

**WRITTEN STATEMENT OF
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ADMINISTRATOR
FEDERAL AVIATION ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Chairman Latham, Ranking Member Pastor, Members of the Subcommittee, thank you for the opportunity to submit this statement on the President's budget for the Federal Aviation Administration (FAA). The President's FY 2015 budget request of \$15.4 billion for the FAA is a fiscally responsible investment that supports our safety and efficiency mission while allowing us to lay the foundation for the aerospace system of the future. As an agency, FAA has a tremendous opportunity to make a difference for stakeholders, while addressing the challenges that the changing industry presents.

Our vision is to transform the aviation system to reflect the highest standards of safety and efficiency and be a model for the world. This vision is brought to life in our strategic priorities for the agency: make aviation safer and smarter; deliver benefits through technology and infrastructure; enhance global leadership, and empower and innovate with FAA's people. Our FY 2015 Budget request will support this transformation, while continuing to focus on our ongoing mission. It strikes a balance between maintaining current infrastructure while deploying key NextGen benefits to our stakeholders, upholding our critical safety programs, and modernizing our aviation infrastructure.

Modernizing our national airspace through NextGen is necessary to provide the efficiency and flexibility for our aviation system to support the nation's economic growth. We are working to deliver many of the recommendations from industry and stakeholders that will result in early benefits. The FY 2015 budget represents a significant commitment to ensuring the deployment of ongoing Performance Based Navigation (PBN) development, and allows us to streamline the development and deployment of NextGen navigational procedures in airspace around our nation's busiest metropolitan areas. These NextGen routes allow us to bring the real, tangible fuel-saving benefits of NextGen to users in the near term. The budget also allows us to complete our deployment of the En Route Automation Modernization (ERAM) system while moving forward on the Terminal Automation Modernization Replacement (TAMR) system. These two automation systems will serve as the platforms for adding other new NextGen tools and technologies, ever increasing the safety and efficiency of flight for the public.

In addition to NextGen, our request includes funding to kick off a major, ten-year initiative aimed at restoring the “state of good repair” for all FAA infrastructure and facilities. This undertaking integrates and targets funding among a portfolio of infrastructure programs to ensure that all efforts are prioritized and funded based on highest need. This initiative is designed to improve and maintain facility condition index ratings while complementing our efforts to right-size the footprint of the NAS.

Our FY 2015 request ensures the safety, capacity, and efficiency of our nation’s airports through a combination of focused grant funding and an increase in maximum Passenger Facility Charges (PFCs), from \$4.50 to \$8.00. This would give commercial service airports greater flexibility to generate their own capital funding sources. Under the proposal, large hub airports would no longer receive entitlement funding, but could still compete for discretionary grants. They will experience a net benefit by giving up approximately \$80 million in entitlements while being able to generate close to \$1.8 billion in new PFC revenue. Smaller airports would then benefit from AIP funds no longer going to the larger airports.

This concludes my testimony and I would be happy to answer any questions.

**WRITTEN STATEMENT OF
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DEPUTY ADMINISTRATOR
FEDERAL HIGHWAY ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Chairman Latham, Ranking Member Pastor, Members of the Subcommittee, thank you for the invitation to appear before you today to discuss the President's Fiscal Year (FY) 2015 Budget request for the Federal Highway Administration (FHWA). Currently, while Administrator Victor Mendez serves in the role of DOT Acting Deputy Secretary, I am fulfilling all the duties and responsibilities of FHWA Administrator.

FHWA is continuing to work aggressively toward full and effective implementation of the programs and provisions in the Moving Ahead for Progress in the 21st Century Act (MAP-21). While MAP-21 authorized two years of funding and established a more streamlined and performance-driven program structure, which has helped grow our economy and create jobs, more needs to be done to improve the operation, safety, accessibility and condition of our Nation's highway system. President Obama's Budget for FY 2015 builds on the reforms in MAP-21 and lays out his vision for a four-year surface transportation authorization to spur further economic growth and allow States to make sound multi-year investments.

FY 2015 BUDGET REQUEST FOR FHWA

FHWA promotes the development, operation, and management of an intermodal surface transportation system that is economically efficient, environmentally sound, provides a foundation for the Nation to compete in the global economy, and moves people and goods safely. The President's Budget requests nearly \$49 billion for FHWA in FY 2015 to invest in our Nation's highway and bridge infrastructure. The President's Budget not only fills the looming shortfall in the Trust Fund for the next four years, it provides for sizeable growth in highway investment—a boost of 22 percent for four years with a total of \$199 billion, to address the critical needs we have across the highway network.

This investment helps close what Secretary Foxx has called an "infrastructure deficit" in this country—too many miles of road in need of repair, too many bridges old enough for Medicare. It is the type of bold investment we need to make if we are going to meet the transportation challenges of the future, as our parents, grandparents and earlier generations did. Unless we take action—and do it soon—we run the risk of squandering that inheritance.

The President's vision puts us on a path toward solving that problem. The proposal would also make the Highway Trust Fund solvent for the next four years. Without action this summer, FHWA will be unable to fully reimburse States on a timely basis for the work they have performed. The Department of Transportation (DOT) has started posting the Highway Trust Fund balance on our website to keep the American people informed, and we will continue to update it every month until the Fund runs out of money. We understand that this is one of the many important issues that you will be grappling with in the months to come, and the Administration looks forward to working with you to find a solution.

The President's FY 2015 Budget includes continued funding for a number of FHWA programs and includes several new initiatives we believe are essential to the Nation's transportation infrastructure network.

The Budget proposes to continue using the **Transportation Infrastructure Finance and Innovation Act program** (TIFIA) to leverage Federal dollars in a time of scarce budgetary resources, facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects sooner than otherwise possible. The President's Budget requests \$1 billion for TIFIA for grant loan subsidies and administrative costs to assist with financing nationally- or regionally-significant transportation projects.

