009, which is consistent with both the funding level originally authorized in SAFETEA-LU and the FY 2008 enacted level. Maintaining funding for the highway program at the $41.2 billion level in FY 2009 will ensure that States do not begin to scale back highway projects now in anticipation of a decline in funding from FY 2008 to FY 2009, which would have a negative impact on our economy.

Analysis by the U.S. Department of Treasury projects a shortfall in the cash balance of the Highway Account within the federal Highway Trust Fund in FY 2009. The Administration's budget request proposes to transfer $3.193 billion from the Mass Transit Account to the Highway Account as a non-interest bearing repayable advance to tide the Federal-aid Highways program over until SAFETEA-LU is reauthorized and the financial situation in the Highway Trust Fund is resolved. The Committee prefers an approach that will shore up the financial situation in the Highway Account without simultaneously jeopardizing the solvency of the Mass Transit Account.

The Administration's budget request proposes to rescind $3.15 billion in unobligated balances of funds previously apportioned to the states. This rescission of unobligated contract authority will allow the Administration to claim savings to offset other non-transportation spending elsewhere in the budget. The Committee is opposed to the use of guaranteed federal surface transportation funding for non-transportation purposes. This rescission undermines the principles of the highway and public transportation budgetary firewalls and reduces the flexibility that state departments of transportation have to administer their highway programs.

The Administration's budget request also proposes to reprogram $175 million in unobligated project funds originally made available in the Intermodal Surface Transportation Equity Act of 1991 (ISTEA). DOT proposes to use $100 million of the reprogrammed funds for a National Strategy to Reduce Congestion on America's Transportation Network, and the other $75 million for a Corridors of the Future program. The Committee opposes the reprogramming of these congressionally designated funds. Under section 1603 of SAFETEA-LU, highway project funds authorized in ISTEA and subsequent legislation were specifically excluded from being administratively reprogrammed. Only funds for pre-ISTEA projects, which either have been completed and have excess funds left over, or have no likelihood of being advanced, are authorized to be pooled and used for activities eligible under the Surface Transportation Program. The Administration's proposal to use unobligated funds from ISTEA highway projects for unauthorized highway congestion reduction and accessibility improvement initiatives is a clear violation of congressional intent as expressed in section 1603 of SAFETEA-LU.

The Administration's budget request further proposes to cancel an additional $109 million in unobligated project funds originally made available in ISTEA. The Committee opposes the cancellation of these resources as well, because ISTEA and TEA 21 highway projects were specifically excluded from the authority to alter or re-use unobligated funds under section 1603 of SAFETEA-LU. The combined reprogramming and cancellation proposals above total $284 million and are expected to affect about 200 projects authorized in ISTEA.

The Administration's budget request proposes to cancel all unobligated funds for high priority projects originally made available in the Transportation Equity Act for the 21st Century (TEA 21) that have obligated less than 10 percent of their authorization. The Committee opposes the cancellation of these resources because it violates the congressional intent of section 1603, as explained above, and it also undermines the principles of the highway and public transportation budgetary firewalls, which were established in TEA 21 to ensure that the authorized levels of budgetary authority for Federal-aid highways, highway safety programs, and public transportation were fully met and executed. In addition, it often takes many years for a highway project to meet all of the permitting and planning requirements in federal and state law. Many of the projects that this language would affect are viable projects that are still navigating the planning and permitting processes. This cancellation is expected to affect approximately 200 projects authorized in TEA 21 with a total authorization of about $626 million.

Federal Transit Administration

The Administration's budget proposes a total of $10.136 billion for the Federal Transit Administration (FTA) programs, a $645 million increase over the FY 2008 enacted level of $9.491 billion (+6.8 percent). This funding level is $202 million below the $10.338 billion guaranteed by SAFETEA-LU for FY 2009.

The funding shortfall for FTA occurs within the General Fund portion of the budget, and primarily impacts the Capital Investment Grants program, which is a highly competitive program. The Administration proposes that Capital Investment Grants receive $1.6 billion, compared to $1.8 billion guaranteed under SAFETEA-LU. This proposed reduction could delay the implementation of many important transit projects around the country.

