



COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

Achieving Deficit Reduction by Reducing Waste, Fraud, Abuse and Mismanagement, Promoting Efficiency and Reform of Government, and Controlling Spending

Prepared for

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September 15, 2010

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Introduction

The Committee on Transportation and Infrastructure is committed to improving efficiency in the Federal Government and providing cost savings to accomplish the joint goals of reducing expenditures and ensuring maximum value to the taxpayer in Federal programs within the jurisdiction of the Committee.

Beginning in the 110th Congress, the Committee has aggressively reviewed program implementation to ensure that Federal agencies, and their state and local partners, were appropriately implementing laws consistent with statutory intent and the best needs of the public. The commitment is not to programs, but to the goals and objectives that best serve the needs of the American people in an efficient, fiscally responsible way. To that end, the Committee has developed and will continue to develop multiple proposals to improve the operation of government, including opportunities to reduce expenditures and the deficit. Because many of the programs within the Committee's jurisdiction are implemented in partnership with state and local governments, the Committee continues to pursue improvements at all levels of government.

Today's report describes a list of activities and proposals that include reductions in and elimination of mandatory spending, reductions in and elimination of authorizations for discretionary spending, investments that would be expected to achieve quantifiable future savings, and revenues that more equitably distribute the cost of government services among the beneficiaries of those services and reduce demands on the General Fund. These proposals will allow the Nation to achieve its investment goals at less cost and allow Federal investment to provide increased benefits.

These proposals reflect the Committee's efforts to date. The Committee will continue its efforts to find creative and efficient ways to make government more responsive to the needs of the Nation.

Recent Highlights

The Committee's oversight efforts recently resulted in exposing unwarranted cost overruns in Federal construction. At the Committee's request, the Government Accountability Office (GAO) analyzed courthouse construction since 2000 and determined that expenditures have been unnecessarily increased by nearly \$900 million. The Committee is responding through general legislation and authorizations for specific Federal courthouse construction projects to ensure that such unnecessary costs are not repeated.

Other positive results of the Committee's efforts have resulted in improvements and corrections to the Coast Guard's Integrated Deepwater Program, the Federal Aviation Administration's regulatory responsibilities and air traffic control modernization, mismanagement at the Federal Maritime Commission, disaster response by the Federal Emergency Management Agency, international water quality expenditures, and the civil works program of the Corps of Engineers.

The Committee's efforts associated with the Coast Guard's Integrated Deepwater Program (Deepwater) continue to provide benefits. Deepwater is a series of procurements being undertaken by the Coast Guard to replace or upgrade its major surface and aviation assets. The procurements are expected to cost \$25 billion by the time they are complete in 2026.

The Committee conducted an investigation that probed deeply into the contract management and decision-making processes within the Coast Guard and its contract partner, Integrated Coast Guard Systems (ICGS) (ICGS consisted of Lockheed Martin Corporation and Northrop Grumman Corporation). The Committee found that the Coast Guard was warned of flaws in the designs for Coast Guard assets long before the designs were finalized. The Committee also found that in some cases, substandard information technology equipment was installed on the patrol boats. Finally, records indicated that there were irregularities in the process for testing and certifying the ships for standards designed to prevent the release of classified information.

The Committee's investigation resulted in the Coast Guard removing ICGS as the lead systems integrator for Deepwater, and a reimbursement claim by the Federal government of \$96 million from ICGS.

The Committee continues to monitor the Deepwater Program, guarding against waste, fraud, abuse, and mismanagement, and ensuring that taxpayers receive the full value of their investment.

While the Committee continues to conduct oversight of agency programs in all areas of its jurisdiction, in this Congress, the Committee is being particularly aggressive in overseeing the implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5).

The Recovery Act provided \$64.1 billion for programs within the jurisdiction of the Committee on Transportation and Infrastructure, including \$38 billion for highway, transit, and wastewater infrastructure formula programs. Since enactment of the Recovery Act, the Committee has performed vigorous oversight, to ensure that the funds provided are invested quickly, efficiently, and in harmony with the job-creating purposes of that Act.

Just 10 days following enactment of the Recovery Act, the Committee requested monthly reports from States, major public transit agencies, and metropolitan planning organizations on the use of highway, transit, and wastewater infrastructure formula funds provided under the Recovery Act. The Committee continues to receive those reports.

The Committee's request goes beyond the transparency and accountability requirements of the Recovery Act, expanding the scope of programs covered by the reporting requirements, and accelerating the deadline by which information is reported. These reports include information on

the number of projects that have been put out to bid, are under contract and underway, and have been completed. The information also includes job hours created or saved and payroll figures. The Committee receives monthly reports from Federal agencies implementing Recovery Act programs under the Committee's jurisdiction.

Since April 2009, the Committee has published a monthly report reflecting this information. All released information can be found at the Recovery Act section of the Committee's website: <http://transportation.house.gov>. The Committee requested that these recipients continue to submit monthly reports directly to the Committee for the remainder of 2010.

Of the \$38 billion available for highway, transit, and wastewater infrastructure formula program projects under the Recovery Act, as of June 30, 2010, \$35 billion (92 percent) has been put out to bid on 18,718 projects. Within this total, 18,002 projects totaling \$33.4 billion (88 percent) are under contract. Across the Nation, work has begun on 17,024 projects totaling \$32.7 billion (86 percent) – work producing badly needed jobs today. Work has been completed on 6,920 projects totaling \$5.3 billion. From these investments, not only has the economy benefited from the jobs created, the public benefits from the investment itself through improved transportation and quality of the environment.

In addition to the monthly reporting, the Committee has held 18 oversight hearings on the Recovery Act since its enactment, with seven of these hearings occurring during 2010. This total includes nine Full Committee hearings and nine subcommittee hearings. These 18 hearings included a total of 123 witnesses and spanned 64 hours. The breadth of witnesses included Ray LaHood, Secretary of the Department of Transportation and Lisa Jackson, Administrator of the Environmental Protection Agency, as well as other Federal, State, and local government officials, private industry leaders, and workers actively engaged in implementing the Recovery Act.

