COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE DEMOCRATS

Achieving Deficit Reduction By Creating Jobs Eliminating Waste, Fraud, and Abuse, and Promoting Efficiency and Reform of Government

Prepared for
The Joint Select Committee on Deficit Reduction

By the Honorable Nick J. Rahall, II
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Committee on Transportation and Infrastructure

October 13, 2011

ACHIEVING DEFICIT REDUCTION
BY CREATING JOBS
ELIMINATING WASTE, FRAUD, AND ABUSE AND
PROMOTING EFFICIENCY AND REFORM OF GOVERNMENT

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EXECUTIVE SUMMARY

Beginning in 2007, the United States economy suffered the worst economic recession since the Great Depression. By the end of 2009, more than eight million Americans had lost their jobs and joined the ranks of the unemployed. The construction sector was particularly hard hit by the recession – accounting for almost one of every four job losses – and almost two million construction workers lost their jobs.

Today, we are still recovering from the Great Recession. More than 14 million Americans are unable to find jobs and millions more are only working part-time. The unemployment rate remains unacceptably high at 9.1 percent. Moreover, the construction sector continues to have the highest unemployment rate of any industrial sector. More than 1.1 million construction workers remain out of work.

As the Joint Select Committee on Deficit Reduction develops its recommendations pursuant to the Budget Control Act of 2011 (P.L. 112-25) to improve the fiscal imbalance of the Federal Government, it is critical that the Joint Select Committee develop a balanced and fair approach to deficit reduction, including identifying revenues to prevent any budget sequestration of job-creating infrastructure investment. The Democratic Members of the Committee on Transportation and Infrastructure believe that a balanced approach must begin with restoring economic growth and creating jobs. We urge you to consider our proposals to reduce the Federal deficit by:

- **restoring economic growth, creating jobs, and strengthening our nation's small businesses and economic competitiveness;**
- **eliminating waste, fraud, and abuse; and**
- **promoting efficiency and reform of government.**

In combination, these proposals will create and sustain millions of family-wage jobs and reduce the deficit by tens of billions of dollars.

Infrastructure investment is a critical tool to reduce the deficit. The Federal Highway Administration of the U.S. Department of Transportation estimates that each $1 billion of Federal investment creates or sustains 34,779 jobs and generates $6.2 billion of economic activity. Committee Democrats strongly support robust infrastructure investment that could be provided by:

- surface transportation reauthorization legislation;
- Federal Aviation Administration reauthorization legislation;
- H.R. 12, the "American Jobs Act of 2011";
- H.R. 3145, the "Water Quality Protection and Job Creation Act of 2011"; and
- other infrastructure investment legislation.

This investment restores our economy, creates family-wage jobs, rebuilds our infrastructure, and strengthens our nation's small businesses and economic competetiveness. Moreover, the importance of economic growth to deficit reduction cannot be overstated: the Congressional Budget Office estimates that, if the United States economy were operating at its potential level, the projected Federal deficit in fiscal year (FY) 2012 would be one-third lower – saving almost $350 billion in FY 2012 alone.[1]

Eliminating waste, fraud, and abuse and promoting efficiency and reform of government are also critical elements of deficit reduction. During the Democratic majority of the 110th and 111th Congresses, the Committee 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 needs of the public. Democrats' 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, Committee Democrats have developed and will continue to develop multiple proposals to improve the efficiency of government, including opportunities to reduce the Federal deficit. Because many of the programs within the Committee's jurisdiction are implemented in partnership with state and local governments, Committee Democrats continue to pursue improvements at all levels of government to better deliver outcomes for the American people.

This report includes a series of Democratic proposals to reduce the deficit by restoring economic growth, creating jobs, and strengthening economic competitiveness; eliminating waste, fraud, and abuse; and promoting efficiency and reform of government of programs within the jurisdiction of the Committee on Transportation and Infrastructure.

Committee Democrats will continue to work to find creative and efficient ways to reduce the deficit and create jobs and we look forward to working with the Joint Select Committee as it develops its recommendations for Congress.

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[1] Congressional Budget Office, Letter to the Honorable Chris Van Hollen, October 4, 2011.

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CREATING JOBS

The most effective way to reduce the Federal deficit is to restore economic growth and create jobs to put Americans back to work. Infrastructure investment is a critical tool to these efforts. The Federal Highway Administration of the U.S. Department of Transportation estimates that each $1 billion of Federal investment creates or sustains 34,779 jobs and $6.2 billion in economic activity.[2] Moreover, these investments, when combined with the Davis-Bacon Act and Buy America Act protections of these programs, ensure that Federal dollars are used to support good-paying jobs in our local communities – jobs that cannot be outsourced overseas.[3]

This investment is also critical to economic competiveness. Congestion costs travelers on our nation's roads more than $100 billion per year, causing hardship for drivers and increasing costs and inefficiencies for America's businesses. Infrastructure investment increases private sector productivity because it allows goods and services to be transported more quickly and at lower costs, resulting in lower prices for consumers and increased profitability for firms.[4] For instance, the United Parcel Service estimates that five minutes of additional delay each day would cost the company $100 million per year.

Moreover, this investment strengthens small businesses. For instance, the productivity gains of better maintained and expanded highways is particularly important to trucking firms because it enables truckers to do their jobs more efficiently. Ninety-seven percent of these firms are small businesses. In addition, the Federal surface transportation and aviation infrastructure investment programs require grant recipients of funds to provide specific contracting opportunities for small businesses owned and controlled by socially and economically disadvantaged individuals. Congress has established a national goal that these disadvantaged small businesses receive not less than 10 percent of funds provided under these programs. In FY 2010, disadvantaged small businesses received more than $3 billion of Federal-aid highway contracts (equal to 10.1 percent of the total value of all contracts) and $611 of Federal transit contracts (12.5 percent).