Of the $1.6 billion requested for Capital Investment Grants, the Administration would fund 15 existing Full Funding Grant Agreements (FFGAs), two projects that are currently in final design pending FFGAs, and 13 "small starts" projects currently in project development. Additionally, $85 million is designated as "Final Design", and is intended to be available for projects that are currently in preliminary engineering and are expected to be approved to enter final design during the course of the year. The "small starts" funding proposal of $200 million meets the full authorized level for this program (for the first time since the program was authorized under SAFETEA-LU). The shortfall of $188 million occurs in the larger "new starts" program, which has a pipeline of 10 projects that are currently in preliminary engineering, eight of which are very close to approval to enter final design. The budget proposal also does not provide funding for a variety of projects that are seeking to enter preliminary engineering or small starts project development. The remaining reduction of $14 million is split between FTA's Administrative Expenses (-$4 million) and Research and University Research Centers (-$10 million).

According to the Administration's estimates, the cash balance of the Mass Transit Account of the Highway Trust Fund will be $1.209 billion at the end of FY 2009 if a "repayable advance" is made to the Highway Account in the amount of $3.193 billion in FY 2009.

The Committee supports full funding of the $10.338 billion guaranteed by SAFETEA-LU for transit programs in FY 2009.

Highway and Motor Carrier Safety

The Administration's FY 2009 Budget proposes to increase funding for the Federal Motor Carrier Safety Administration (FMCSA) to $541 million, consistent with the authorization in SAFETEA–LU for FY 2009. The budget fully funds motor carrier safety grants at the authorized levels of $307 million. This amount includes: $209 million for Motor Carrier Safety Assistance Program (MCSAP) grants for State motor carrier compliance reviews, safety audits, and roadside inspections; $32 million for Border

Enforcement Grants to States that share land border with Canada or Mexico to carry out motor carrier safety programs and enforcement; $25 million to improve State commercial driver's license (CDL) oversight activities to ensure compliance with Federal standards; $25 million for Commercial Vehicle Information Systems and Networks (CVISN) grants to enhance the exchange of motor carrier safety data among States; $5 million for the Performance Registration Information Systems and Management (PRISM) program; $8 million to modernize the Commercial Driver's License Information System (CDLIS) and to assist States in changing their licensing systems to be able to interact with this national database; and $3 million for Safety Data Improvement grants for States to purchase equipment, hire staff, and train law enforcement on improving safety data collection. The Committee supports full funding of motor carrier safety grants as authorized by SAFETEA-LU for FY 2009.

The President's FY 2009 Budget requests $851 million for the National Highway Traffic Safety Administration (NHTSA). This includes $619.5 million in safety grants, $227.5 million for operations and research, and $4 million for the National Driver Register. Contrary to SAFETEA-LU, the Administration once again proposes to fully fund the NHTSA from the Highway Trust Fund. Traditionally, the vehicle safety programs at NHTSA—totaling $126.5 million in FY 2009—are funded through the General Fund. Placing additional burdens on the Highway Trust Fund, such as funding vehicle safety programs out of the trust fund, may cause the trust fund to become insolvent earlier than expected. Therefore, while the Committee supports the $851 million funding level requested by the Administration for the NHTSA in FY 2009, only the $724.4 million authorized by SAFETEA–LU should be derived from the Highway Trust Fund, while the remaining amount needed for the NHTSA's vehicle safety programs should be derived from the General Fund.

Transportation Research

The Administration's request for the Research and Innovative Technology Administration (RITA) is $39 million in FY 2009, the same as the FY 2008 enacted level. The request includes $12 million in General Fund dollars for the coordination of research, development and technology. The remainder of the request is $27 million from the Highway Trust Fund to fully fund the Bureau of Transportation Statistics (BTS) at the level authorized by SAFETEA-LU. In addition to the budget request, RITA will conduct over $400 million in transportation research done on a reimbursable basis for other agencies.