The Committee held its most recent oversight hearing the last week in July, and will continue to hold oversight hearings on the Recovery Act throughout 2010.

In addition to overseeing implementation of the Recovery Act, as of the date of this report, the Committee and its subcommittees have conducted 23 separate hearings in 2010 to review the budgets and programs of agencies within the Committee's jurisdiction. Additional hearings are planned.

This report includes specific findings and recommendations developed by the Committee related to Federal spending and government operations. As the findings and recommendations demonstrate, the Committee has made and continues to propose many positive changes to improve the efficiency of government and deliver the best possible outcomes to our constituents.

Specific Findings and Recommendations:

Reduce Excess Expenditures on New Courthouse Projects

This proposal achieves deficit reduction by promoting efficiency and reform of government and reducing waste by ensuring that the number of courtrooms in proposed new courthouse projects constructed by the General Services Administration (GSA) more accurately reflects needs and budgetary realities by aligning the number of courtrooms to reflect courtroom sharing by judges, and realistic projections of additional, future judgeships. Where practicable, the Committee seeks to ensure authorizations directing that courthouses be redesigned to eliminate not only excess courtrooms, but also the additional building volume that would have accommodated those excess courtrooms.

In accordance with 40 U.S.C. 3307, appropriations for specific GSA construction projects may only be made if authorized by resolutions adopted by the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate.

The Government Accountability Office reported (GAO-10-417) that courtroom overbuilding, as a consequence of both inordinately high judgeship projections by the Judiciary and the Judiciary's failure to share courtrooms in a fashion supported by empiric courtroom usage data, resulted in construction of 1.8 million square feet of unnecessary space for 33 courthouses completed since 2000.

This excess construction translates into a one-time construction cost waste of \$422 million, and an annual waste of \$26 million in additional operation and maintenance costs for the unneeded space.

The budgetary impact of downsizing proposed courthouses is being realized today. Since June 2009, the Committee has authorized five courthouses with curtailed numbers of courtrooms. According to budget estimates provided by GSA, or derived from information provided by GSA, the Committee has saved more than \$87 million to date by limiting the number of courtrooms in new courthouses. The savings are a consequence of lower initial capital costs to build, and less money spent by GSA to lease space because the proposed courtroom space can now be used by Federal agencies that do not need to be located in leased facilities.

San Diego, California Courthouse:	\$50.8 million
Greenbelt, Maryland Courthouse Annex:	\$5.2 million
Mobile, Alabama Courthouse:	\$7.8 million
Savannah, Georgia Courthouse:	\$7.8 million
San Antonio, Texas Courthouse:	<u>\$15.5 million</u>
Total savings (to date):	\$87.1 million

Additional savings will be realized as the limitations are applied to other courthouse projects not yet authorized or constructed.

Eliminate Funding for Low-Priority Transportation Projects

This proposal achieves deficit reduction by eliminating more than \$713 million in currently available funding for low-priority transportation projects. It will be accomplished by enacting H.R. 5730, the “Surface Transportation Earmark Rescission, Savings, and Accountability Act”, a bill introduced by Representative Betsy Markey of Colorado. On July 27, 2010, the House passed H.R. 5730 by a vote of 394-23.

H.R. 5730 rescinds \$713.2 million of Federal-aid highway contract authority that was provided in four prior surface transportation authorization bills and that is currently available for 309 Member-designated projects. Rescinding this \$713.2 million means that it cannot be spent or used to offset increased spending in the future. Any savings from this bill would reduce the deficit.

In addition, the bill establishes a process for the Secretary of Transportation to track unspent project funds going forward, enabling Congress to identify projects that have inactive funds or that have been completed in the previous year. This tracking process will create opportunities for future, additional savings.

Member-designated projects play an important role in the Federal-aid highway program. They provide constituents with a chance to interact directly with their elected officials on community priorities, and allow Members an opportunity to support transportation safety and mobility improvements that may be overlooked by a State department of transportation.

Yet, it is also necessary to use a common-sense approach to funding for projects that are complete or no longer viable. Many of the funds rescinded under this bill are from projects that are complete, but have excess remaining funds. There is no reason for these funds to remain available such that they could be used for future spending.

Other projects affected by H.R. 5730 are those that show no likelihood of going forward due to changing community priorities or other transportation needs. Rescinding funds from projects that are no longer viable is a practical approach to saving taxpayers’ dollars.

Rescinding this \$713.2 million prevents it from being spent or used as an offset to increased spending in the future.

It has, unfortunately, become somewhat routine for appropriations bills to rescind existing contract authority to offset other spending. Under budgetary rules, even if a contract authority rescission is “scored” as only reducing budget authority, not outlays, a budget authority offset is often all that is needed to facilitate additional spending in an appropriations bill.

In fact, the Senate Committee on Appropriations has proposed to use a portion of the funds rescinded in this proposal to offset spending in its version of the FY 2011 Transportation, Housing and Urban Development appropriations bill.

Rescinding the \$713.2 million outside the appropriations process makes that amount unavailable for use in some future appropriations bill, and it will indeed result in real savings.

The proposal is in line with the High Priority Project reform principles issued by the bipartisan leadership of the Committee in April 2009, which established an unprecedented level of transparency, accountability, and reform for surface transportation projects going forward.

These principles called for the repeal of funds from older projects that have not been spent. The proposal is an effective and thoughtful means of achieving this policy objective and will save the government money.

Eliminate FY 2010 Funding for Certain Transportation Programs

This proposal achieves deficit reduction by eliminating funding for certain Department of Transportation programs that will not be used in 2010. It will be accomplished by enacting H.R. 5604, the “Surface Transportation Savings Act of 2010”, a bill introduced by Representative Thomas S. P. Perriello of Virginia. On July 20, 2010, the House passed H.R. 5604 by a vote of 402-0.