Committee Democrats strongly support the robust infrastructure investment that could be provided by surface transportation reauthorization legislation; Federal Aviation Administration

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[2] These estimates are based on 2007 Federal Highway Administration (FHWA) data on the correlation between highway infrastructure investment and employment and economic activity, and assume a 20 percent State or local matching share of project costs. In some of these proposals, the requirement for State or local matching funds is waived. Where appropriate, estimates of employment and economic activity have been adjusted to reflect these match waivers.

Similarly, the nonpartisan Congressional Budget Office finds that additional investment in infrastructure is among the most effective policy options to create jobs. Congressional Budget Office, "Policies for Increasing Economic Growth and Employment in the Short Term," January 2010.

[3] According to the U.S. Department of Treasury and Council of Economic Advisers, nearly 90 percent of the jobs created by such investments will be middle-class jobs. U.S. Department of Treasury and Council of Economic Advisers, "An Economic Analysis of Infrastructure Investment", October 11, 2010, p. 23.

[4] *Id.*, p. 6.

reauthorization legislation; H.R. 12, the "American Jobs Act of 2011"; H.R. 3145, the "Water Quality Protection and Job Creation Act of 2011"; and similar legislation because this investment will create family-wage jobs, rebuild our infrastructure, and strengthen our nation's small businesses and economic competitiveness.

SURFACE TRANSPORTATION REAUTHORIZATION LEGISLATION

Committee Democrats strongly support enactment of surface transportation reauthorization legislation that provides robust surface transportation infrastructure investment. We urge the Joint Select Committee to identify the necessary resources to finance significant increases in surface transportation investment.

During the 111th Congress, the Subcommittee on Highways and Transit favorably reported H.R. ____, the "Surface Transportation Authorization Act of 2009", to the Full Committee. The bill called for renewing the nation's commitment to building and operating the intermodal surface transportation network in a way that meets the demands of the 21st Century. The bill, which provided $500 billion for surface transportation investment over six years, would make roadways safer, reduce the cost in time and wasted fuel caused by congestion, and strengthen global economic competitiveness by expanding access to jobs, commerce, and vital services. Similarly, in February 2011, President Obama proposed that Congress authorize $551 billion for surface transportation investment over the next six years. A $500 billion investment in the nation's highway, bridge highway safety, public transportation, and intercity passenger rail networks would create or sustain approximately six million family-wage jobs.

In contrast, in the 112th Congress, House Republicans propose to slash surface transportation infrastructure investment to $230 billion over a six-year period, a reduction of one-third from the current insufficient funding levels. These dramatic proposed cuts would destroy nearly 600,000 middle-class jobs in the first year alone, further hindering the nation's short-term economic recovery and undermining the nation's long-term economic competitiveness.

We urge the Joint Select Committee to identify the necessary resources to finance robust surface transportation infrastructure investment to create jobs and reduce the deficit.

FEDERAL AVIATION ADMINISTRATION REAUTHORIZATION LEGISLATION

Committee Democrats also strongly support enactment of FAA reauthorization legislation that provides robust aviation infrastructure investment.

During the 111th Congress, the House passed FAA reauthorization legislation that invested responsibly in aviation infrastructure improvements to keep our economy moving onward and upward. The FAA reauthorization bill (H.R. 915), as passed by the House of Representatives, would have invested more than $16 billion in airport construction over a four-year period and significantly increased funding for accelerating the implementation of the Next Generation Air Transportation System (NextGen), a comprehensive modernization of the nation's aging air traffic control infrastructure. This investment will provide for a steady stream of Federal funding to create and sustain private-sector high-tech jobs in support of the modernization effort.

In 2003, Congress directed the Administration to create a new comprehensive plan for a modernized system to accommodate the changing needs of the aviation industry by the year 2025.[5] The NextGen plan envisions transitioning from a ground-based radar surveillance system to a satellite-based surveillance system and developing more direct and fuel-efficient routes through the airspace. Accelerating the development and implementation of NextGen will provide significant cost and economic benefits to the aviation industry and the 567,000 airline industry workers. The FAA estimates that its NextGen air traffic control system upgrade will reduce total flight delays by 21 percent and deliver $22 billion in cumulative benefits by 2018 for airlines and other aircraft operators, the Federal Government, and ultimately the flying public.

In contrast, in the 112th Congress, House Republicans are working to slash FAA infrastructure investment. For instance, House Republicans passed an FAA reauthorization bill (H.R. 658) that cuts airport construction grants to pre-FY 2001 levels: cutting investment from $3.515 billion in FY 2010 to $3.0 billion in FY 2012 and subsequent years. These draconian cuts to airport construction will destroy more than 65,000 American jobs.

We urge the Joint Select Committee to support robust aviation infrastructure investment to create jobs and reduce the deficit.

[5] Vision 100 –Century of Aviation Reauthorization Act (P.L. 108-176).

AMERICAN JOBS ACT

Committee Democrats strongly support enactment of legislation that significantly increases surface transportation and aviation infrastructure investment to create jobs.

H.R. 12, the "American Jobs Act of 2011", provides $50 billion in immediate surface transportation and aviation infrastructure investments for highways, transit, passenger rail, airports, and air traffic control modernization. This investment will create and sustain almost 1.4 million middle-class jobs.