Railroads, Pipelines, and Hazardous Materials

Federal Railroad Administration

The Committee expects to complete reauthorization of the Federal Railroad Administration's ("FRA") rail safety program this year, following House passage of H.R. 2095, the Federal Railroad Safety Improvement Act last year. The FRA's prior authorization expired at the end of FY 1998. The President's FY 2009 Budget proposes $157 million for

FRA safety and operations activities, up from the $150 million appropriated in FY 2008. The Committee supports funding these activities at least at the President's request level.

The President's FY 2009 Budget proposes $8 million for the FRA high-speed rail development program, originally authorized in the Swift Rail Development Act. SAFETEA-LU reauthorized the Swift Rail Development Act funding and increased the annual authorization to $100 million ($70 million for corridor development and $30 million for technology development). The Committee supports this authorized level of funding for the program, and notes that the Administration's proposed reduction would endanger a number of ongoing valuable pilot projects to develop and apply improved safety technology, including positive train control and advanced signal systems.

SAFETEA-LU also authorized $350 million in capital grants for a new rail line relocation program. The President's FY 2009 Budget proposes no funding for the program, a decrease from the $20.145 million enacted last year. The Committee supports funding the program at the authorized level.

The President's FY 2009 Budget proposes $34 million for the FRA research and development program versus the $36 million appropriated in FY 2008. The Committee supports at least the FY 2008 enacted amount.

The President's Budget proposes to reform the Railroad Rehabilitation and Improvement Financing ("RRIF") program, the principal Federal program for addressing shortfalls in rail infrastructure, to cap Federal guaranteed loan commitments at $700 million, and to support no loans in FY 2009 with Federal funds. This proposal is at odds with the tenfold increase in the RRIF program signed into law in 2005 as part of SAFETEA-LU.

Amtrak

The Committee expects to reauthorize Amtrak this year, the prior authorization having expired at the end of FY 2002. The President's FY 2009 Budget proposes to provide Amtrak $800 million, compared to the $1.325 billion enacted in FY 2008. For FY 2009, the President proposes to zero-out grants to Amtrak for operating assistance, provide Amtrak with $525 million in grants for capital improvements, and provide the Secretary with $275 million for "Efficiency Incentive Grants," which may be provided to Amtrak at the Secretary's discretion. This compares to the $475 million in grants for operating assistance and $850 million in capital grants enacted in FY 2008. Finally, the President FY 2009 Budget proposes no funding to meet the obligations of a new labor agreement that follows the recommendations laid out by Presidential Emergency Board 242. On February 20, 2008, Amtrak submitted its Grant and Legislative Request to Congress for FY 2009. This request, and accompanying documentation, supports funding for Amtrak of $1.785 billion in FY 2009, including $525 million for operating assistance, $801 million for capital grants, $345 million for debt service, and $114 million to meet the recommendations of the Presidential Emergency Board. The Committee supports funding of at least $1.785 billion for Amtrak in FY 2009.

In addition to the $800 million for Amtrak, the President's Budget proposes $100 million for the Intercity Passenger Rail Grant Program. This is an increase of $70 million above the FY 2008 enacted level. Under this program, States would apply to the FRA for grants up to 50 percent of the cost of capital investments necessary to support improved intercity passenger rail service that either requires no operating subsidy or for which the States agree to provide any needed operating subsidy.

Pipelines and Hazardous Materials

In 2005, the Committee reauthorized and strengthened the DOT's hazardous materials transportation safety program in SAFETEA-LU. To carry out the program in FY 2009, Congress authorized $30 million for hazardous materials safety and $28.3 million for emergency preparedness grants, including $21.8 million for State, territory, and tribal grants; $4 million for hazmat employee training grants; $1 million for firefighter training grants; $625,000 for publishing and distributing the Emergency Response Guidebook; $200,000 for the public sector training curriculum; and $150,000 for monitoring technical assistance.

The President's FY 2009 Budget proposes $28 million for the hazardous materials transportation safety program, $2 million less than what is authorized by SAFETEA-LU, and $28 million for emergency preparedness grants. The Committee supports the authorized amounts, and urges that entire $30 million for the hazardous materials transportation safety program and the $28 million for emergency preparedness grants be provided, including the $4 million in hazmat employee training grants and $1 million in firefighter training grants, as mandated in SAFETEA-LU.