H.R. 5604 rescinds \$82 million in excess contract authority that the National Highway Traffic Safety Administration (NHTSA) and the Federal Transit Administration cannot use in fiscal year 2010. In doing so, the bill makes these funds unavailable for expenditure or as an offset against other spending in the future.

The largest rescission occurs in NHTSA’s safety belt performance grants program. This program received \$124.5 million in FY 2010 to carry out an incentive grant program to encourage States to enact and enforce laws requiring the use of safety belts. This funding level equals the amount authorized for this program in FY 2009 under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU) (P.L. 109-59).

According to NHTSA, only three States are expected to qualify to receive an incentive grant under this program in FY 2010, requiring no more than \$28.5 million to carry out the authorized activities of the program.

NHTSA does not have authority to redistribute the unused program funds this fiscal year, and the funds will remain unallocated in FY 2010. The bill rescinds \$56.0 million in existing but unusable contract authority from this program.

H.R. 5604 also rescinds \$8.5 million in contract authority from NHTSA’s administrative expenses, the National Driver Register, and NHTSA’s research and development programs.

This excess contract authority was made available under the extension of current surface transportation programs passed as part of the Hiring Incentives to Restore Employment Act (HIRE Act) (P.L. 111-147).

Because the amounts of contract authority provided for these programs under the HIRE Act exceeds the funding levels provided by the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2010 (division A of P.L. 111-117), NHTSA cannot use these

funds this year. However, the unavailability of the funding this year does not preclude the opportunity for the funds to be transferred or used as an offset in future years.

Finally, the bill rescinds \$17.4 million of contract authority from the Federal Transit Administration's (FTA) formula and bus grant programs. The HIRE Act provides \$8.361 billion in FY 2010 to carry out FTA's formula and bus grant programs, \$17.4 million more than the funding level provided in the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2010. FTA does not have the ability to utilize these funds this year.

Although the \$82 million rescinded by the proposal cannot be used at the present time, there are two ways this \$82 million could be used to increase spending in the future if it is not rescinded now. First, a future appropriations or other legislative act could increase the obligation limitations that control spending for these highway safety and transit programs, thereby allowing this \$82 million to be spent. Second, a future appropriations act could rescind this \$82 million and use that rescission to offset increased spending on other programs.

Unfortunately, it has become somewhat routine for appropriations bills to rescind surface transportation contract authority to offset increased spending elsewhere. In fact, the Supplemental Appropriations Act, 2010 (P.L. 111-212), rescinds \$25 million in highway safety contract authority as an offset for spending in that law. Had this proposal been enacted earlier, it would have preserved the additional \$25 million in spending reduction, for a total savings of \$107 million.

The Committee on Appropriations includes such rescissions in appropriations bills because the rescissions offset other spending. Under budgetary rules, even if a contract authority rescission is "scored" as only reducing budget authority, not outlays, a budget authority offset is often all that is needed to facilitate additional spending in an appropriations bill.

Rescinding \$82 million outside the appropriations process makes that amount unavailable for use in some future appropriations bill, and it will indeed result in "real" savings.

This proposal is a common sense step toward improving the Nation's fiscal foundation and ensuring that the Federal surface transportation funds are invested as efficiently as possible.

Consolidate Administrative Functions of Regional Development Commissions

This proposal achieves deficit reduction by promoting efficiency and reform of government through consolidating administrative functions across several regional development commissions. These commissions include the Denali Commission, the Northern Border Regional Commission, the Southeast Crescent Regional Commission, the Northern Great Plains Regional Authority, and the Southwest Border Regional Commission.

The Denali Commission (established in 1998), the Northern Border Regional Commission (established in 2008), the Southeast Crescent Regional Commission (established in 2008), the Northern Great Plains Regional Authority (established in 2002), and the Southwest Border Regional Commission (established in 2008) have similar purposes while serving different areas of the country. Each is designed to enhance and promote wealth generation and economic growth strategies and

projects. Their efforts focus on leveraging public, private, and philanthropic resources in areas such as transportation and basic infrastructure, job skills training and entrepreneurial development, comprehensive strategy development, advanced technologies and telecommunications, and sustainable energy solutions.

Opportunities exist to reauthorize and rationalize the structures of these several regional commissions and authorities. The proposal includes a consolidation of Inspectors General Offices, accounting and contracting functions, and certain other administrative functions. A possible location for consolidation is within the Department of Commerce since the Secretary of Commerce currently has responsibility for appointing several of the Federal Co-chairs associated with the commissions and authorities.

The budgetary savings associated with this proposal are estimated at \$1 million.

Create an Equitable Method for Beneficiaries of Hazardous Material Transportation Permits and Approvals to Participate in the Cost of Service

This proposal achieves deficit reduction by promoting efficiency and reform of government and reducing expenditures from the General Fund by requiring the Secretary of Transportation to establish a reasonable fee for processing applications for, and ensuring compliance with the terms of, special permits and approvals. The fee would be an offsetting collection for administering the special permits and approvals program. This proposal is contained in H.R. 4016, the “Hazardous Material Transportation Safety Act of 2009”, as ordered reported favorably by the Committee on November 19, 2009.

The Pipeline and Hazardous Materials Safety Administration processes about 5,000 special permits and 10,000 approvals annually. Currently, the expenses associated with special permits and approvals are paid from the General Fund. Charging a fee commensurate with the costs of providing the permits would reduce the deficit by reducing demands on the General Fund. Such fees are appropriate because the benefits are specific or localized and costs should more appropriately be the responsibility of the beneficiaries of the service.

The budgetary impact of this proposal would be to reduce demands on the General Fund for all or some of the costs of processing the permits and approvals, currently estimated in excess of \$20 million annually.

Deauthorize Antiquated Projects of the Corps of Engineers

The proposal achieves deficit reduction by promoting efficiency and reform of government and reducing waste by using both legislative and administrative means to deauthorize projects authorized to be carried out by the Corps of Engineers (Corps), thereby ensuring that no future appropriations will be made for them and they will not be built.