For a new **Multimodal Freight Investment Program**, the President requests \$1.0 billion as a dedicated source of funding to advance critically-needed projects to improve goods movement, economic competitiveness, and sustainability. The program will incentivize regional freight planning by providing funding for multi-modal, multi-jurisdictional and corridor-based projects, and by requiring the development of statewide freight plans with regional planning participation.

The **Critical Immediate Investments Program** (CIIP), for which the President requests \$4.9 billion, is part of the "Fix-it-First" initiative to focus on the reconstruction, restoration, rehabilitation, preservation, and safety improvement of existing highway assets. The program will dedicate needed resources to high-priority initiatives such as bridge repair and rehabilitation, safety on rural roads, and state of good repair on the National Highway System (NHS).

The FY 2015 President's Budget includes \$500 million for a new competitive grant program, **Fixing and Accelerating Surface Transportation** (FAST). This program will encourage innovative solutions to our most pressing transportation challenges. In awarding this funding, the DOT will evaluate State and local partners on their willingness to commit to performance improvements in important areas such as safety or congestion management.

Of all of our priorities, there is none more important than safety, and the President's Budget requests \$2.5 billion for the **Highway Safety Improvement Program** to significantly reduce traffic fatalities and serious injuries on all public roads. This program continues a data-driven, strategic approach that focuses on improving safety performance. Each State will continue its Strategic Highway Safety Plan that lays out strategies to address key safety problems, including bicycle and pedestrian safety.

The President's Budget will ensure we continue to invest in the Nation's most important highways with a request of \$22.3 billion for the **National Highway Performance Program**, which focuses significant Federal resources on improving the condition and performance of the National Highway System.

The **Surface Transportation Program** (STP) request of \$10.3 billion provides States and localities flexible funding for projects to preserve and improve the condition and performance on any Federal-aid highway, bridge and tunnel projects on any public road, bicycle and pedestrian facilities, and transit capital projects, including intercity bus terminals. These flexible funds enable States to direct funding to areas of greatest need while also fostering innovation.

The President's Budget also will help improve the environment and provide the public with safe transportation choices through the **Congestion Mitigation and Air Quality Improvement Program** (CMAQ) and **Transportation Alternatives Program** (TAP). With \$2.3 billion for CMAQ in FY 2015, States and local governments can continue to fund projects that reduce harmful emissions and highway congestion. The President's Budget requests \$836 million for TAP to support the DOT Quality of Life strategic goal by providing policies and investments that increase transportation choices and access to transportation services.

The President's request of \$320 million for the **Metropolitan Transportation Planning Program** will provide funds for metropolitan planning organizations to use for multimodal transportation planning and programming in metropolitan areas, similar to MAP-21.

The President's Budget requests \$1.3 billion for the **Federal Lands and Tribal Transportation Programs** and includes \$150 million in "Fix-it-First" funding to support construction or reconstruction of large, nationally-significant transportation infrastructure assets on Federal and tribal lands.

The President's Budget requests \$451 million for the **Research, Technology, and Education Program** (RT&E) to provide for comprehensive, nationally-coordinated research, technology, and education that will accelerate innovation delivery and technology implementation. The proposal helps build on the successes of FHWA's Every Day Counts initiative, a State-based model in which FHWA coordinates the rapid deployment of proven, market-ready strategies and technologies to shorten the project delivery process, enhance roadway safety, reduce traffic congestion, and protect the environment.

The President's Budget also requests \$502 million for important programs related to **Emergency Relief; Territorial and Puerto Rico Highways; Ferry Boats and Ferry Terminal facilities; On-the-Job Training; Disadvantaged Business Enterprises; Highway Use Tax Evasion; Other safety-related activities; Performance Management Data Support; and Ladders of Opportunity.**

CONCLUSION

Thank you again for the invitation to appear before you today to discuss the President's Budget request. The investments proposed for FHWA in FY 2015 will not only help create jobs today

that build and maintain our infrastructure, but also enable the movement of people and goods, tie communities together, and provide economic growth. I look forward to working with you and other members of Congress in the weeks and months ahead to ensure the success of this request.

**WRITTEN STATEMENT OF
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DEPUTY ADMINISTRATOR
FEDERAL TRANSIT ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
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April 3, 2014

Mr. Chairman, Ranking Member Pastor, and Members of the Subcommittee:

Thank you for inviting me to appear before you today to discuss the President's Fiscal Year (FY) 2015 budget proposal for the Federal Transit Administration (FTA). In addition to marking a clear set of priorities to move FTA's public transportation assistance programs forward, the budget also reflects the first year of the Administration's bold four-year reauthorization plan to further strengthen transit and other surface transportation programs.

Across the United States, public transit ridership is on track to exceed 10 billion trips annually for the seventh year in a row. And the U.S. Census projects that the country will add roughly 120 million people between now and 2060—expanding the nation's population by about a third. In light of these trends, communities are seeking more good transportation choices—not fewer—to provide ladders of economic opportunity to hard-working families, accommodate the needs of seniors seeking to age in place, and improve access to jobs, education, and health care for millions of Americans, including those living in rural areas and tribal lands. At the same time, even as we seek to expand the nation's public transit capacity, we must also continue to maintain, preserve, and modernize our legacy rail transit systems and aging bus fleets around the nation, which collectively face an \$86 billion repair backlog that continues to grow.

To ensure that we can both enhance and preserve our public transportation infrastructure, and keep our economy moving forward, the President's Budget requests \$17.6 billion for transit funding in FY 2015. This request reflects an increase of \$6.8 billion over the FY 2014 enacted level. The Administration's request acknowledges an urgent need to bring our transit infrastructure into the 21st century and plan for future growth. The request also reflects the fact that while FTA has approximately the same number of positions as it did in 1980, the agency today is responsible for three times as many statutory programs and shoulders significantly more responsibility.