For pipelines, the Committee reauthorized and strengthened the Department's pipeline safety program with enactment of the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 ("PIPES Act") at the end of the 109th Congress. To carry out the Act, Congress authorized a total of $91.9 million for FY 2009.

The President's Budget proposes a total of $93.3 million for pipeline safety, $74.5 million from the Pipeline Safety Fund and $18.8 million from the Oil Spill Liability Trust Fund. The Committee supports this level of funding as it will allow the Pipeline and Hazardous Materials Safety Administration to fully fund the programs authorized in the PIPES Act and meet the congressional mandate to increase pipeline safety inspectors.

Water Resources and Environment

Army Corps of Engineers

The President's Budget includes $4.741 billion for the Civil Works programs of the Army Corps of Engineers. This is 15.2 percent below the enacted level for FY 2008 and continues a trend of low budget requests for the Corps. The Committee supports increases in the Civil Works program to a level of funding sufficient to address the nation's future needs for navigation, flood damage reduction, and environmental restoration. In total, the Committee recommends an appropriation of $8.01 billion for the Corps of Engineers for FY 2009. A detailed break-out of this recommended funding level by program is provided below.

Our existing aging infrastructure must be modernized and adequately maintained. With a growing backlog of Corps construction and maintenance projects, including projects and studies recently authorized through enactment of the Water Resources Development Act of 2007, and given the importance of these water resource projects to the economy, the Committee believes the Corps should be funded at the level that allows it to achieve its full capability.

With trade expanding and highways and railways congested, efficient water navigation must be provided and maintained. The ports and waterways constructed and maintained by the Corps program also assist in the movement of military equipment for overseas deployment. While much has been done to discourage development in floodplains, there are still many areas where floods create tremendous economic and personal hardship.

The vast array of navigation and flood damage reduction infrastructure is important to the nation's economy, and a secure economy is a necessary part of a secure nation. But this infrastructure has suffered from many years of inadequate funding for maintenance and replacement. The capital stock value of Corps water resources infrastructure has been decreasing since the late 1970s. Significant increases in investment for maintenance of existing facilities and the construction of modern ones are urgently needed.

Last year, in an effort to address the growing backlog of construction and maintenance projects, the Water Resources Development Act of 2007 (WRDA 2007) was enacted. This important legislation authorized approximately $23 billion in new Corps projects and studies, and modifications to existing Corps projects. The Committee is concerned that the President's Budget contained virtually no funding for the projects and studies contained in WRDA 2007, many of which address key national priorities within the Corps mission areas, including restoration of the Florida Everglades, navigation and environmental restoration projects along the Upper Mississippi River and Illinois Waterways, and efforts to restore the Louisiana Coastal Area. The Committee supports appropriation levels for FY 2009 and beyond that will allow the Corps to proceed expeditiously with carrying out the projects and studies contained in WRDA 2007.

<u>Investigations</u>

The Corps must conduct new studies to determine where there is federal interest in water resource development, including environmental restoration projects. The proposed funding in the FY 2009 President's Budget to conduct studies is $91 million, or 45.6 percent below the FY 2008 enacted level of $167.3 million. At the requested level, the continued development of justified projects is severely jeopardized. In addition, the proposed budget places the nation at risk of losing the skills developed by Corps personnel as they plan and design civil works projects. Because the Corps is both a civilian and a military organization, these skills directly benefit the Corps' military mission, as demonstrated by the current deployments of Corps personnel to Iraq and the substantial involvement of Corps districts and laboratories in managing infrastructure improvements in Iraq. The Corps also responds to domestic and international emergencies, such as Hurricane Katrina in August 2005. The Committee recommends an appropriation of $300 million for the Investigations account in FY 2009 to support the core capabilities of the agency, maintain a steady flow of good investment options that will provide economic benefits and protect and restore the aquatic environment, and provide funding for ongoing project studies and studies authorized in WRDA 2007.