The Corps currently has in excess of \$60 billion in authorized but unconstructed projects or elements of projects. Deauthorizing some of those projects will eliminate future expenditures. H.R. 5892, the “Water Resources Development Act of 2010”, as ordered reported favorably by the

Committee on July 29, 2010, deauthorizes 12 specific, currently authorized water resources projects. Under the bill, on the date of enactment of H.R. 5892, these projects would no longer be authorized for construction by the Corps.

Section 1001 of the Water Resources Development Act of 1986 directs the Corps to provide Congress with a list of unconstructed projects, or unconstructed separable elements of projects, which have been authorized, but have not received obligation of Federal funding for the full five fiscal years preceding the transmittal of the list. All 12 projects identified in H.R. 5892, the “Water Resources Development Act of 2010”, meet these criteria, and were identified as eligible for deauthorization by the Corps.

The budgetary impact, according to the Corps, of deauthorizing and not constructing the 12 projects in H.R. 5892 is a reduction of future Federal spending of \$871.8 million.

Use Federal Highway Funding More Effectively to Improve Bridge Conditions

This proposal achieves deficit reduction by promoting efficiency and reform of government by (1) focusing more Federal highway funding on the Nation’s core highway and bridge network, (2) requiring increased State reporting on the use of this funding, and (3) prohibiting transfers of funding between different highway programs. In combination, these provisions will increase the effectiveness of Federal highway funding in improving bridge deficiencies.

H.R. _____, the “Surface Transportation Authorization Act of 2009”, as recommended favorably by the Subcommittee on Highways and Transit on June 24, 2009, includes such provisions.

On July 21, 2010, the Department of Transportation’s Inspector General testified before the Subcommittee on Highways and Transit that the Federal Highway Administration’s accounting system is unable to link expenditure of Highway Bridge Program funding to improvements made to deficient bridges. Furthermore, States are currently allowed to transfer Bridge Program funds to other Federal-aid highway programs, and the agency has no ability to determine the extent to which these transferred funds are used on bridge projects.

The budgetary impact of more efficient use of Federal highway funding to reduce bridge deficiencies (and increased accountability for the use of that funding) will reduce the Nation’s backlog of deficient bridges – and consequently reduce the amount of Federal bridge funding needed in future surface transportation authorization acts.

Reduce Energy Consumption in Federal Buildings Through Energy Efficient Building Systems and Components

This proposal achieves deficit reduction by promoting efficiency and reform of government and reducing waste by creating highly efficient operating systems and energy conservation measures as key attributes of High-Performance Green Buildings. The term “High-Performance Green Buildings” also encompasses sustainability, safety, security, durability, and functionality. Savings in reduced Federal building energy consumption will occur as a consequence of investments made under the Recovery Act for retrofitting GSA facilities with energy efficient building systems and

components. GSA's expenditures under the Recovery Act may address all aspects of High-Performance Green Buildings, but savings estimates are only readily made with regard to energy efficient systems and components.

The Recovery Act made available \$4.5 billion to be used to convert GSA facilities to "High-Performance Green Buildings". Recovery Act expenditures were justified predominantly in terms of creating employment opportunities for Americans and, in the case of Federal infrastructure spending, improving infrastructure conditions, performance, and efficiency.

The budgetary impact based upon GSA's estimates and calculations for 66 of 252 building modernization projects is energy savings achieved due to reinvestment funded under the Recovery Act of 13 percent to 20 percent of the buildings' total energy footprint, with most savings averaging closer to 20 percent. This is equivalent to \$41 million per year, or \$698 million over the 30-year useful life of the infrastructure improvements (calculated on a present value basis).

Apply Realistic, Site-appropriate Security Standards
That Fully Meet Security Needs at an Affordable Cost

This proposal achieves deficit reduction by promoting efficiency and reform of government and reducing waste by having the Committee expand its practice of directing GSA to apply the Interagency Security Committee (ISC) Standards to Department of Defense (DOD) space procurements rather than DOD's more stringent and more costly Anti-Terrorism Force Protection Standards for non-military office (i.e., civilian and support elements within DOD, as opposed to combat or special forces) functions that will be housed in commercial leased space.

In accordance with 40 U.S.C. 3307, GSA can only enter into a commercial space lease where the annual cost is greater than \$2.7 million if the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Environment and Public Works of the Senate adopt resolutions authorizing the lease.

Through testimony of both Federal officials and private sector security experts given at a hearing before the Subcommittee on Economic Development, Public Buildings and Emergency Management on May 20, 2010, the Committee determined that there is no public policy justification, and no technical security justification, for the routine use of the DOD Anti-terrorism Force Protection Standards in GSA lease procurements for civilian agencies within the Defense establishment.

The budgetary impact of the proposal would be substantial whether the space is new construction or retrofitted existing space.

For example, a recent review of a lease proposal to accommodate the DOD Medical Command Headquarters indicated that the cost differential in retrofitting buildings to meet the DOD security standard, relative to the ISC standard, is approximately \$65 per square foot. This translates into an annual rental premium of approximately \$9 per rentable square foot per year. For the DOD Medical Command Headquarters, at 750,000 rentable square feet, this cost premium equates to \$6.75 million per year, or \$101.25 million in nominal dollars over the 15-year lease term. If the DOD needs were met by new construction built expressly to the requirements of the DOD

security standards (as opposed to retrofitting an existing building), the overall construction cost premium would average between 8 percent and 10 percent (exclusive of the additional land cost needed for the larger building set-back requirements). This would translate into a \$2 per rentable square foot premium. It is hard to estimate what the additional land cost would contribute in terms of a higher rent. For the DOD Medical Command Headquarters procurement, the cost premium for the construction alone (excluding land) equates to \$1.5 million per year or \$22.5 million over the lease term.

Therefore, using the DOD procurement as an example, the potential savings associated with this reform proposal for just this one procurement ranges between \$22.5 million for new construction and \$101.35 million for retrofitted space.