This budget goes hand-in-hand with the President's comprehensive four-year, \$302 billion reauthorization plan, including \$72 billion for public transportation, which will put our country on a path to adequately invest in transit safety, expansion, state of good repair, and augmented core capacity along congested urban corridors.

Our investment priorities for FY 2015 are highlighted below.

SAFETY

Strengthening State Safety Oversight

The FY 2015 budget includes \$23 million to provide continued operational support for State Safety Oversight (SSO) programs. The Moving Ahead for Progress in the 21st Century Act (MAP-21) gave FTA long-sought authority to establish safety criteria for all modes of public transportation and establish minimum safety standards for public transportation providers. Keeping rail public transportation safe requires a partnership between FTA and states with SSO obligations—one in which FTA will act as a leader, facilitator, and final regulatory authority and the SSOs will serve as effective day-to-day safety regulators capable of holding transit rail systems accountable for safe operations and ensuring they comply with minimum safety standards. To support this partnership, FTA has reached out to the 31 states with SSO obligations for safe rail transit, providing technical assistance where necessary, to ensure that their programs will conform to MAP-21's requirements. Additionally, FTA will work to adapt a comprehensive safety approach to all modes of public transportation, including the bus segment, within its safety authority. As we move forward, we fully recognize that no two transit systems are alike, and we will not take a one-size-fits-all approach to strengthening safety oversight.

Public Transportation Emergency Relief

For the third year in a row, the President's budget seeks \$25 million for capital and operating assistance to help transit agencies immediately address the impacts of a disaster and restore service. FTA's response to Hurricane Sandy—the worst disaster in U.S. transit history—has amply demonstrated the need for continued funding in this area. Congress appropriated \$10.9 billion – before more than \$500 million in cuts due to sequestration – for Sandy recovery and resilience efforts alone, and while FTA has been an efficient steward of these taxpayer dollars, the agency has no funds to address any new disasters this year or in the coming year.

STATE OF GOOD REPAIR

Increased funding to bring the nation's transit infrastructure into a state of good repair has been and remains one of FTA's highest priorities. The need for increased investment in this area is evidenced by an \$86 billion backlog in preventive maintenance that is growing by \$2.5 billion annually. The President's FY 2015 budget includes \$5.7 billion for State of Good Repair Formula Grants—an increase of \$3.6 billion over FY 2014 enacted levels to restore and replace aging transportation facilities through formula-based capital investments for fixed guideway systems, and buses on high-occupancy vehicle lanes. The budget also includes \$1.9 billion for Bus and Bus Facilities Grants—a four-fold increase that will help bus systems of all sizes make essential capital investments to replace buses and upgrade and replace facilities. Roughly a third of these bus funds will be awarded on a competitive basis to fund large, one-time investments that a formula cannot address and ensure that local priorities are taken into account.

ECONOMIC COMPETITIVENESS

Urban and Rural Area Formula Grants

The President's budget includes \$4.6 billion for FTA's Urbanized Area Formula Grants Program and \$622 million for its Rural Area Formula Grants Program to provide on-going support for millions of riders and transit services nationwide.

Capital Investment Grants (New Starts/Small Starts/Core Capacity)

The FY 2015 budget requests \$2.5 billion for Capital Investment Grants (CIG)—an increase of \$557 million above the FY 2014 enacted level. The funding will enable FTA to continue to partner with project sponsors around the nation who are undertaking major new projects or extensions to existing projects to expand their transit service. Included in the total is \$275 million for projects that improve the capacity of existing fixed guideway transit services in corridors that are currently over capacity, or will be in five years, and which are in need of expansion to better serve riders. CIG investments are spurring billions of dollars in economic activity across the country in cities like Dallas, Cleveland, Phoenix, Salt Lake City, Minneapolis-St. Paul, and Denver—creating tens of thousands of short and long-term jobs and jump-starting investments in new and revitalized employment centers, housing, medical facilities, and more.

Rapid Growth Area Transit Program

The FY 2015 budget includes \$500 million for a new Rapid Growth Area Transit Program, a discretionary program aimed at fast-growing communities. The program will provide ready access to resources to develop bus rapid transit (BRT) corridors in communities experiencing moderate to significant population and transit ridership growth. BRT services can often be implemented more quickly than other major capital investments to help get ahead of the congestion that results from rapid growth.

Fixing and Accelerating Surface Transportation (FAST)

The proposed budget includes \$500 million for a new competitive grant program designed to spur major reform in the way states and metropolitan regions make transportation policy and investment decisions as well as encourage new and innovative solutions to transportation challenges. State and local partners will be evaluated on their willingness to commit to performance improvements in important areas such as safety or congestion management. FAST will be jointly administered by FTA and the Federal Highway Administration, which is also requesting \$500 million in its budget.

Research and Training

The FY 2015 budget includes \$60 million to support research activities that improve the safety, reliability, efficiency, and sustainability of public transportation systems by investing in the development, testing, and deployment of innovative technologies, materials, and processes. Of this amount, FTA will dedicate \$20 million to fostering the development of a stronger transit workforce by providing ladders of opportunity for individuals to gain new technical skills and address other workforce challenges facing the industry.

ORGANIZATIONAL EXCELLENCE

The FY 2015 budget requests \$114 million to support 580 full-time equivalents. This will help rebalance FTA's workforce with its workload, complete the staffing plan for the new Office of Safety and Oversight, and improve the oversight of tens of billions of dollars' worth of transit projects under construction nationwide—many of which exceed \$1 billion or more individually.

In total, the President's FY 2015 budget request supports the construction and operation of public transit systems nationwide that improve mobility and access to jobs for millions, while expanding the capacity of our transportation networks, preserving our legacy systems, and improving the quality of life in our communities.