Construction

The President's Budget for project construction is $1.677 billion, or 26.9 percent below the enacted FY 2008 level of $2.294 billion.[7] The reduced funding level draws out the construction period for most projects and delays the start of new investments. The Committee is concerned that the requested funding level will increase the cost of completing projects and will delay the national economic and ecosystem restoration benefits that these investments provide. The Committee supports additional funding in the Construction General account that would allow for completing more projects in an efficient manner. The Committee recommends an appropriation of $3.4 billion for the Construction account in FY 2009 to fund the construction of vital ongoing projects at the Corps' capability and begin construction of projects authorized in the WRDA 2007.

In the past decade, the Corps program has expanded beyond such traditional areas as flood control and navigation to include environmental restoration and protection and other improvements to water-related infrastructure. The Committee strongly supports the Corps' vital role in addressing the water resources needs of the nation, but does not support the proposal in the President's Budget to undermine Congressional priorities and to arbitrarily restrict any new construction starts.

Operation and Maintenance

The President's Budget proposes operation and maintenance funding of $2.2 billion, a decrease of two percent below the FY 2008 enacted level of $2.244 billion.[8] The Committee believes that the President's request for operation and maintenance is insufficient to meet the Corps' needs for dredging, repairs, and other traditional operation and maintenance activities. With much of the nation's inland navigation infrastructure at or past its design life, the Committee supports funding that is sufficient for addressing the growing backlog of maintenance projects. The Committee is concerned that sustained low funding will limit the navigability of our ports and waterways, reduce flood damage reduction benefits and hydropower production, and imperil environmental benefits. For example, unscheduled lock closures have been increasing significantly, shutting down rivers, disrupting the movement of goods, and harming the economy.

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[7] The Administration's budget request proposes $1.402 billion for the Construction account; however, this level does not include a programmatic shift of $275 million for activities that Congress has traditionally funded out of the Construction account that appear in the Administration's request for the operation and maintenance (O&M) account. For purposes of comparison with the FY 2008 enacted level ($2.294 billion), this $275 million must be removed from the FY 2009 request for O&M, and transferred to the FY 2009 request for the Construction account.

[8] The Administration's budget request proposes $2.475 billion for the O&M account; however, this level includes a programmatic shift of $275 million for activities that Congress has traditionally funded out of the Construction account. For purposes of comparison with the FY 2008 enacted level ($2.244 billion), this $275 million must be removed from the FY 2009 request for O&M, and transferred to the FY 2009 request for the Construction account.

In addition, shoreline protection projects that involve placing sand on beaches generally are authorized for an initial construction phase and 50 years of periodic beach renourishment. The President's Budget request again proposes to limit cost-sharing for renourishment, notwithstanding the project authorization and project cooperation agreements for these projects that have been signed by the Army and the local sponsor that obligates federal participation in beach renourishment. The Committee supports federal funding consistent with project authorizations and policy as established in Water Resources Development Acts.

The Committee recommends an appropriation of $3.2 billion for the Operation and Maintenance account, which is consistent with the Corps' capability for operation and maintenance of Corps projects in FY 2009.

Harbor Maintenance Trust Fund

The Committee remains concerned about the surplus in the Harbor Maintenance Trust Fund. Under the proposed budget, the surplus in the Harbor Maintenance Trust Fund will grow by 16.1 percent to $5.407 billion by the end of FY 2009. This fund is supplied by taxes paid by users of ports and is meant to pay for harbor maintenance projects. For years, more funds have been collected than have been appropriated and a large surplus in the Trust Fund has accumulated. This problem has not been caused by a lack of needed port maintenance dredging. To the contrary, the Corps of Engineers has had the capability to execute a far greater amount of work on nationally significant water projects authorized by Congress. The constraint on the performance of this valuable work has been the limited level of funding appropriated from the Trust Fund. The result has been unnecessary cost increases, significantly delayed completion dates, and delays in realizing transportation savings. The Committee supports spending down the surplus in the Harbor Maintenance Trust Fund for authorized purposes.