Because of a BRAC-imposed deadline, the Committee authorizing resolution for the DOD Medical Command Headquarters procurement allowed GSA to proceed with the most expeditious procurement solution, and so savings associated with the use of the ISC standard in lieu of the DOD standard were not realized in this transaction. Nonetheless, the Committee confirmed the opportunity for significant future savings.

For future large space lease procurements implemented by GSA on behalf of DOD, which will total well over 2 million square feet over just the next few years, the savings potential through reliance upon the ISC standard rather than the DOD standard is approximately \$180 million.

Develop and Implement Performance Measures and Accountability In Surface Transportation Programs

This proposal achieves deficit reduction by promoting efficiency and reform of government by requiring new transportation performance measures designed to achieve specific national objectives. Recipients of Federal transportation funds will be required to meet a variety of performance targets, and their progress will be monitored and publicly reported by the Department of Transportation (DOT).

H.R. _____, the “Surface Transportation Authorization Act of 2009”, as recommended favorably by the Subcommittee on Highways and Transit on June 24, 2009, includes such provisions.

The Department of Transportation has few tools for monitoring and holding grant recipients responsible for successful and efficient use of surface transportation funds. Currently, DOT does not measure how Federal transportation funding achieves national goals, nor does the Department distribute funding based on performance criteria.

The budgetary impact of specific performance measures will result in much more efficient use of taxpayer dollars, and provide taxpayers with tangible and measurable results for their investments in improving mobility, increasing safety, and expanding mode choice.

Increase Accountability for the Federal Aviation Administration's NextGen Planning and Implementation

This proposal achieves deficit reduction by promoting efficiency and reform of government and guarding against waste, fraud, and abuse by increasing accountability within the Federal Aviation Administration (FAA) to ensure timely and efficient implementation of the Next Generation Air Transportation System (NextGen). The proposal would establish a Chief NextGen Officer as the primary point of accountability for NextGen implementation at the FAA, elevate the Director of the Joint Planning and Development Office to the position of Associate Administrator for NextGen Planning, Development, and Interagency Coordination, and create reporting and other requirements to ensure accountability for NextGen-related deliverables.

The various offices responsible for different aspects of the FAA's NextGen program have encountered difficulties in coordination. The air traffic control modernization program was on the High-Risk List of the Government Accountability Office (GAO) from 1995 to 2009. Although GAO removed the air traffic control modernization program from the High-Risk List, GAO and the Committee remain concerned that NextGen is a high-risk effort because of its cost and complexity.

The positive budgetary impact of this proposal will accrue from ensuring that a single person within the FAA is equipped with the stature and authority necessary to coordinate NextGen implementation across numerous FAA offices, eliminating duplicative efforts and ensuring accountability.

Adjust Federal Aviation Administration Fees

This proposal achieves deficit reduction by promoting efficiency and reform of government, and reducing expenditures from the General Fund, by requiring the FAA to establish fees for aircraft registration, certification, and related services, and to update the amounts charged for overflight fees (fees assessed to the operators of aircraft that fly in U.S.-controlled airspace but do not take off or land in the United States). Fees will be an offsetting collection and subject to appropriations. Permit fees will be adjusted periodically as necessary to cover the FAA's cost of providing the services for which the fees are charged.

Revising the FAA's registration fees will equitably assign the costs of providing services to the beneficiaries of those services. These revised fees will allow the FAA to recover much of its costs, lessening the demand on the General Fund.

The proposal is contained in H.R. 915, the "FAA Reauthorization Act of 2009", which passed the House on May 21, 2009, by a vote of 277-136. The initial fee rates would reflect the FAA's current costs of providing each service. The FAA would periodically adjust the fees established under this proposal when cost data reveal that the cost of providing the service is higher or lower than the cost data that were used to establish the fee then in effect.

The proposal also directs the FAA Administrator to update the amounts of overflight fees that are currently charged to operators of aircraft that fly in U.S.-controlled airspace but neither take off nor land in the United States, to ensure that the fees reflect the FAA's current cost of providing services to such flights. These fees were initially authorized by the Federal Aviation Reauthorization

Act of 1996 (P.L. 104-264), and the rates currently in effect are identical to those originally established by the FAA's final rule on overflight fees in 2001 (14 C.F.R. 187 Appx. B (2008)). The Administrator should set overflight fees in amounts that bear reasonable relationships to costs.

The budgetary impact of this proposal would be savings through improved efficiency by permitting the FAA to assess fees for services in amounts that are realistically commensurate with the costs of providing those services. The proposal assists the FAA in recouping substantial costs, lessening demand on the General Fund and reducing the deficit.

Increase Oversight of the Federal Aviation Administration's ADS-B Contract

This proposal achieves deficit reduction by promoting efficiency and reform of government by enhanced oversight of performance of the FAA's automatic dependent surveillance-broadcast (ADS-B) contract.

This proposal requires the FAA to submit a report detailing the Administration's plans and schedule for integrating ADS-B technology into the National Airspace System (NAS). In addition, this proposal requires the FAA to insert provisions into the contract that protect the Federal Government's interest, such as: requiring FAA's approval before the contract is assigned to or assumed by another entity, including any successor entity, subsidiary of the contractor, or other corporate entity; designating the assets, equipment, hardware, and software used in the performance of the contract as critical to national infrastructure for national security; requiring the contractor to provide continued broadcast services for a reasonable period until the provision of such services can be transferred to another vendor or to the Government in the event of termination or material non-performance of the contract; and permitting the Government to acquire or utilize the assets, equipment, hardware and software necessary to assure the continued and uninterrupted provision of ADS-B services for reasonable compensation.

This proposal is contained in section 204 of H.R. 915, the "FAA Reauthorization Act of 2009", which passed the House on May 21, 2009 by a vote of 277-136.

On August 30, 2007, the FAA awarded a performance-based service contract for ADS-B services to a consortium led by ITT Corporation. Instead of adopting a more traditional acquisition strategy for ADS-B, whereby the FAA would own, operate, and maintain the system, the FAA chose a service contract approach, whereby the ITT team will build the ADS-B ground stations and own and operate the equipment. The FAA's use of this approach to ADS-B implementation justifies continuing oversight of the implementation process.

