

## Calendar No. 177

112TH CONGRESS }  
1st Session }

SENATE

{ REPORT  
{ 112-83

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### TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS BILL, 2012

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SEPTEMBER 21, 2011.—Ordered to be printed

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Mrs. MURRAY, from the Committee on Appropriations,  
submitted the following

### REPORT

[To accompany S. 1596]

The Committee on Appropriations reports the bill (S. 1596) making appropriations for the Departments of Transportation and Housing and Urban Development, and related agencies for the fiscal year ending September 30, 2012, and for other purposes, reports favorably thereon and recommends that the bill do pass.

*Amounts of new budget (obligational) authority for fiscal year 2012*

Total of bill as reported to the Senate .....	\$57,550,000,000
Amount of 2011 appropriations .....	55,368,096,000
Amount of 2012 budget estimate .....	76,350,390,000
Bill as recommended to Senate compared to—	
2011 appropriations .....	+ 2,181,904,000
2012 budget estimate .....	– 18,800,390,000

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## PROGRAM, PROJECT, AND ACTIVITY

During fiscal year 2012, for the purposes of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), as amended, with respect to appropriations contained in the accompanying bill, the terms “program, project, and activity” [PPA] shall mean any item for which a dollar amount is contained in appropriations acts (including joint resolutions providing continuing appropriations) or accompanying reports of the House and Senate Committees on Appropriations, or accompanying conference reports and joint explanatory statements of the committee of conference. This definition shall apply to all programs for which new budget (obligational) authority is provided, as well as to discretionary grants and discretionary grant allocations made through either bill or report language. In addition, the percentage reductions made pursuant to a sequestration order to funds appropriated for facilities and equipment, Federal Aviation Administration, shall be applied equally to each budget item that is listed under said account in the budget justifications submitted to the House and Senate Committees on Appropriations as modified by subsequent appropriations acts and accompanying committee reports, conference reports, or joint explanatory statements of the committee of conference.

## REPROGRAMMING GUIDELINES

The Committee includes a provision (sec. 405) establishing the authority by which funding available to the agencies funded by this act may be reprogrammed for other purposes. The provision specifically requires the advanced approval of the House and Senate Committees on Appropriations of any proposal to reprogram funds that:

- creates a new program;
- eliminates a program, project, or activity [PPA];
- increases funds or personnel for any PPA for which funds have been denied or restricted by the Congress;
- proposes to redirect funds that were directed in such reports for a specific activity to a different purpose;
- augments an existing PPA in excess of \$5,000,000 or 10 percent, whichever is less;
- reduces an existing PPA by \$5,000,000 or 10 percent, whichever is less; or
- creates, reorganizes, or restructures offices different from the congressional budget justifications or the table at the end of the Committee report, whichever is more detailed.

The Committee retains the requirement that each agency submit an operating plan to the House and Senate Committees on Appropriations not later than 60 days after enactment of this act to establish the baseline for application of reprogramming and transfer

authorities provided in this act. Specifically, each agency should provide a table for each appropriation with columns displaying the budget request; adjustments made by Congress; adjustments for rescissions, if appropriate; and the fiscal year enacted level. The table shall delineate the appropriation both by object class and by PPA. The report must also identify items of special congressional interest.

The Committee expects the agencies and bureaus to submit reprogramming requests in a timely manner and to provide a thorough explanation of the proposed reallocations, including a detailed justification of increases and reductions and the specific impact the proposed changes will have on the budget request for the following fiscal year. Except in emergency situations, reprogramming requests should be submitted no later than June 30.

The Committee expects each agency to manage its programs and activities within the amounts appropriated by Congress. The Committee reminds agencies that reprogramming requests should be submitted only in the case of an unforeseeable emergency or a situation that could not have been anticipated when formulating the budget request for the current fiscal year. Further, the Committee notes that when a Department or agency submits a reprogramming or transfer request to the Committees on Appropriations and does not receive identical responses from the House and Senate, it is the responsibility of the Department to reconcile the House and Senate differences before proceeding, and if reconciliation is not possible, to consider the request to reprogram funds unapproved.

The Committee would also like to clarify that this section applies to Working Capital Funds, and that no funds may be obligated from such funds to augment programs, projects or activities for which appropriations have been specifically rejected by the Congress, or to increase funds or personnel for any PPA above the amounts appropriated by this act.