Specifically, the bill provides:

- $27 billion for highway restoration, repair and construction;
- $9 billion for public transit capital projects to repair and rehabilitate existing rail and bus systems, and purchase new buses and rolling stock;
- $6 billion for high-speed and intercity passenger rail grants (including Amtrak) to improve the nation's intercity passenger rail network, develop new high-speed rail corridors, and purchase rolling stock;
- $5 billion for competitive grants for projects across all surface transportation modes that will have a significant impact on the nation or metropolitan region; and
- $3 billion for aviation infrastructure including airport construction and investment in development and implementation of NextGen.

The following table provides the state-by-state distribution of the highway and transit infrastructure investments and the jobs created or sustained under H.R. 12.

We urge the Joint Select Committee to support this surface transportation and aviation infrastructure investment to create jobs and reduce the deficit.

State-by-State
Highway and Transit Infrastructure Investment and Job Creation
H.R. 12, the American Jobs Act

State	Additional Highway Funding	Additional Transit Funding	Total Additional Funding	Total Jobs Created
Alabama	$483,288,150	$29,619,458	$512,907,608	**14,748**
Alaska	$199,497,787	$20,618,558	$220,116,345	**6,329**
Arizona	$498,203,797	$85,783,573	$583,987,370	**16,791**
Arkansas	$353,401,125	$16,839,273	$370,240,398	**10,646**
California	$2,537,307,140	$1,263,369,092	$3,800,676,232	**109,281**
Colorado	$392,042,975	$105,467,461	$497,510,436	**14,305**
Connecticut	$293,814,443	$101,940,038	$395,754,481	**11,379**
Delaware	$122,340,304	$12,246,522	$134,586,826	**3,870**
District of Columbia	$122,656,786	$342,489,141	$465,145,927	**13,374**
Florida	$1,291,443,049	$274,907,786	$1,566,350,835	**45,037**
Georgia	$865,375,052	$196,470,939	$1,061,845,991	**30,531**
Hawaii	$125,641,638	$40,944,327	$166,585,965	**4,790**
Idaho	$179,310,756	$10,956,280	$190,267,036	**5,471**
Illinois	$948,474,791	$668,107,071	$1,616,581,862	**46,482**
Indiana	$625,780,172	$64,438,854	$690,219,026	**19,846**
Iowa	$362,492,290	$24,259,309	$386,751,599	**11,120**
Kansas	$340,087,371	$19,683,141	$359,770,512	**10,344**
Kentucky	$422,002,137	$33,603,043	$455,605,180	**13,100**
Louisiana	$440,512,821	$48,871,435	$489,384,256	**14,071**
Maine	$131,505,649	$7,179,496	$138,685,145	**3,988**
Maryland	$426,732,739	$155,348,978	$582,081,717	**16,737**
Massachusetts	$432,935,251	$382,923,269	$815,858,520	**23,458**
Michigan	$799,386,161	$102,795,585	$902,181,746	**25,940**
Minnesota	$495,829,789	$95,241,128	$591,070,917	**16,995**
Mississippi	$350,147,013	$14,465,259	$364,612,272	**10,484**
Missouri	$632,353,717	$82,555,796	$714,909,513	**20,556**
Montana	$208,361,773	$8,165,139	$216,526,912	**6,226**
Nebraska	$232,303,631	$15,453,261	$247,756,892	**7,124**
Nevada	$214,690,580	$36,275,576	$250,966,156	**7,216**
New Hampshire	$124,699,373	$8,226,390	$132,925,763	**3,822**
New Jersey	$640,519,403	$590,061,920	$1,230,581,323	**35,383**
New Mexico	$245,169,205	$24,632,023	$269,801,228	**7,758**
New York	$1,086,944,978	$2,441,337,842	$3,528,282,820	**101,449**
North Carolina	$716,060,446	$78,861,732	$794,922,178	**22,856**
North Dakota	$170,554,303	$6,414,863	$176,969,166	**5,088**
Ohio	$900,629,001	$132,900,667	$1,033,529,668	**29,717**
Oklahoma	$463,694,994	$24,982,228	$488,677,222	**14,051**
Oregon	$338,689,017	$88,029,419	$426,718,436	**12,269**
Pennsylvania	$989,197,702	$345,363,565	$1,334,561,267	**38,373**
Rhode Island	$141,718,143	$20,688,249	$162,406,392	**4,670**
South Carolina	$457,091,732	$26,368,284	$483,460,016	**13,901**
South Dakota	$186,499,323	$6,083,262	$192,582,585	**5,537**
Tennessee	$559,068,872	$52,000,610	$611,069,482	**17,570**
Texas	$2,232,091,623	$327,201,066	$2,559,292,689	**73,587**
Utah	$223,866,177	$84,198,915	$308,065,092	**8,858**
Vermont	$133,042,037	$3,186,206	$136,228,243	**3,917**
Virginia	$678,897,036	$95,933,892	$774,830,928	**22,279**
Washington	$487,582,875	$204,318,561	$691,901,436	**19,894**
West Virginia	$226,527,566	$10,639,880	$237,167,446	**6,819**
Wisconsin	$516,502,992	$57,212,923	$573,715,915	**16,496**
Wyoming	$152,534,315	$4,712,807	$157,247,122	**4,521**
Total	**$26,199,500,000**	**$8,965,500,000**	**$35,093,874,092**	**1,009,054**

<u>WATER QUALITY PROTECTION AND JOB CREATION ACT</u>

Committee Democrats support enactment of H.R. 3145, the "Water Quality Protection and Job Creation Act of 2011", which renews the Federal commitment to addressing our nation's substantial needs for wastewater infrastructure by investing <u>$13.8 billion</u> over five years in wastewater infrastructure through the Clean Water State Revolving Fund and other efforts to improve water quality. The bill also authorizes two additional options for long-term, alternative financing mechanisms to provide several billion dollars in supplementary funds for clean water infrastructure.