The budgetary impact will be reflected in the subscription charges relating to ADS-B use by properly equipped aircraft and air traffic control (ATC) facilities. The total value of the contract, which has a number of options extending through 2025, is \$1.86 billion. Because it is a nontraditional acquisition, vigorous oversight of its implementation will promote efficiency and ensure against mismanagement or waste. The taxpayer benefits in the long-run through dramatic improvements in the safety and efficiency of the Nation's air traffic control system. FAA air traffic controllers will be equipped to handle an increasing volume of air traffic and will process that traffic much more efficiently than before, while aircraft operators will conserve fuel and minimize greenhouse gas emissions by flying more efficient routings.

Modify the Airport and Airway Trust Fund Formula

This proposal achieves deficit reduction by promoting efficiency and reform of government by ensuring that the amount that is made available from the Airport and Airway Trust Fund (Trust Fund) each year to fund the Federal Aviation Administration more accurately reflects actual receipts.

This proposal modifies the formula that determines the amount that is made available from the Trust Fund each year to fund the FAA. The modification ensures that the Trust Fund maintains a positive balance despite overly-optimistic revenue forecasts.

The uncommitted cash balance in the Trust Fund has declined dramatically in recent years. At the end of FY 2001, the uncommitted cash balance was \$7.3 billion. For FY 2009, the uncommitted balance was approximately \$299 million. This decline in the Trust Fund's uncommitted balance is due to overly-optimistic revenue projections, combined with a statutory requirement to appropriate from the Trust Fund an amount that is equal to those revenue projections.

The current statutory formula requires that estimated Trust Fund receipts each year must equal Trust Fund expenditures. Under these conditions, the Trust Fund balance should remain stable. However, the Trust Fund revenue estimates included in the President's budget for the past seven years were overly optimistic; such that the amounts appropriated from the Trust Fund (based on those estimates) exceeded the amounts actually deposited into the Trust Fund, resulting in declines in the uncommitted cash balance. The eventual impact would either be a dramatic decline in resources available to the FAA (and a decline in service), or the need for additional revenues from the General Fund.

This proposal modifies the statutory formula to make available from the Trust Fund an amount equal to 90 percent of the estimated revenues, rather than the current 100 percent, until the actual level of revenues received for that year are known. Once actual revenues are known, a "look-back" adjustment compares the actual revenues received by the Trust Fund to the amounts made available from the Trust Fund for that year, and the difference between the two is applied as an adjustment to the amount made available from the Trust Fund for the current budget year. This change provides greater room for error in revenue estimates until the actual level of revenues received for that year is known, and an adjustment is made to reconcile actual amounts deposited to the Trust Fund with actual amounts appropriated from it. Given recent revenue estimates, a 10 percent margin of error is necessary.

This proposal is contained in section 105 of H.R. 915, the "FAA Reauthorization Act of 2009", which passed the House on May 21, 2009 by a vote of 277-136.

The budgetary impact of this proposal would be greater funding stability by mitigating the effect of overly-optimistic revenue projections. The current expenditures from the Trust Fund could create a need to use the General Fund to alleviate budget short-comings, or result in diminished services. This proposal protects both services and the General Fund.

Update Revenues for the Inland Waterways Trust Fund

This proposal achieves deficit reduction by promoting efficiency and reform of government by updating revenues for the Inland Waterways Trust Fund to ensure the ability to meet the authorized non-Federal cost-share of inland waterways capital investment projects carried out by the Corps of Engineers.

Section 102 of the Water Resources Development Act of 1986 establishes that the costs of construction for navigation projects on the inland waterways transportation system of the United States are equally divided between funds appropriated from general revenues of the United States and funds appropriated from the Inland Waterways Trust Fund (Trust Fund). The Trust Fund was established in 1978, consisting of receipts from a new inland fuel tax. Title XIV of the Water Resources Development Act of 1986 amended the tax rate, which is currently derived from a 20-cent-per-gallon tax on diesel fuel used by commercial vessels engaged in inland waterway transportation, plus investment income.

Over the past few years, the annual balance in the Inland Waterways Trust Fund has declined (estimated to be just \$23 million at the end of fiscal year 2010), and this lack of available funding is expected to have an adverse impact on the pace of construction projects on the inland system due to the unavailability of the 50 percent share of the construction costs for such projects that is derived from the Trust Fund.

In April 2010, the Inland Marine Transportation Systems Capital Investment Strategy Team released a report, entitled *Inland Marine Transportation Systems (IMTS) Capitol Projects Business Model, Final Report* that recommends several actions to address the construction of projects on the inland system. One recommendation in the report to address the ongoing shortfall in the Inland Waterways Trust Fund is to adjust the current fuel tax by an amount ranging between \$0.06 and \$0.09 per gallon. (The \$0.09 per gallon increase would increase the current fuel tax to the level it would otherwise have reached if it had been indexed for inflation from 1994.)

The budgetary impact of the proposal would preserve the role of non-Federal interests participating in construction and rehabilitation of the inland waterways. The current \$0.20 per gallon tax on diesel fuel has been in place since 1994. According to the Congressional Research Service, had the initial authorization of fuel tax been indexed for inflation since 1994, an additional \$302 million would have been available from the Trust Fund for construction. Because the shortfall in revenues in the Trust Fund is expected to adversely impact the pace of construction of these vital inland waterways projects, modifying the current fuel tax to a level that adjusts the rate for inflation over the past 16 years is essential to efficient construction of navigation projects on the inland system. In addition, modifying the fuel tax ensures that users of the inland system continue to contribute an equitable portion of the funding for inland navigation projects.

Restructure Surface Transportation Programs

This proposal achieves deficit reduction by promoting efficiency and reform of government by dramatically reforming the programmatic structure through which Federal surface transportation funding is distributed to States and local governments. The proposal consolidates or terminates more than 75 existing programs and directs the majority of surface transportation funding into several core categories. The proposal also requires the Department of Transportation (DOT) to work in an integrated manner to increase intermodal transportation solutions.