This concludes my testimony and I would be happy to answer any questions.

**WRITTEN STATEMENT OF
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**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Chairman Latham, Ranking Member Pastor, Members of the Subcommittee, thank you for the opportunity to submit this statement on the President's budget for the Pipeline and Hazardous Materials Safety Administration (PHMSA). For FY 2015, the request is for \$260.5 million or \$50.5 million more than the FY 2014 enacted level.

The FY 2015 Budget would fund the following four PHMSA accounts:

- **\$159.5 million to Pipeline Safety**, which is \$40.9 million more than in FY 2014. This request includes 54.5 new FTEs and funding for the National Pipeline Information Exchange (NPIX) to continue carrying out Pipeline Safety Reform and other initiatives, and increasing funding to State Pipeline Safety grants;
- **\$52 million to Hazardous Materials Safety**, which is \$7 million more than in FY 2014. The request includes three new FTEs, of which 2.5 FTEs will provide hazardous materials outreach and analytical program support and a 0.5 FTE will support acquisition services to assist in the processing and management of \$4.7 million committed to research and development;
- **\$28.3 million in Emergency Preparedness Grants** to support gaining and disseminating information to first responders and communities engaged in the critical work of to reduce risks and harm posed by hazardous materials transportation; and
- **\$20.7 million for Operational Expenses**.

PHMSA's Mission and Recent Successes

PHMSA oversees the safe transportation of hazardous materials through the network of 2.6 million miles of pipelines, serving 66 million residential and commercial customers, and approximately one million daily shipments of hazardous materials carried by air, rail, ship or vehicle.

As domestic oil and gas production rises and transportation of energy products increases and

evolves, PHMSA's responsibility grows. Additional resources have translated into recent successes. In FY 2013, the Pipeline Safety program conducted 1,300 pipeline inspections, issued 260 enforcement actions, including proposing a total of \$7.4 million in civil penalties, awarded 136 grants to 50 states and other entities, provided training to students in pipeline inspection, and funded 15 research and development projects.

In FY 2013, the Hazardous Materials Safety program focused on high risk safety issues and conducted 1,655 hazmat inspections, educated over 490 state and local partners through Multi-modal seminars, awarded 76 grants to 50 states and other entities including tribes, and funded 3 research and development projects. The program opened 224 enforcement cases, issued 462 tickets -- including some with penalties of nearly \$1.6 million.

Nonetheless, the potential and need to do more remains. The FY 2015 Budget request continues to support the Pipeline Safety, Regulatory, Certainty, and Job Creation Act of 2011 (P.L. 112-90), the proposed reauthorization following Moving Ahead for Progress in the 21st Century Act (MAP-21), and the Administration's proposed Pipeline Safety Reform initiative. Funding for these initiatives and ongoing operations will rely predominantly on user fees; under the proposed FY 2015 Budget, fees make up 76 percent of resources while general funds account for 24 percent.

In particular, the FY 2015 Budget request focuses on the following initiatives:

Pipeline Safety Reform (PSR) - PHMSA's multi-year PSR seeks to add additional inspection and enforcement (I&E) staff, so the FY 2015 Budget includes an increase of \$23.5 million for 52.0 full-time equivalents (FTEs), which includes I&E, investigative, training and other staff as well as the NPIX initiative to strengthen PHMSA's capabilities for enhanced strategic decision making. The pressing dangers of aging pipelines, the introduction of increasingly vulnerable pipeline materials, and the significant growth in new pipeline infrastructure demand PHMSA not only sustain but increase current I&E staffing levels to prevent incidents involving major injury to humans and damage to property and the environment. I&E staff must maintain a constant presence, inspecting pipeline infrastructure and enforcing laws and regulations to preserve public safety. Increasing the number of PHMSA I&E personnel will both expedite approvals and inspections necessary for pipeline expansion and increase the number of inspections and enforcement activities associated with the aging and vulnerable pipeline infrastructure.

Emergency and Preparedness Information for Communities (EPIC) – PHMSA also must do more to create and disseminate knowledge among its stakeholders and to the general public as energy transportation expands. The public should know what's going on around them, especially when it affects their safety. EPIC will help correct one of the most significant factors contributing to pipeline and hazmat incidents today - lack of public awareness - as people unknowingly dig into pipelines or mispackage hazardous materials bound for destinations unaware of the risks involved.

For FY 2015, PHMSA proposes to shift its various current outreach efforts into higher gear through a \$3.7 million request for EPIC, which includes 3.0 FTEs. This PHMSA-wide initiative will help prevent tragedies through two key objectives. First, in Pipeline Safety, \$2.1 million will be devoted to further spread the word about 811 "Call Before You Dig" and other outreach

activities through a public service campaign. Second, the budget requests \$1.6 million to expand the Hazardous Materials Safety Assistance Team (HMSAT), and with the HMSAT expansion, PHMSA will be able to more successfully conduct outreach campaigns, site visits, and grassroots training with potential state, local and tribal grantees.

Research & Development Priorities in Hazardous Materials – An increase of \$4.7 million is requested for R&D to enhance the expertise on subjects related to the technical aspects of safe packaging and container storage for transport and chemical compound analysis. PHMSA’s research efforts will help to address safety specifications for shipping containers, classification validation, pilot studies on preventing explosions in transport vehicles, and establishing best practices for unloading and loading hazmat. It will also help PHMSA continue research responsibilities set forth under MAP-21.

Safe Transportation of Energy Products Fund – The President’s budget request also recognizes the need to ensure the safe transportation of energy products as they travel by rail or truck through our communities. Recognizing that effective solutions to these transportation concerns requires a multimodal focus, the budget requests the establishment of a new Safe Transportation of Energy Products Fund to support prevention and response activities associated with the increased safety issues surrounding the transport of crude oil. This fund would be housed in the Office of the Secretary and would be available to support initiatives in the PHMSA, the Federal Railroad Administration, and the Federal Motor Carrier Safety Administration. The Administrators of these Operating Administrations along with representatives of designated offices within the Office of the Secretary would jointly serve as a decision-making board for the use of the funds and would be responsible for their effective administration.