This legislation will create thousands of new, domestic jobs in the construction and wastewater-support sectors through increased and sustained investment in wastewater infrastructure. The investment of $13.8 billion for the Clean Water State Revolving Fund will create or sustain more than 752,000 jobs in the construction, engineering, and wastewater equipment manufacturing sectors. These investments will help restore our nation's economy, as well as improve the overall quality of the nation's waters and public health.

This legislation will also reduce the cost of constructing and maintaining that infrastructure over the long-term. The bill promotes energy-efficiency and water-efficiency improvements to publicly owned treatment works to encourage more cost-effective means of improving water quality and to reduce the potential long-term operation and maintenance costs for such facilities.

The following table provides the state-by-state distribution of the Clean Water State Revolving Fund infrastructure investments and the jobs created or sustained under H.R. 3145.

We urge the Joint Select Committee to support robust water and wastewater infrastructure investment to create jobs and reduce the deficit.

State-by-State
Clean Water State Revolving Fund
Infrastructure Investment and Job Creation
H.R. 3145, the Water Quality Protection and Job Creation Act of 2011

State	Five-Year Baseline Funding State Revolving Funds	Five-Year Funding H.R. 3145	Total Additional Funding H.R. 3145	Total Jobs Created H.R. 3145
Alabama	$37,903,580	$151,614,318	$113,710,739	**4,218**
Alaska	$20,287,319	$81,149,274	$60,861,956	**2,258**
Arizona	$22,894,780	$91,579,118	$68,684,339	**2,548**
Arkansas	$22,175,134	$88,700,535	$66,525,401	**2,468**
California	$242,426,930	$969,707,721	$727,280,790	**26,980**
Colorado	$27,112,239	$108,448,956	$81,336,717	**3,017**
Connecticut	$41,525,239	$166,100,957	$124,575,717	**4,621**
Delaware	$16,642,229	$66,568,915	$49,926,686	**1,852**
District of Columbia	$16,642,229	$66,568,915	$49,926,686	**1,852**
Florida	$114,416,996	$457,667,983	$343,250,987	**12,734**
Georgia	$57,310,587	$229,242,349	$171,931,762	**6,378**
Hawaii	$26,252,011	$105,008,045	$78,756,034	**2,922**
Idaho	$16,642,229	$66,568,915	$49,926,686	**1,852**
Illinois	$153,301,302	$613,205,208	$459,903,906	**17,061**
Indiana	$81,691,519	$326,766,077	$245,074,557	**9,092**
Iowa	$45,876,586	$183,506,345	$137,629,758	**5,106**
Kansas	$30,596,664	$122,386,655	$91,789,991	**3,405**
Kentucky	$43,141,932	$172,567,728	$129,425,796	**4,801**
Louisiana	$37,260,919	$149,043,676	$111,782,757	**4,147**
Maine	$26,238,622	$104,954,490	$78,715,867	**2,920**
Maryland	$81,979,377	$327,917,510	$245,938,132	**9,124**
Massachusetts	$115,086,434	$460,345,735	$345,259,301	**12,808**
Michigan	$145,746,694	$582,986,777	$437,240,083	**16,220**
Minnesota	$62,301,247	$249,204,990	$186,903,742	**6,934**
Mississippi	$30,539,762	$122,159,046	$91,619,285	**3,399**
Missouri	$93,965,665	$375,862,659	$281,896,995	**10,458**
Montana	$16,642,229	$66,568,915	$49,926,686	**1,852**
Nebraska	$17,338,444	$69,353,777	$52,015,333	**1,930**
Nevada	$16,642,229	$66,568,915	$49,926,686	**1,852**
New Hampshire	$33,873,563	$135,494,251	$101,620,688	**3,770**
New Jersey	$138,516,764	$554,067,055	$415,550,291	**15,416**
New Mexico	$16,642,229	$66,568,915	$49,926,686	**1,852**
New York	$374,138,857	$1,496,555,427	$1,122,416,570	**41,639**
North Carolina	$61,176,592	$244,706,367	$183,529,775	**6,808**
North Dakota	$16,642,229	$66,568,915	$49,926,686	**1,852**
Ohio	$190,823,302	$763,293,208	$572,469,906	**21,237**
Oklahoma	$27,386,709	$109,546,834	$82,160,126	**3,048**
Oregon	$38,291,854	$153,167,414	$114,875,561	**4,262**
Pennsylvania	$134,269,180	$537,076,719	$402,807,539	**14,943**
Rhode Island	$22,760,892	$91,043,568	$68,282,676	**2,533**
South Carolina	$34,723,749	$138,894,996	$104,171,247	**3,864**
South Dakota	$16,642,229	$66,568,915	$49,926,686	**1,852**
Tennessee	$49,240,512	$196,962,048	$147,721,536	**5,480**
Texas	$154,928,036	$619,712,145	$464,784,109	**17,242**
Utah	$17,860,606	$71,442,423	$53,581,818	**1,988**
Vermont	$16,642,229	$66,568,915	$49,926,686	**1,852**
Virginia	$69,370,513	$277,482,051	$208,111,538	**7,720**
Washington	$58,947,363	$235,789,452	$176,842,089	**6,560**
West Virginia	$52,842,089	$211,368,354	$158,526,266	**5,881**
Wisconsin	$91,636,021	$366,544,083	$274,908,062	**10,198**
Wyoming	$16,642,229	$66,568,915	$49,926,686	**1,852**
American Samoa	$3,042,596	$12,170,383	$9,127,787	**339**
Guam	$2,202,451	$8,809,804	$6,607,353	**245**
Northern Marianas	$1,412,514	$5,650,057	$4,237,543	**157**
Puerto Rico	$44,209,686	$176,838,742	$132,629,057	**4,920**
Virgin Islands	$1,767,316	$7,069,265	$5,301,949	**197**
Subtotal	$3,347,190,000	$13,388,760,000	$10,041,570,000	**372,515**
Indian Tribes	$68,310,000	$273,240,000	$204,930,000	**7,602**
Federal Admin. Fees	$34,500,000	$138,000,000	$103,500,000	
Total	**$3,450,000,000**	**$13,800,000,000**	**$10,350,000,000**	**752,636**