Recreation Fees

The President's Budget proposes to allow the Corps of Engineers to charge new fees at its recreation sites and to make a portion of those fees directly available for use at the facilities where they were collected. The Committee supports the Corps keeping all recreation fees at Corps facilities for maintenance and improvements, consistent with the authority granted to other federal recreation providers, including the National Park Service and the Forest Service. The Committee requests that the Budget Committee include language in the budget resolution to make the appropriate adjustments in budget authority to allow the Corps to retain and use, without appropriation, all the recreation user fees collected at Corps facilities, estimated to be $47 million in FY 2009, following the enactment of authorizing language.

Inland Waterways Trust Fund

The President's Budget also notes that the Administration is developing and will propose legislation to require new tolls for barge traffic on the inland waterway system. This proposal is intended to address declining revenues in the Inland Waterways Trust Fund, which is derived from a 20 cent per gallon tax on diesel fuel for commercial vessels engaged in inland waterway transportation, plus investment income. The Trust Fund is used to pay one half the costs associated with the construction, replacement, expansion, and major rehabilitation of Federal inland waterways projects. At the end of fiscal year 2009, the Inland Waterways Trust Fund will either face a $40 million surplus (if the Administration's forthcoming proposal is enacted) or a shortfall of $59 million (if it is not). The Committee is concerned with any proposal to raise the costs of shipping goods along the inland waterway system.

Regulatory Program

The President's budget requests $180 million for the Corps' regulatory program, which is consistent with the FY 2008 enacted amount. The Committee is concerned, however, that the requested amount fails to address the growing delays within the Corps' regulatory program in processing individual and general permit application requests and ensuring compliance with existing permits, in accordance with the Rivers and Harbors Appropriations Act of 1899, the Federal Water Pollution Control Act Amendments of 1972 (more commonly known as the Clean Water Act), and the Marine Protection, Research and Sanctuaries Act of 1972. Since the U.S. Supreme Court decision in *Rapanos v. United States*, the Corps has been required to undertake additional work to process permits under its regulatory authorities. The Committee is aware that, at the President's request level for the Corps' regulatory program, the Corps will fail to meet its performance measures on reaching final permit decisions on general and individual permits within a targeted period of time, and on maximizing compliance and enforcement of existing general and individual permits.

The Committee supports an appropriation of $270 million for the Regulatory account of the Corps of Engineers. At this level, the Corps should meet and potentially exceed its performance measures for permit review, compliance, and enforcement.

Remaining Accounts

The President's FY 2009 budget request for the Mississippi River and Tributaries account is $240 million, which is a decrease of $147.4 million (-38 percent) from the FY 2008 enacted level. The Committee supports an appropriation of $400 million for the Mississippi River and Tributaries account, which is consistent with the Corps' capability for such account in FY 2009.

The President's FY 2009 budget request for the Formerly Utilized Sites Remedial Action Program ("FUSRAP") account is $130 million, which is a decrease of $10 million (-7.1 percent) from the FY 2008 enacted level. The Committee supports an appropriation of $200 million for the FUSRAP account, which is consistent with the Corps' capability for such account in FY 2009.

The President's FY 2009 budget request for the Expenses account is $177 million, which is an increase of $2 million (1.1 percent) from the FY 2008 enacted level. The Committee supports an appropriation of $200 million for the Expenses account, which is consistent with the Corps' capability for such account in FY 2009.

The President's FY 2009 budget request for the Flood Control and Coastal Emergencies (FCCE) account is $40 million. No funds were appropriated for this account in FY 2008. The Committee supports the President's request for FCCE in FY 2009.

Natural Resources Conservation Service

The Committee has jurisdiction over the following programs of the Natural Resources Conservation Service (NRCS): Watershed Surveys and Planning, Watershed Protection and Flood Prevention Operations, and Watershed Rehabilitation. The President's Budget request for these programs for FY 2009 totals $5.9 million, which is 88.2 percent below the FY 2008 enacted amount of $50 million. The Committee supports a total funding level at least equal to FY 2008 levels plus additional funding to address emergency watershed protection measures that typically require $100 million annually.