Thank you for the opportunity to outline and detail the President’s FY 2015 budget for PHMSA. We look forward to working with the Congress to sustain the safety of our nation’s pipeline and hazardous materials transportation systems, while advancing our work to prevent incidents from occurring in the first place. I am happy to answer any questions.

**WRITTEN STATEMENT OF
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U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Good afternoon Chairman Latham, Ranking Member Pastor, and Members of the Subcommittee. I am pleased to appear before you today, and I thank you for the opportunity to discuss the President's Fiscal Year (FY) 2015 budget priorities and initiatives for the Maritime Administration (MARAD).

The President's FY 2015 budget request for MARAD is \$658 million, which funds activities supporting ships and shipping, port operations, vessel operations, national security and strategic mobility, ship disposal, environmental sustainability initiatives, and mariner education. This budget request supports MARAD's mission to foster, promote and develop the U.S. Merchant Marine and it reflects MARAD's priorities of maintaining security and preparedness, investing in mariner training, enhancing U.S. flag competitiveness and fostering environmental sustainability.

SECURITY AND PREPAREDNESS

National Defense Reserve Fleet (NDRF)/Ready Reserve Force (RRF)

One of the primary goals of the FY 2015 budget request is to continue funding for MARAD readiness programs that support Department of Defense (DOD) sealift capacity. These programs are critical to ensuring that vessels and mariners are available to meet national security needs, often with little notice. As part of this capability, MARAD manages and maintains a fleet of government-owned merchant ships in the National Defense Reserve Fleet (NDRF). The NDRF includes 46 Ready Reserve Force (RRF) vessels that are maintained in an advanced state of surge sealift readiness to support DOD requirements, as well as to provide humanitarian response and disaster assistance in times of national emergency. Additionally, each vessel can be configured to support other emergent situations as was the case in mobilizing the CAPE RAY to neutralize the highest priority chemical weapons as part of the international effort to destroy Syria's chemical weapons stockpile.

The FY 2015 request reflects a direct transfer of \$291 million from Navy DOD to support the RRF and NDRF program activities. Historically, DOD provided these funds on a reimbursable

basis from an appropriation to the National Defense Sealift Fund but through a budget change, a direct transfer to MARAD's RRF account will serve as the funding mechanism. Funding provided by Navy DOD will allow MARAD to continue to provide ready surge sealift support in FY 2015 in the areas of activating, operating, deactivating and special mission requirements for RRF vessels and maintaining MARAD's three NDRF fleet sites.

Maritime Security Program (MSP)

Another MARAD program that is critical to meeting DOD sealift capacity requirements is the Maritime Security Program (MSP). The MSP provides operating assistance funds as a stipend to a fleet of 60 commercial privately-owned, militarily useful, U.S.-flagged and U.S.-crewed ships. The MSP fleet ensures DOD has assured access to a global fleet of ships in ocean-borne foreign commerce with the necessary intermodal logistics capability to move military equipment and supplies during armed conflict or national emergency. Moreover, the MSP fleet supports a pool of actively sailing U.S. mariners to crew the government's sealift fleets when activated. I thank the Subcommittee for their role in providing funding for this program at the full authorized level in the Consolidated Appropriations Act, 2014 (P.L. 113-76). The President's budget request continues full funding of \$186 million for the program in FY 2015.

Food Aid Reform

The President's FY 2015 budget request includes \$25 million as a component of Food Aid reforms proposed for P.L. 480 Title II Food Assistance that would provide a flexible option that has proven to be critical when the U.S. provides emergency food in conflict situations and logistically difficult crises like Syria and Typhoon Haiyan. If the reform is enacted, most P.L. 480 Title II food aid would still be sourced and shipped from the U.S. with this additional funding to mitigate the impact that such reforms could have on mariner jobs. Most of the request would be devoted to provide direct stipend payments to operators of vessels in foreign trade, separate from MSP payments. Additionally, some of the request would support training programs to retain and educate U.S. mariners for critical occupations to preserve mariner employment on U.S. flag vessels. This summer, MARAD will begin to develop this mitigation program.

MARINER TRAINING

The President's budget request also continues important investments in mariner training at the U.S. Merchant Marine Academy (USMMA) and the State Maritime Academies (SMAs). Having a pool of qualified U.S. mariners is critical for emergency response and national security, and the USMMA and the SMAs educate and graduate Merchant Marine officers ready to serve the maritime industry and Armed Forces by providing the highest caliber academic study with state of the art learning facilities. The request includes \$79.8 million for the USMMA, of which \$65.3 million will support Academy operations and \$14.5 million will fund the Capital Improvement Program. The budget request also includes \$17.7 million for the six SMAs, of which \$2.4 million will fund the Student Incentive Payment program, \$3.6 million for operational support and school ship fuel and \$11.3 million for maintenance and repair of Federally-owned training ships on loan to the SMAs which are reaching an advanced age.

ENVIRONMENTAL SUSTAINABILITY

The President's FY 2015 budget requests \$3 million to continue energy and environmental technology initiatives designed to enhance maritime sustainability and affordability, focusing on areas such as vessel and port air pollution reduction, invasive species control through ballast water management and underwater hull husbandry, improved and diversified marine propulsion systems and increased energy efficiency at sea. A critical focus area is the use of less polluting, domestically produced and more sustainable maritime propulsion fuels, such as natural gas, biofuel blends and fuel cell/hybrid technologies.