OTHER INFRASTRUCTURE INVESTMENT LEGISLATION

Finally, Committee Democrats support other infrastructure investment legislation that will create and sustain family-wage jobs. We support additional investment and reauthorization of the Economic Development Administration (EDA), the only Federal agency that has the sole mission of job creation. An independent consultant verified that EDA investments in rural communities "have a statistically significant impact on employment levels in the communities in which they are made, generating between 2.2 and 5.0 jobs per $10,000 in incremental EDA funding." Based on this analysis, it costs EDA between $2,001 and $4,611 to generate a single private-sector job.

We also support additional infrastructure investment in repair, alteration, and construction of Federal buildings and border stations. This investment will enable the Federal Government to cut long-term operating costs by housing more employees in government-owned space, instead of privately-leased space. The investment will also achieve 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 Federal buildings.

Moreover, we support increased investment in water resources projects carried out by the U.S. Army Corps of Engineers (Corps). Through water resources development acts (WRDA), Congress has, on a bipartisan basis, authorized the critical navigation, flood damage reduction, and environmental restoration projects and studies carried out by the Corps. These WRDAs authorize nationally significant projects that have improved the economic prosperity of the nation, have protected its citizenry from the threat of flooding and coastal storms, and have put in place restoration efforts for many of America's natural treasures. In addition, the Corps estimates that every $5 billion in Corps' infrastructure investment creates an estimated 37,000 direct private sector jobs (with an average income for workers between $38,000 and $42,500), and an additional 102,000 indirect jobs. At this time, there are 11 completed Corps' project studies awaiting Congressional authorization. These completed studies, with an estimated total value of $7.37 billion, were initially authorized by Congressional action, and have undergone significant study and project development, utilizing both Federal and non-Federal resources, and are now awaiting final Congressional approval to proceed to construction.

ELIMINATING WASTE, FRAUD, AND ABUSE

ELIMINATE FUNDING FOR CERTAIN TRANSPORTATION PROGRAMS

This proposal achieves deficit reduction by eliminating funding that was not used in prior fiscal years or cannot be used in the current fiscal year for certain U.S. Department of Transportation (DOT) programs. This proposal rescinds $154.9 million in excess contract authority provided to the National Highway Traffic Safety Administration (NHTSA), the Federal Transit Administration (FTA), and the Federal Highway Administration (FHWA) in fiscal years (FY) 2010, 2011, and 2012. In doing so, the proposal makes these funds unavailable for expenditure or as an offset against other spending in the future.

Earlier this Congress, Representative Leonard L. Boswell introduced H.R. 1064, the "Surface Transportation Savings Act of 2011", to rescind excess contract authority from NHTSA and FTA.[6] In the 111th Congress, the House passed a similar bill, H.R. 5604, on July 20, 2010, by a roll call vote of 402-0.

The largest rescission occurs in NHTSA's safety belt performance grants program. This program received $124.5 million in each of FY 2010 and FY 2011 to carry out an incentive grant program to encourage States to enact and enforce laws requiring the use of safety belts. This funding level is equal to 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, in FY 2010, Kansas was the only state that qualified to receive an incentive grant under this program, and the agency provided $11.4 million to the state. In FY 2011, no state qualified to receive a grant.

NHTSA does not have the authority to redistribute unused program funds. Until a new surface transportation authorization is enacted, NHTSA is not able to provide these funds to States to address other safety needs and priorities. Therefore, the proposal rescinds $120 million in unusable contract authority from this program.

This proposal also rescinds $13.5 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 surface transportation authorizations included in the Hiring Incentives to Restore Employment Act (HIRE Act) (P.L. 111-147), the Surface Transportation Extension Act of 2010, Part II (P.L. 111-322), and the Surface Transportation Extension Act of 2011 (P.L. 112-5). The amounts of contract authority provided for these programs under these surface transportation extension acts are greater than the funding levels provided by the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2010 (division A of P.L. 111-117) and the Full-Year Continuing Appropriations Act, 2011 (division B of P.L. 112-10), which continues funding at FY 2010

[6] H.R. 1064, as introduced, rescinds $188.7 million in excess contract authority. Since introduction of H.R. 1064, certain NHTSA and FTA funds are no longer available for rescission, decreasing the amount of excess contract authority.

levels in FY 2011. Because the contract authority provided exceeds appropriated amounts, NHTSA cannot use these funds.

In addition, the proposal rescinds $17.4 million of contract authority from FTA's formula and bus grant programs in FY 2011. The amount of contract authority provided for these programs under the Surface Transportation Extension Act of 2010, Part II and the Surface Transportation Extension Act of 2011 is $17.4 million greater than the funding level provided by the Full-Year Continuing Appropriation Act, 2011.