H.R. ____, the “Surface Transportation Authorization Act of 2009”, as recommended favorably by the Subcommittee on Highways and Transit on June 24, 2009, includes such provisions.

The Department of Transportation currently has 108 surface transportation programs administered separately by a multitude of different agencies attempting to address mobility and infrastructure needs. While each of these programs serves an important purpose, because they are segmented and focused on addressing specific modal issues rather than intermodal goals, managing 108 separate programs prevents DOT from using all available tools simultaneously and efficiently in a truly intermodal fashion.

The budgetary impact of reforming the structure of the Department of Transportation’s Federal programs will provide taxpayers with a better return on their investment. DOT will be able to provide intermodal solutions to the mobility, safety, and maintenance challenges facing our transportation network. By bringing together different programs and modes, DOT can offer effective, least-cost solutions, reducing costs in our Nation’s surface transportation programs and making them more transparent and accountable.

Improve Management of Federal Aviation Administration Property Inventory

This proposal achieves deficit reduction by promoting efficiency and reform of government by clarifying the FAA’s current authority to purchase and sell property needed for airports and air navigation facilities, and includes the authority to retain funds associated with disposal of property.

This proposal is contained in section 217 of H.R. 915, the “FAA Reauthorization Act of 2009”, which passed the House on May 21, 2009 by a vote of 277-136.

Real property assets that are not needed for FAA’s mission are marked as “Inactive/Excess” in the Real Estate Management System. These are non-performing assets. Currently, because of costs associated with disposal (such as demolition, environmental audits, and asbestos abatement), some extraneous properties and equipment (e.g., non-directional beacons, radars, outer markers) unnecessarily remain in the FAA’s active inventory for long periods of time. These are physical assets that provide no benefits to the FAA or public, yet require continuing involvement by the FAA.

The budgetary impact of this proposal is from allowing the FAA to reduce its non-performing assets. According to the FAA, the current total replacement value of non-performing assets, as reported to the Office of Management and Budget, is \$64.1 million. Allowing the FAA to dispose of these assets will remove costs associated with carrying the assets, plus allow any real

property to be placed into productive use. Clarification that the FAA has the authority to retain proceeds from the sale of property will allow the FAA to cover the costs of disposal and the shutdown of extraneous equipment, and will ultimately improve the Federal balance sheet.

Include Stakeholders in Air Traffic Control Modernization Projects

This proposal achieves deficit reduction by promoting efficiency and reform of government, and avoiding waste, fraud, and abuse by ensuring that employees are involved in Air Traffic Control (ATC) modernization projects.

This proposal requires the FAA to establish a process for including and collaborating with qualified employees selected by each affected exclusive collective bargaining representative in the planning, development and deployment of ATC modernization projects, including Next Generation Air Transportation System (NextGen). In addition, the FAA is required to report to the House and Senate committees of jurisdiction on the implementation of this section within six months of the date of enactment.

This proposal is contained in section 205 of H.R. 915, the “FAA Reauthorization Act of 2009”, which passed the House on May 21, 2009 by a vote of 277-136.

Many past ATC modernization projects had to be reworked because employee groups, representing the operators of new equipment, were not consulted on human factors issues early in the development of the project. Experience demonstrates that active engagement with employees can improve the decisions affecting employee performance.

Investments needed to achieve the end-state NextGen, FAA’s primary ATC modernization effort, are estimated to cost between \$15 billion and \$22 billion. Utilizing tools to improve the efficiency of that process will ensure that benefits are maximized for the expenditures made.

Reform the Federal Aviation Administration’s Pilot Records System

This proposal achieves deficit reduction by promoting efficiency and reform of government and reducing expenditures from the General Fund by requiring the FAA to create a pilot records database.

Under the Pilot Records Improvement Act of 1996 (PRIA) (P.L. 104-264), air carriers must obtain the last five years’ performance and disciplinary records for a prospective pilot from his or her previous employer. PRIA also requires carriers to obtain records for a pilot from the FAA. FAA records regarding pilot certification are protected by the Privacy Act of 1974. However, PRIA requires carriers to obtain a limited waiver from prospective pilots allowing for the release of information concerning their current airman certificate and associated type ratings and limitations, current airman medical certificates, including any limitations, and summaries of closed FAA legal enforcement actions resulting in a finding by the FAA Administrator of a violation that was not subsequently overturned.

The FAA's records system is technologically outdated and inefficient. The "Airline Safety and Federal Aviation Administration Extension Act of 2010" (P.L. 111-216) reforms the records process by requiring the FAA to establish one database containing each airman's comprehensive record, including both FAA records and air carrier records.

When fully implemented, such a database will enable the FAA to process records requests more efficiently and in an automated fashion. As envisioned in the statute, the FAA will be responsible for establishing the database and inputting years of record information. While the initial process of establishing the database will require sufficient time and funding, the long-term effects will be a more efficient system for all users – the FAA, air carriers, and airmen – and will allow for the quick and seamless retrieval of information that is necessary to improve airline safety. In addition, the statute enables the FAA to establish fees for airmen to access their records, which will enable the FAA to recover some system costs.

The budgetary impact associated with this proposal will be determined from a combination of reduced processing costs and offsets from fees, reducing demands on the General Fund.

Establish Performance Measures and Accountability for the National Estuary Program

This proposal achieves deficit reduction by promoting efficiency and reform of government by implementing specific performance measures and goals to track progress in meeting specific environmental improvements to the Nation's estuaries carried out by the 28 established National Estuaries Programs.

This proposal is contained in H.R. 4715, the "Clean Estuaries Act of 2010", which passed the House on April 15, 2010, by a vote of 278-128.