The FY 2015 budget request also includes \$2 million for the Ship Disposal Program to support the disposal of obsolete NDRF vessels and non-combatant auxiliary vessels to advance the agency's contribution to environmental stewardship. MARAD's Ship Disposal Program manages ship dismantling and recycling for obsolete, government owned, merchant-type vessels in an environmentally responsible manner that further reduces the risk of environmental contamination.

ECONOMIC COMPETITIVENESS

The President's FY 2015 budget request includes \$3.1 million for administration of the Maritime Guaranteed Loan program, commonly referred to as Title XI. The Title XI program encourages investment in the maritime sector and promotes the growth and modernization of the U.S. Merchant Marine and U.S. Shipyards. The current Title XI subsidy balance for new loan applicants is \$73 million. This will support approximately \$735 million in shipyard projects assuming average risk category subsidy rates.

The FY 2015 budget for the Department of Transportation (DOT) also provides needed investment opportunities to expand port capacity and improve freight efficiencies. The Department's surface transportation reauthorization proposal includes \$10 billion over four years for a new multimodal freight grant program—including rail, highways and ports—for projects that address the greatest needs for the efficient movement of goods across the country. It will expand the competitive, multi-modal grant program that builds on the successful Transportation Investment Generating Economic Recovery (TIGER) program. The President's budget proposes \$5 billion over four years for an expanded TIGER program with \$1.25 billion in FY 2015. It will provide credit assistance through an enhanced Transportation Infrastructure Finance and Innovation Act (TIFIA) program funded at \$4 billion over four years, which leverages infrastructure investment and supports public private partnerships. Ports will be eligible for these funds that may be used for capital projects, equipment and operational improvements. MARAD currently oversees 32 port and maritime-related TIGER projects totaling nearly \$415 million. Additional TIGER and other funds will allow continued investment in new marine highway services, increased port capacity and improved freight efficiencies.

Mr. Chairman, thank you for the opportunity to present and discuss the President's FY 2015 request for MARAD. I appreciate the Subcommittee's continuing support for maritime programs and I will be happy to respond to any questions you and the members of the Subcommittee may have.

**WRITTEN STATEMENT OF
THE HONORABLE ANNE FERRO
ADMINISTRATOR
FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Chairman Latham, Ranking Member Pastor, and Members of the Subcommittee, thank you for the opportunity to be here today to discuss the President's Fiscal Year (FY) 2015 budget request for the Federal Motor Carrier Safety Administration (FMCSA).

The President's request of \$669 million for FMCSA in FY 2015 will provide the resources to support our number one priority – the reduction in crashes, injuries, and fatalities involving commercial motor vehicles (CMV). To direct how we use these resources to accomplish our mission, in 2012 the Agency developed a multiyear Strategic Plan shaped by three core principles: raise the bar to enter into the commercial motor carrier industry; require high safety standards to remain in the industry; and remove high-risk carriers, drivers, and service providers from operation.

FMCSA regulates approximately 500,000 active interstate truck and bus companies that travel over 280 billion vehicle miles each year. Large truck- and bus-related mileage grew 30 percent from 2002-2012. Over this same period, large truck and intercity bus registration increased 27 percent. Despite this growth in commercial motor vehicle traffic, there was a 24 percent reduction in fatalities in crashes involving these vehicles – from 5,539 in 2005 to 4,183 in 2012.

To meet the challenge of continuing safety improvements, our FY 2015 budget dedicates \$316 million to Motor Carrier Safety Operations and Programs for Federal enforcement, research, technology, and other Federal programs that target reducing serious injuries and deaths resulting from CMV crashes.

The majority of the budget, \$353 million, will be dedicated to our Safety Grants Program. In partnership with the States and other safety partners, FMCSA uses grants to enforce commercial truck and bus safety laws, with special attention to motorcoach companies and to carriers hauling hazardous materials. The Department of Transportation's reauthorization proposal improves the efficiency of our grant programs, eliminates cost burdens to the States, and reduces the Federal cost of administering these programs, allowing us to redirect the savings to our core safety mission.

Our FY 2015 funding request provides the resources to accomplish our goals and fund key priorities. It requests additional field-based positions, including hiring 154 new personnel primarily to support safety intervention programs.

Motor Carrier Safety Operations and Support

Research and Technology: The President's budget includes \$10 million for FMCSA's multi-year Research and Technology programs focused on producing safer drivers and carriers. The program has made innovative contributions to the Agency's safety mission by providing scientific research findings on driver behavior and technology applications. For example, the Agency has collected millions of miles of naturalistic driving video and data in both trucks and motorcoaches. In FY 2015, FMCSA will begin evaluating aspects of naturalistic driving video to determine the causes of safety critical events, interactions with passengers and other vehicles to determine how potential crash conflicts could be mitigated. The Agency has also developed a number of new research projects to build a more robust motorcoach research program, including evaluating naturalistic driving video, testing tire safety, examining minimum maintenance requirements, extending motorcoach fire research to include school buses, and identifying the amount of restorative sleep needed for bus drivers.

Information Management (IT Development and Sustainment): We are requesting \$36 million for the operations, maintenance and logistical support of the safety mission critical systems, and to continue building out modernized IT architecture. FMCSA's systems are key mechanisms for driving success across its three core principles. The current systems and processes, while maximized to the greatest extent possible, have technology and automation limitations and may not be suitable for meeting future requirements and demand as the baseline number of motor carrier companies and commercial drivers continues to grow at a rapid pace. FMCSA will launch a large-scale field operational test of the Wireless Roadside Inspection program to assess the use of advanced and existing technologies to electronically verify the safe operating status of commercial motor vehicles in real time.

Compliance Safety Accountability (CSA): At the top of FMCSA's safety agenda is CSA, FMCSA's compliance model to improve CMV safety and reduce large truck and bus crashes, injuries, and fatalities on our Nation's highways. We will continue to improve our carrier interventions selection tool, the Safety Measurement System (SMS). This funding would improve the program including researching and implementing dynamic peer grouping to eliminate significant fluctuations in scores when a carrier moves between peer groups, and exploring and implementing improvements to the DataQs system to allow carriers additional levels of review for violations cited during roadside inspections. This request includes FTE and MCSAP grant funds in anticipation of the establishment of an adjudications process.