Finally, the proposal rescinds $4.034 million of contract authority from SAFETEA-LU's High Priority Project program. These funds are not designated for a specific project and the proposal rescinds a total of $4.034 million made available for this program under the surface transportation extension acts in FY 2010, FY 2011, and FY 2012.

There are two ways that these funds could be used to increase spending in the future if they are not rescinded now. First, a future appropriations act or other legislative act could increase the obligation limitations that control spending for these highway safety and transit programs, thereby allowing this $154.9 million to be spent. Second, a future appropriations act could rescind this $154.9 million and use that rescission to offset increased spending on other programs.

Unfortunately, it has become somewhat routine for appropriations acts to rescind surface transportation contract authority to offset increased spending elsewhere. The Committee on Appropriations includes such rescissions in appropriations acts 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. For instance, the Supplemental Appropriations Act, 2010 (P.L. 111-212), rescinded $25 million in highway safety contract authority as an offset for spending in that law. If this proposal had been enacted earlier, the $25 million would not have been available to offset increased spending. Similarly, the Full-Year Continuing Appropriations Act, 2011 rescinded $76 million in seat belt grant funds.

Rescinding $154.9 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.

The budgetary savings associated with this proposal are estimated at <u>$154.9 million</u>.

DEAUTHORIZE ANTIQUATED PROJECTS OF THE U.S. ARMY CORPS OF ENGINEERS

This proposal achieves deficit reduction by promoting efficiency and reform of government and reduces waste by using both legislative and administrative means to deauthorize projects previously authorized to be carried out by the U.S. Army Corps of Engineers (Corps), thereby ensuring that no future appropriations will be made for the projects 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 these projects will eliminate future expenditures. In the 111th Congress, the Committee reported H.R. 5892, the "Water Resources Development Act of 2010", favorably to the House of Representatives on September 29, 2010. The bill 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 any obligation of Federal funding for the full 10 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.

According to the Corps, the budgetary impact of deauthorizing and not constructing the 12 projects in H.R. 5892 is a reduction of future Federal spending of $871.8 million. Congressional oversight into other antiquated, but unconstructed, projects may yield additional cost savings in the future.

The budgetary savings associated with this proposal are estimated at <u>$871.8 million</u>.

CORPS OF ENGINEERS CONTRACT FRAUD

On October 4, 2011, a Federal magistrate unsealed an indictment of four individuals, including two employees of the Corps of Engineers, regarding an alleged bribery and kickback scheme that defrauded U.S. taxpayers of an estimated $20 million. These serious allegations call into question the Corps' oversight of Federal contracts, including questions of how two Corps' employees could have allegedly stolen an estimated $20 million over four years, and used the proceeds of these stolen funds to purchase luxury cars, personal goods, and property over the same period.

The Committee on Transportation and Infrastructure is the primary Committee of jurisdiction over the Corps in the House of Representatives. Additional oversight of the Corps' process for awarding and overseeing Federal contracts is necessary to safeguard against similar abuses of the public's trust and finances in ongoing and future contracts.

The budgetary savings associated with this proposal are not specifically estimated.

<u>MANDATE COURTROOM SHARING IN NEW COURTHOUSE CONSTRUCTION PROJECTS</u>

This proposal achieves deficit reduction by promoting efficiency and reform of government and reduces 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.

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 that, because of both inordinately high judgeship projections by the Judiciary and the Judiciary's failure to share courtrooms in a fashion supported by empirical courtroom usage data, courtroom overbuilding resulted in construction of 1.8 million square feet of unnecessary space for 33 courthouses completed since 2000. *See* GAO-10-417. 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 six 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 $112 million to date by limiting the number of courtrooms in new courthouses. For instance, GSA has been able to reprogram $25 million from the Salt Lake City, Utah courthouse to other projects because of the Committee's limitation on the number of courtrooms for the courthouse. 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. The savings include:

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:	$15.5 million
Salt Lake City, Utah Courthouse:	<u>$25 million</u>
Total savings (to date):	**$112.1 million**

This proposal applies these limitations to all future courthouse construction projects.

The budgetary savings associated with this proposal are estimated at <u>$112.1 million</u>.

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 reduces waste by ensuring that the Committee expands 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 (e.g., civilian and support elements within DOD) 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 is substantial. In a recent review of a lease proposal, information provided by building owners and developers who offered space 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. For 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 eight 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.

For future large space lease procurements implemented by GSA on behalf of DOD, which will total well over two 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.

The budgetary savings associated with this proposal are estimated at $180 million.

PROMOTING EFFICIENCY AND REFORM OF GOVERNMENT

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 many existing programs and directs the majority of surface transportation funding into several categories. It does not envision the consolidation of the Rail-Highway Grade-Crossing program or the Indian Reservation Roads program. The proposal also requires the Department of Transportation to work in an integrated manner to increase intermodal transportation solutions.

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 and recipients of Federal surface transportation funding from utilizing all available tools simultaneously and efficiently in a truly intermodal fashion.

While consolidating programs will not lessen the need for increased investment in the nation's surface transportation network, 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 as DOT will be able to provide intermodal solutions to the mobility and access, 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.

The budgetary savings associated with this proposal are not specifically estimated.

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 and accountability measures designed to achieve specific national objectives and outcomes. Recipients of Federal transportation funds will be required to meet a variety of specific performance targets, and their progress will be monitored and publicly reported by the U.S. 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 investment 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 rehabilitating and maintaining aging infrastructure, improving mobility and access, increasing safety, and expanding mode choice.

The budgetary savings associated with this proposal are not specifically estimated.