The National Estuaries Program was established in the Clean Water Act in 1987 to improve the quality of estuaries of national importance. The law directs the Environmental Protection Agency (EPA) to work cooperatively with state and local interests to develop plans for attaining or maintaining water quality in an estuary. The Administrator of EPA convenes a management conference of all interested parties where the Administrator determines what control of point and nonpoint sources of pollution to supplement existing controls of pollution is required to provide for protection of public water supplies and the protection and propagation of a balanced, indigenous population of shellfish, fish, and wildlife, and allows recreational activities, in and on water. Each program establishes a comprehensive conservation and management plan (CCMP) to meet the statutory goals.

The Environmental Protection Agency currently has few tools for holding recipients of National Estuaries Program grants accountable for the timely, efficient, and effective use of Federal funds. In addition, according to information from EPA, several communities that currently participate in the National Estuary Program were given an EPA rating of fair to poor, but it is difficult to assess whether this is a result of lack of available funding to implement National Estuary Program CCMPs, or a result of the failure of individual programs to achieve their stated environmental restoration goals.

The budgetary impact of specific performance measures, including the authority for the Administrator to suspend or terminate the eligibility of a grant recipient to receive National Estuaries Program funding, will result in more efficient use of taxpayer dollars, and provide for tangible and measurable results from Federal investment in the restoration of the Nation's estuary areas. In recent years, individual national estuary programs have received, on average, approximately \$500,000 annually to carry out restoration efforts within their geographic regions; however, under current law, there are no specific criteria to evaluate the performance of the 28 currently authorized programs. The absence of performance criteria does not afford EPA a tool to determine the effectiveness of the expenditures. It also reduces the ability to disseminate information among estuary programs.

The performance measures contained in H.R. 4715 will provide a mechanism for the evaluation of individual program performance, as well as a process for suspending or barring future appropriations to poor performing programs.

Promote Asset Management of Publicly-Owned Treatment Works

This proposal achieves deficit reduction by promoting efficiency and reform of government by requiring all eligible recipients of funding from Clean Water State Revolving Funds to conduct an inventory and assessment of the critical assets of the treatment works, and to prepare an asset management plan for maintaining, repairing, and, as necessary, replacing such assets (e.g., sewer lines, pumping stations, treatment plants), as well as a plan for funding such activities.

This proposal is contained in H.R. 1262, the "Water Quality Investment Act of 2009", which passed the House on March 12, 2009 by a vote of 317-101.

The Environmental Protection Agency and others estimate that the Nation will need to invest between \$300 to \$400 billion over the next 20 years to address critical water and wastewater infrastructure needs, including the repair and replacement of a large portion of the approximately 1,000,000 miles of storm and sanitary sewers across the United States. However, a 2004 study by the then-General Accounting Office (GAO) (GAO-04-461) estimated that significant long-term savings on sewer system repairs and replacements could be achieved through increased asset management by local wastewater utilities. The rationale is that increased awareness of the condition of local sewer systems, paired with a more regimented asset replacement program, could reduce the need for more costly repairs through emergency actions (and the associated disruption in service), as well as the potential increased response costs from the release of untreated sewage into the environment. In addition, this increased awareness of the actual condition of local systems could provide incentives to better match local rates to both short-term and long-term capital needs.

The budgetary impact of asset management on budgetary savings is undefined. The GAO report identified several local examples of how increased asset management had resulted in significant cost savings for individual utilities, both in terms of decreased costs from more effective maintenance programs, as well as prioritizing the expenditure of local resources on repairing and replacing the highest-risk local assets (i.e., assets at the highest risk of failure). In addition, the report identified how detailed awareness of the actual conditions of local systems could provide increased incentives to modify local rates, which, according to EPA, could reduce the overall long-term need for Federal capital expenditures. For example, according to EPA estimates, a three

percent annual adjustment in local infrastructure spending could significantly reduce the overall gap between annual wastewater infrastructure spending and identified needs.

Increase Efficiency in Addressing Water Quality Problems by Reinvesting in Nonpoint Source Management Programs

This proposal achieves deficit reduction by promoting efficiency and reform of government by increasing Federal investment in addressing nonpoint sources of pollution as a cost-effective way of improving water quality throughout the Nation.

During the initial years following enactment in 1972, the modern Clean Water Act enabled the Nation to make great advances in improving the quality of U.S. waters and controlling various sources of pollution. However, over the past two decades, progress has slowed because of the failure to address a significant exception – nonpoint sources of pollution. Nonpoint source pollution refers to the polluting of water by diffuse sources rather than single identifiable “point” sources such as industrial and municipal discharges. These diffuse sources are usually associated with precipitation runoff and land use activities as opposed to end-of-pipe discharges. After 38 years of Federal and State efforts to protect water quality under the Clean Water Act, the single largest-remaining and uncontrolled contributor of pollutants to the Nation’s waters is nonpoint sources. In fact, the Environmental Protection Agency (EPA) estimated that 90 percent of the Nation’s impaired waters are contaminated, in part, by nonpoint sources of pollution.

Because of the regulatory structure of the Clean Water Act, EPA’s ability and available tools to address pollution differ whether the origin is a point source or a nonpoint source. When a waterbody is impaired for certain pollutants, such as nutrients, the structure of the Act can require imposing ever-more-stringent requirements on individual point sources of pollution, such as sewage treatment plants, to address pollutants that may emanate from both point and nonpoint sources. In many instances, it would be cheaper and more effective to invest in upstream controls of nonpoint sources of pollutants than to require the construction of advanced treatment technologies for downstream dischargers. As noted in the most recent EPA Clean Watershed Needs Survey, over 10 percent (or \$24 billion) of the currently reported need for wastewater infrastructure is for advanced treatment. Much of that investment is associated with reducing nutrients from nonpoint sources. Nonpoint source controls are generally more effective and efficient than structural advanced treatment.

The budgetary impact of the proposal, although difficult to quantify, is that increased investment and implementation of nonpoint source control measures will improve water quality in many of the Nation’s rivers, streams, and lakes in a more cost-effective manner than expenditures for ever-more-stringent requirements of point sources for the same pollutants.