Motorcoach Safety Oversight Program: Recent motorcoach crashes underscore the importance of bus passenger safety for us all. While we know that mile for mile, motorcoaches are one of the safest forms of commercial passenger transportation, the recurrence of bus crashes with severe injury and loss of life has caused us to re-evaluate our approach to bus safety enforcement. The motorcoach program is the centerpiece of our proposal. Last year, we

evaluated and enhanced our investigation methods to uncover dangerous business practices and patterns of unsafe behavior. Utilizing new enforcement authorities provided under Moving Ahead for Progress in the 21st Century Act (MAP-21), the FY 2015 request includes \$9 million to investigate, intervene, and remove unsafe motorcoach operators from the road. We will use targeted safety interventions, stakeholder engagement and outreach, and regulatory and program evaluations. Through evaluations and other analysis of the passenger carrier oversight system, we will strengthen our authority and practices.

Regulatory Development: In FY 2015, FMCSA anticipates completion of the MAP-21 mandated rulemaking concerning electronic logging devices (ELDs). On March 13, the Agency released its proposed amendments to the Federal regulations to establish: (1) minimum performance standards for hours-of-service (HOS) ELDs; (2) requirements for the mandatory use of these devices by drivers currently required to prepare HOS records of duty status; (3) requirements concerning HOS supporting documents; and (4) measures to ensure that the mandatory use of ELDs will not result in harassment of drivers. This rulemaking supplements the Agency's 2011 Notice of Proposed Rulemaking and addresses issues raised by the U.S. Court of Appeals for the Seventh Circuit in its 2011 decision vacating the Agency's 2010 final rule. The proposed requirements for ELDs would improve compliance with the HOS rules and thereby decrease the risk of fatigue-related crashes attributable to non-compliance with the applicable HOS requirements.

Another important MAP-21 requirement the Agency intends to complete in FY 2015 is the establishment of an electronic repository for positive alcohol and controlled substances test results. On February 20, FMCSA published a notice of proposed rulemaking to establish the Commercial Driver's License Drug and Alcohol Clearinghouse for all CDL holders. The proposed rule would require employers of CDL drivers and service agents to report positive test results and refusals to test to the Clearinghouse and thus would improve both driver and employer compliance with DOT's alcohol and controlled substance testing program. Employers would be required to check the Clearinghouse to make sure current and prospective employees do not have drug and alcohol violations that prohibit them from performing safety sensitive functions, such as driving CMVs. We are soliciting comments on this rule through April 21.

Consumer Enforcement, eBroker and Freight Forwarder Provisions: During FY 2015, using additional authorities provided under MAP-21, FMCSA will be aggressively working to protect consumers and ensure compliance with the Agency's regulations. Recent enforcement efforts have resulted in significant civil penalties against household goods moving companies involved in fraudulent activities, and have also resulted in revoking the authority of some of the carriers due to their egregious violations.

Border Crossing Facilities: FMCSA has requested \$16 million for the replacement and improvement of the Border Truck and Bus Safety Inspection Facilities. Approximately \$14 million would be used for truck and bus inspection facilities on the border and an additional \$2 million to cover increased rent payments for border facilities.

Motor Carrier Safety Grants

A key priority for FY 2015 is to begin implementing the next surface transportation reauthorization proposal based on the Administration's priorities. The increased authorities granted to FMCSA in MAP-21 have helped the Agency continue to make progress improving large truck and bus safety. The Agency's reauthorization proposal consolidates a number of existing grant programs and reduces the administrative burden on our grantees. This proposal strengthens our ability to provide financial assistance to State motor carrier programs to support investigations and interventions by State enforcement personnel, identify and apprehend traffic violators, and conduct roadside inspections.

The FY 2015 President's budget request of \$353 million in grants includes \$288 million under the Motor Carrier Safety Assistance Program to support programs that improve motor carrier compliance and safety through State and local law enforcement programs. Formula grants fund roadside inspections, interventions, investigations, and targeted enforcement, while discretionary funds support FMCSA's High Priority program, which encourages best practices and innovative enforcement of safety initiatives at the State and local level. The reauthorization proposal combines our existing Basic and Incentive MCSAP grants with the New Entrant Safety Audit, Data Quality and Border Enforcement legacy grant programs.

FMCSA has requested \$39 million to provide funding for grants to States that focus on the operator's role in commercial vehicle safety and CDL improvement programs. The requested increase will assist States to create required annual plans to document their compliance with the CDL requirements and their ability to test, issue license, and disqualify drivers, as required.

Conclusion

Thank you, Mr. Chairman, for the opportunity to discuss the FY 2015 President's budget request. I look forward to working with all of you as we continue to improve motor carrier safety on our Nation's highways.

**WRITTEN STATEMENT OF
THE HONORABLE JOSEPH SZABO
ADMINISTRATOR
FEDERAL RAILROAD ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

**BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT AND RELATED AGENCIES,
COMMITTEE ON APPROPRIATIONS,
U.S. HOUSE OF REPRESENTATIVES**

April 3, 2014

Budget Highlights

FRA requests \$4.995 billion for FY 2015 to make strategic investments advancing the safety, reliability, and efficiency of our rail system. FY 2015 is the first year of a proposed four-year \$19 billion rail reauthorization and a critical part of the Administration's \$302 billion surface transportation legislative package. This investment will increase opportunities for American workers and companies and provide strong support for our 21st century economy. It will ensure that rail is a cost-effective, environmentally friendly, and safe way to move people and freight.