USE FEDERAL HIGHWAY FUNDING MORE EFFECTIVELY TO IMPROVE BRIDGE CONDITIONS

This proposal achieves deficit reduction by promoting efficiency and reform of government by enhancing the effectiveness of Federal highway funding in improving bridge deficiencies. This proposal requires States to target bridge deficiencies and report on the specific use of these funds.

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.

Despite the fact that one of every four bridges in the United States is classified as deficient, the Department of Transportation's Inspector General testified before the Subcommittee on Highways and Transit on July 21, 2010, that the Federal Highway Administration's accounting system is unable to link the 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 or addressing bridge deficiencies.

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.

The budgetary savings associated with this proposal are not specifically estimated.

CREATE AN EQUITABLE METHOD FOR BENEFICIARIES OF HAZARDOUS MATERIAL TRANSPORTATION SPECIAL PERMITS AND APPROVALS TO PARTICIPATE IN THE COST OF SERVICE

This proposal achieves deficit reduction by promoting efficiency and reform of government and reduces 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 used as offsetting collections for administering the special permits and approvals program.

H.R. 4016, the "Hazardous Material Transportation Safety Act of 2009", as ordered reported favorably by the Committee on November 19, 2009, includes such provisions.

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 Federal 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.

The budgetary savings associated with this proposal are estimated at <u>$200 million</u>.

AUTHORIZE COST RECOVERY FOR CONDUCTING PIPELINE DESIGN SAFETY REVIEWS

Currently, the Secretary of Transportation must conduct design safety reviews for proposals from pipeline operators to construct, expand, or operate a new gas or hazardous liquid pipeline facility or liquefied natural gas pipeline facility. However, the Secretary has no authority to recover the costs associated with conducting the pipeline design safety reviews, even if the pipeline operators decides not to construct, expand, or operate the facility.

This proposal would achieve deficit reduction by reducing expenditures from the General Fund by authorizing the Secretary of Transportation to require a pipeline operator proposing such a project to pay the costs incurred by the Secretary relating to such reviews.

H.R. 2845, the "Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011", ordered reported by the Committee on Transportation and Infrastructure on September 8, 2011, and H.R. 2937, the "Pipeline Infrastructure and Community Protection Act of 2011", ordered reported by the Committee on Energy and Commerce, on September 20, 2011, allow the Secretary to charge pipeline operators such reasonable fees. The fees would be used as offsetting collections for conducting such pipeline design safety reviews. The Congressional Budget Office estimates that the Pipeline and Hazardous Materials Safety Administration would collect $10 million in user fees over the FY2012 - FY 2016 period to recover its costs of conducting safety reviews at a pipeline project in the state of Alaska.

The budgetary savings associated with this proposal are estimated at $10 million.

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 guards against waste, fraud, and abuse by increasing accountability within the FAA to ensure timely and efficient implementation of the Next Generation Air Transportation System. 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.

This proposal is contained in section 204 of H.R. 658, the "FAA Reauthorization and Reform Act of 2011", which passed the House of Representatives on April 1, 2011. This proposal was developed during negotiations between the House of Representatives and Senate on FAA reauthorization legislation in the 111th Congress.

The various offices responsible for different aspects of the FAA's NextGen program have encountered difficulties in coordination. The Air Traffic Control (ATC) modernization program was on the High-Risk List of the Government Accountability Office (GAO) from 1995 to 2009. Although GAO removed the ATC 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 FAA estimates that the development of NextGen will require between $20 billion and $27 billion in FAA funding from 2012 to 2025. NextGen will reduce total flight delays by 35 percent and deliver $23 billion in cumulative benefits by 2018 for airlines and other aircraft operators, the Federal Government, and ultimately the flying public. NextGen will permit aircraft operators to save 1.4 billion gallons of fuel and cut carbon emissions by 14 million tons. The nation's 567,000 airline industry workers have a vested interest in the cost savings that NextGen promises.

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, reducing costs, and ensuring accountability.

The budgetary savings associated with this proposal are not specifically estimated.

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.

In the 111th Congress, this proposal was contained in section 213 of H.R. 915, the "FAA Reauthorization Act of 2009", which passed the House of Representatives on May 21, 2009. In the 112th Congress, a similar provision is contained in section 210 of H.R. 658, the "FAA Reauthorization and Reform Act of 2011", which passed the House of Representatives on April 1, 2011.

Real property assets that are not needed for FAA's mission are marked as "Inactive/Excess" in the Real Estate Management System. These assets 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 maintaining 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.

The budgetary savings associated with this proposal are not specifically estimated.

INCLUDE STAKEHOLDERS IN AIR TRAFFIC CONTROL MODERNIZATION PROJECTS

This proposal achieves deficit reduction by promoting efficiency and reform of government, and avoids 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 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.

In the 111th Congress, this proposal was contained in section 205 of H.R. 915, the "FAA Reauthorization Act of 2009", which passed the House of Representatives on May 21, 2009. In the 112th Congress, a similar proposal is contained in section 217 of H.R. 658, the "FAA Reauthorization and Reform Act of 2011", which passed the House of Representatives on April 1, 2011.

According to GAO, 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 on in the development of the project, resulting in significant delays and cost overruns. Experience demonstrates that active engagement with employees can improve the decisions affecting employee performance.

The FAA estimates that the development of NextGen will require between $20 billion and $27 billion in FAA funding from 2012 to 2025. NextGen will reduce total flight delays by 35 percent and deliver $23 billion in cumulative benefits by 2018 for airlines and other aircraft operators, the Federal Government, and ultimately the flying public. NextGen will permit aircraft operators to save 1.4 billion gallons of fuel and cut carbon emissions by 14 million tons. The nation's 567,000 airline industry workers have a vested interest in the cost savings and other benefits that NextGen promises. Utilizing tools to improve the efficiency of NextGen implementation will ensure that these benefits are realized.