The Committee opposes the proposal in the President's budget to terminate the Watershed Protection and Flood Prevention program of NRCS. This highly cost-effective program provides, on average, $1.5 billion in annual benefits to agricultural and urban communities, including $663.5 million of average annual flood damage reduction benefits. Currently, there is an unmet need of over $1.8 billion for existing projects. Canceling this program will waste funds through the payment of contract cancellation fees and will cause NRCS to lose a valuable workforce of watershed specialists.

Environmental Protection Agency

For water infrastructure programs administered by the Environmental Protection Agency (EPA), the Committee recommends levels adequate to address the increasing need for capitalization grants for Clean Water State Revolving Funds (CWSRFs) and core programs under the Clean Water Act. This will require an increase in the authorization levels and accompanying appropriations. Last year, the House approved H.R. 720, the Water Quality Financing Act of 2007, to address these needs. Specifically, H.R. 720 reauthorizes appropriations for the CWSRFs, beginning with $2 billion for FY 2008, and increasing to $5 billion by FY 2011. H.R. 720 is currently pending before the Senate.

For FY 2009, the President's Budget request would provide $555.0 million in capitalization grants for the Clean Water State Revolving Funds, $145.0 million (20.7 percent) less than the FY 2008 appropriated level. The Committee supports significant increases in funding for the Clean Water State Revolving Funds, to at least $2 billion for FY 2009, to help State and local governments meet their wastewater infrastructure needs.

The Committee supports the President's request to fund State water quality programs under Section 106 of the Clean Water Act at $221.7 million in FY 2009, but continues to be concerned about the President's renewed proposal to dedicate $18.5 million of those funds for probabilistic monitoring. Probabilistic monitoring is an important tool to establish trends in the level of water quality, but does not support management of State water quality programs (including the development of Total Maximum Daily Loads), which is the purpose of funding under Section 106. The Committee encourages the Administration to request additional funding to support monitoring activities.

The Committee is concerned that the President's Budget does not renew its request to fund the Great Lakes Legacy Act (P.L. 107-303) very near its authorized level of $50 million, as the Administration had done in FY 2007. The President's Budget request for the Great Lakes Legacy Act in FY 2009 is $35 million, an increase of 1.7 percent from the FY 2008 enacted level of $34.4 million.

For the Superfund program administered by the EPA, the Committee recommends funding at a level commensurate with current program needs and as necessary to maintain the average number of construction completions over the past 10 years. As with the Corps of Engineers Civil Works Program, the Committee recommends funding for the Superfund program at a level that matches its capability, so that no cleanup projects fail to advance due to lack of funding, delaying public health and environmental benefits, as well as economic benefits derived from returning sites to productive use. The President's Budget for FY 2009 proposes $1.264 billion for the Superfund program, a decrease of $9.6 million (0.75 percent) from the FY 2008 enacted level. Of this amount, $779.9 million is requested for removal and remedial actions. In 2004, the EPA Office of Inspector General identified a funding shortfall of $175 million for cleanups ready to be initiated. The shortfall has not been addressed. The Committee supports increased funding for on-the-ground removal and remedial activities.

The President's Budget proposes $165.8 million for brownfields programs. Of this total, $48.7 million is requested out of the State & Tribal Assistance Grants (STAG) account for grants to States to fund State voluntary cleanup programs, and $93.6 million is requested out of the STAG account to fund grants and loans for brownfields site assessments and cleanup, training, research, technical assistance, and job training. In addition, $22.7 million is requested out of the Environmental Program and Management Account to fund program administration.

The Small Business Liability Relief and Brownfields Revitalization Act (P.L. 107-118) authorizes $200 million annually for brownfields site assessments and cleanup. The Committee recommends full funding of this authorization. These funds are used to assess and physically clean-up sites. However, in the Committee's view, since the program was enacted, the President's Budget requests have consistently under-funded the assessment and clean-up provisions of the Act, while excessively funding the Agency's administrative costs to operate the program. The Committee recommends that more resources be dedicated to support funding of brownfields site assessment and cleanup, than funding to support the administration of the brownfields program.