FRA's FY 2015 budget includes \$4.775 billion for the **National High-Performance Rail System (NHPRS)**, the centerpiece of FRA's reauthorization proposal.

- Current Passenger Rail Service: \$2.45 billion to maintain existing rail services and infrastructure so they continue producing public benefits. For the first time, FRA will provide grant support for passenger service by lines of business: (1) Northeast Corridor, (2) State Corridors, (3) Long-Distance Routes, and (4) National Assets. All funds in this account will be directed to Amtrak, except the State Corridors program.
- Rail Service Improvement Program: \$2.325 billion to grow and improve the existing rail network to accommodate our growing transportation needs. These funds will be used to: (1) invest in infrastructure, stations, and equipment for new high-performance passenger rail corridors, and substantially improved existing corridors; (2) support implementation of positive train control (PTC) systems on commuter railroads; (3) invest in local rail facilities and safety projects to mitigate any negative impacts of rail operations in local communities; (4) develop comprehensive plans that will guide future investments in the Nation's rail system and develop the workforce and technology necessary to advance the Nation's rail industry.

- **Dedicated and Predictable Funding:** Congress has for decades funded highway, transit, and aviation programs through multi-year authorizations that provide guaranteed funding. This enables states, local governments, and other stakeholders to plan for and to make large-scale infrastructure investments. Internationally, other major rail systems rely on predictable multi-year funding to plan and develop projects. The Administration proposes this approach for rail, including authorizing mandatory contract authority through FY 2018 for FRA's new rail programs. The programs would be paid for with resources in a new Rail Account of the Transportation Trust Fund that will be funded with revenue from pro-growth business tax reform.

FRA's budget supports **continuous rail safety improvement**. Rail safety has improved significantly in recent years, and to make further gains requires a comprehensive strategy founded on three pillars:

1. Rigorous regulatory and inspection programs based on strategic use of data;
2. Proactive approaches for early identification and reduction of risk; and
3. Capital investment and robust research and development.

For its **Safety and Operations account**, FRA requests \$185.3 million and 915 full-time equivalents (FTE), which is \$750,000 more than FY 2014 enacted. FRA is currently growing its workforce, particularly to focus on hazardous material transportation and implementation of *Railroad Safety Improvement Act of 2008* (RSIA) regulations. The FY 2015 request will support this larger workforce and FRA's safety activities. These include the nationwide implementation of the Confidential Close Call Reporting System, which enables railroads to identify accident precursors so corrective actions can be taken in advance.

In addition to the robust rail infrastructure budget described above, which will fund PTC implementation and investment in state of good repair, FRA requests \$35.1 million for its **Railroad Research and Development program**. This request will continue core safety-related research and development and advance technology for system integration, interoperability standards, and prototypes for positive train control systems.

To respond to increased crude oil traffic by rail, DOT has proposed a new \$40 million **Safe Transportation of Energy Products Fund** within the Office of Secretary. These funds will support multimodal prevention and response activities. FRA will be able to access these resources and help allocate funds to emerging needs.

FRA's Reauthorization Priorities

FRA's two core authorizations – RSIA and the *Passenger Rail Investment and Improvement Act of 2008* – expired at the end of FY 2013. The rail industry has changed dramatically since 2008. After decades of decline due to underinvestment, rail transportation has become safer and more reliable, efficient, and responsive to the traveling public. However, significant work remains to improve the national rail network. The FY 2015 Budget presents an integrated strategy for rail

safety and service, reflecting the following priorities:

- **Enhancing world-class safety.** Rail is already among the safest modes of transportation. Nevertheless, continuous safety improvement is imperative, and with innovative practices and new technologies, the industry can achieve this goal. FRA is leading several related initiatives, such as the system safety and risk reduction programs that influence safety outcomes proactively and preemptively; expanding the successful Confidential Close Call Reporting System program; and supporting implementation of PTC system technology. *The budget makes investments in advancing FRA's safety mission by supporting PTC system implementation on Amtrak and commuter rail routes.*
- **Meeting growing market demand.** With the United States expected to gain 100 million people by 2050, the national transportation system must prepare for substantial increases in the movement of people and goods. Rail transportation will be critical to meeting this growing demand. FRA's budget makes strategic investments that reflect the needs of multiple stakeholders – passenger and freight rail operators, the traveling public and shippers, governments and private interests. *The budget will fund projects based on specific market needs and rigorous analysis of costs and benefits. The budget makes investments in both new and improved passenger rail services with varying frequencies and speeds, offering ladders of opportunity and necessary mobility to a variety of communities.*
- **Modernizing our rail infrastructure.** Past generations of Americans invested heavily to build the infrastructure we rely on today. Most segments of the Northeast Corridor were initially built over a century ago. Maintaining and modernizing these assets will reduce long-term costs and result in safer, more reliable, and more efficient rail transportation. *In support of the Secretary's Fix-it-First Initiative, the budget makes investments to reduce the backlog of rail maintenance needs, replace obsolete equipment, and modernize stations to comply with Americans with Disabilities Act requirements.*
- **Promoting innovation.** FRA's budget invests in research, development, and workforce to enable America's global leadership in rail safety, productivity, and technological innovation. FRA's vision is a domestic rail industry that leads the world again – we want U.S. companies to patent state-of-the-art rail technology, supply rail operators throughout the world, and employ the best engineers and railway workers. The United States should export intellectual capital and rail products, not import them. *The budget makes investments in America's workforce, manufacturing, and critical research and development activities.*
- **Ensuring transparency and accountability.** Accomplishing the priorities described above can occur only if these programs are managed through a process that makes expected public benefits and service improvements transparent to the American people. The roles and responsibilities of the Federal government, States, Amtrak, freight railroads, and other stakeholders must be clear and based on sound public policy. *The budget provides a transparent structure that will ensure delivery of public benefits and a high level of accountability for public resources.*