The budgetary savings associated with this proposal are not specifically estimated.

ADJUST FEDERAL AVIATION ADMINISTRATION FEES

This proposal achieves deficit reduction by promoting efficiency and reform of government, and reduces expenditures from the General Fund, by requiring the Federal Aviation Administration 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 considered as offsetting collections 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 demand on the General Fund and reducing the deficit.

In the 111th Congress, this proposal was contained in section 122 of H.R. 915, the "FAA Reauthorization Act of 2009", which passed the House of Representatives on May 21, 2009. In the 112th Congress, a similar provision is contained in section 122 of H.R. 658, the "FAA Reauthorization and Reform Act of 2011", which passed the House of Representatives on April 1, 2011. 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 the Administrator determines that the actual cost of providing the service is higher or lower than the cost data that were used to establish the fee then in effect. The Congressional Budget Office estimates that the proposed fees would generate discretionary offsetting collections totaling approximately $142 million through FY 2014. Over a ten-year period, the budgetary savings associated with this proposal are estimated at $481.5 million.

Another element of the proposal would direct 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. This proposal was contained in section 121 of H.R. 915 in the 111th Congress and is contained in section 121 of H.R. 658 in the 112th Congress. The Joint Committee on Taxation estimates that these fee increases would total $44 million from FY 2011 through FY 2015. Over a ten-year period, the budgetary savings associated with this proposal are estimated at $96.8 million.

The budgetary impact of this proposal will 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.

The budgetary savings associated with this proposal are estimated at <u>$578.3 million</u>.

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 is necessary to ensure 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. After 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.

In the 111th Congress, this proposal was contained in section 105 of H.R. 915, the “FAA Reauthorization Act of 2009”, which passed the House of Representatives on May 21, 2009. In the 112th Congress, this provision is contained in section 104 of H.R. 658, the “FAA Reauthorization and Reform Act of 2011”, which passed the House on April 1, 2011.

The budgetary impact of this proposal is to provide 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 services and the General Fund.

The budgetary savings associated with this proposal are not specifically estimated.

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 was contained in H.R. 4715, the "Clean Estuaries Act of 2010", which passed the House of Representatives on April 15, 2010.

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 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 not 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 allow for the dissemination of 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.

The budgetary savings associated with this proposal are not specifically estimated.

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.

In the 111th Congress, this proposal was contained in H.R. 1262, the "Water Quality Investment Act of 2009", which passed the House of Representatives on March 12, 2009. In the 112th Congress, this proposal is contained in H.R. 3145, the "Water Quality Protection and Job Creation Act of 2011".

The Environmental Protection Agency and others estimate that the nation will need to invest between $300 billion and $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 one million miles of storm and sanitary sewers across the United States. However, a 2004 study by the then-General Accounting Office (GAO) 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 specific 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 indentified needs.

The budgetary savings associated with this proposal are not specifically estimated.

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 39 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 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.

The budgetary savings associated with this proposal are not specifically estimated.

<u>REDUCE ENERGY CONSUMPTION IN FEDERAL BUILDINGS</u>
<u>THROUGH ENERGY EFFICIENT BUILDING SYSTEMS AND COMPONENTS</u>

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 Federal buildings. High-performance green Federal buildings are Federal building repair, alteration, and construction projects that will, throughout the life-cycle of the building, reduce energy and water use and negative impacts on the environment, including air and water pollution and waste generation.[7]

Under the American Recovery and Reinvestment Act of 2009 ("Recovery Act") (P.L. 111-5), GSA invested $5.5 billion in repair, alteration, and construction of 273 Federal buildings, U.S. courthouses, and border stations. Each major modernization project will meet the energy efficiency and conservation requirements of the Energy Independence and Security Act of 2007 (P.L. 110-140). Each limited-scope modernization project will include advanced meters for electricity and water. In addition, if the limited-scope project includes roof replacement, the roof will be replaced with an integrated photovoltaic membrane (if flat and in the appropriate geography), maximum reasonable insulation for the climatic zone (R-50 in colder climates), or a green roof if an integrated photovoltaic roof is not warranted.

For instance, as part of the Recovery Act's critical investment in green technologies, GSA installed 2,000 solar panels at the Veterans Affairs Regional Office and Insurance Center in Philadelphia, Pennsylvania. GSA's solar energy installation project is one of several GSA Recovery Act projects at Federal facilities in Philadelphia and the first to be completed. The investments in alternative energy solutions can help lead the transformation to new green jobs and new green industries. These 2,000 solar panels will produce more than 500,000 kilowatt-hours of renewable energy per year, reducing the building's annual carbon footprint by nearly 400 metric tons.

Based upon GSA's estimates and calculations, GSA is saving 13 percent to 20 percent of energy costs of the buildings' total energy footprint, with most savings averaging closer to 20 percent. For the Federal building modernization projects financed by the Recovery Act, these energy savings are 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).

Additional investment in high-performance green Federal buildings will increase these energy, water, and other savings.

The budgetary savings associated with this proposal are estimated at <u>$410 million</u>.

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[7] *See* Energy Independence and Security Act of 2007, Pub. L. No. 110-140, § 401 (2007).

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.

There are opportunities to reauthorize and rationalize the structures of these several regional commissions and authorities. This proposal includes a consolidation of Inspectors General Offices, accounting and contracting functions, and certain other administrative functions. A possible location for consolidation would be within the U.S. Department of Commerce because 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.