Tennessee Valley Authority

Since FY 2001, 100 percent of the Tennessee Valley Authority's (TVA's) power and non-power programs have been funded through its power revenues and TVA has received no appropriated funds. For FY 2009, however, the President's Budget renews a request that proposes to appropriate $17 million from the Tennessee Valley Authority Fund for TVA's Inspector General. Under the TVA Act, the TVA Board may choose to deposit some power revenues into the U.S. Treasury, but absent Congressional action, TVA's revenues are not available for appropriation. Accordingly, the proposal to appropriate part of TVA's revenues is contrary to the TVA Act. The Committee opposes this provision because it establishes a precedent that could lead to the appropriation of all of TVA's power revenues, which is inconsistent with TVA's status as a governmental corporation. If the Administration wants a limited portion of TVA's revenues to be placed into the General Fund of the Treasury and be available for appropriation for the sole purpose of supporting the TVA Inspector General, the Administration should submit a legislative proposal to the Committee seeking this authority.

Saint Lawrence Seaway Development Corporation

The Saint Lawrence Seaway Development Corporation is a wholly-owned government enterprise created in 1954 to construct, operate, and develop jointly with Canada a seaway between Montreal and Lake Erie. Funding for operation and maintenance of Seaway facilities is appropriated from the Harbor Maintenance Trust Fund, which derives its revenue from a 0.125 percent tax on the value of cargo loaded or unloaded at U.S. ports, as well as from tolls collected on the Saint Lawrence Seaway.

The President's Budget for FY 2009 proposes $34.0 million for operations and maintenance of the Seaway, compared to the FY 2008 appropriation of $17.3 million, an increase of 96.5 percent. This significant increase in capital expenditures over previous years' operation and maintenance funding is for the first stage of a ten-year "asset renewal" program for the Seaway infrastructure, and would be funded from appropriations from the Harbor Maintenance Trust Fund. The $17.5 million increase should fund the initial construction of 19 capital investment projects, and represents the first real asset renewal program for the St. Lawrence Seaway in decades. The Committee strongly supports appropriations in FY 2009 and beyond sufficient to carry out the long-term asset renewal plan of the Seaway.

Attachment A

Communities that Risk Losing Essential Air Service under President's FY 2009 Budget Proposal

State	Community	State	Community
AK	Gulkana	NE	Scottsbluff
AL	Muscle Shoals	NE	Kearney
AR	Hot Springs	NE	Grand Island
AR	Jonesboro	NH	Lebanon
AZ	Show Low	NM	Clovis
AZ	Kingman	NM	Silver City/Hurley/Deming
AZ	Prescott	NM	Alamogordo/Holloman AFB
CA	Visalia	NV	Ely
CA	Merced	NY	Ogdensburg
CO	Alamosa	NY	Saranac Lake
CO	Pueblo	NY	Watertown
GA	Macon	NY	Jamestown
GA	Athens	OR	Pendleton
IA	Burlington	PA	Altoona
IA	Fort Dodge	PA	Dubois
IA	Mason City	PA	Oil City/Franklin
IL	Decatur	PA	Johnstown
IL	Marion/Herrin	PA	Bradford
IL	Quincy	PR	Mayaguez
KS	Salina	PR	Ponce
KS	Manhattan	SD	Watertown
KY	Owenboro	TN	Jackson
ME	Bar Harbor	TX	Victoria
ME	Rockland	UT	Cedar City
ME	Augusta/Waterville	UT	Vernal
MI	Manistee/Ludington	VA	Staunton
MI	Escanaba	VT	Rutland
MN	Chisholm/Hibbing	WI	Ironwood, MI/Ashland, WI
MO	Joplin	WV	Greenbrier/White Sulphur Springs/Lewisburg
MO	Kirksville	WV	Beckley
MO	Fort Leonard Wood	WV	Parkersburg
MO	Cape Girardeau	WV	Clarksburg/Fairmont
MO	Columbia/Jefferson City	WV	Morgantown
MS	Laurel/Hattiesburg	WY	Laramie
NE	Alliance		