#### CONGRESSIONAL BUDGET JUSTIFICATIONS

Budget justifications are the primary tool used by the House and Senate Committees on Appropriations to evaluate the resource requirements and fiscal needs of agencies. The Committee is aware that the format and presentation of budget materials is largely left to the agency within presentation objectives set forth by OMB. In fact, OMB Circular A-11, part 6 specifically states that the “agency should consult with your congressional committees beforehand to ensure their awareness of your plans to modify the format of agency budget documents.” The Committee expects that all agencies funded under this act will heed this directive. The Committee expects all of the budget justifications to provide the data needed to make appropriate and meaningful funding decisions.

While the Committee values the inclusion of performance data and presentations, it is important to ensure that vital budget information that the Committee needs is not lost. Therefore, the Committee directs that justifications submitted with the fiscal year 2013 budget request by agencies funded under this act contain the customary level of detailed data and explanatory statements to support the appropriations requests at the level of detail contained in the funding table included at the end of the report. Among other

items, agencies shall provide a detailed discussion of proposed new initiatives, proposed changes in the agency's financial plan from prior year enactment, and detailed data on all programs and comprehensive information on any office or agency restructurings. At a minimum, each agency must also provide adequate justification for funding and staffing changes for each individual office and materials that compare programs, projects, and activities that are proposed for fiscal year 2013 to the fiscal year 2012 enacted level.

The Committee is aware that the analytical materials required for review by the Committee are unique to each agency in this act. Therefore, the Committee expects that the each agency will coordinate with the House and Senate Committees on Appropriations in advance on its planned presentation for its budget justification materials in support of the fiscal year 2013 budget request.

## TITLE I

### DEPARTMENT OF TRANSPORTATION

*Extension of Transportation Programs and the Solvency of the Highway Trust Fund.*—For the third year in a row, the Committee notes that it is in the position of recommending funding levels for the highway, transit, and highway and motor carrier safety programs without any certainty that the necessary contract authority will be available for the whole of fiscal year 2012.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA-LU] expired at the end of fiscal year 2009, and although the Senate and House authorizing committees have each developed legislation to reauthorize the surface transportation programs under their jurisdiction, there is still no guarantee that their work will be complete before the end of fiscal year 2012. The use of short-term extensions has only served to exacerbate the insecurity felt by State and local governments that rely on Federal transportation programs for investment in their communities.

In the meantime, the Committee again must fulfill its responsibility to recommend appropriate funding levels for offices and programs at the Department of Transportation. In order to put forward realistic funding recommendations, the Committee is assuming that the transportation programs will continue to be extended through fiscal year 2012 at current funding levels. This assumption is especially relevant for those programs that rely on contract authority provided in the authorization acts, including the Federal-aid highway program, the formula and bus transit programs, the programs of the Federal Motor Carrier Safety Administration, and most funding for the National Highway Traffic Safety Administration.

### OFFICE OF THE SECRETARY

Section 3 of the Department of Transportation Act of October 15, 1966 (Public Law 89-670) provides for establishment of the Office of the Secretary of Transportation [OST]. The Office of the Secretary is comprised of the Secretary and the Deputy Secretary immediate and support offices; the Office of the General Counsel; the Office of the Under Secretary of Transportation for Policy, including the offices of the Assistant Secretary for Aviation and International Affairs and the Assistant Secretary for Transportation for Policy; three Assistant Secretarial offices for Budget and Programs, Governmental Affairs, and Administration; and the Offices of Public Affairs, the Executive Secretariat, Small and Disadvantaged Business Utilization, Intelligence, Security and Emergency Response, and Chief Information Officer. The Office of the Secretary

also includes the Department's Office of Civil Rights and the Department's Working Capital Fund.

#### SALARIES AND EXPENSES

Appropriations, 2011 .....	\$102,481,000
Budget estimate, 2012 .....	118,842,000
Committee recommendation .....	102,202,000

#### PROGRAM DESCRIPTION

This appropriation finances the costs of policy development and central supervisory and coordinating functions necessary for the overall planning and direction of the Department. It covers the immediate secretarial offices as well as those of the assistant secretaries, and the general counsel.

#### COMMITTEE RECOMMENDATION

The Committee recommends a total of \$102,202,000 for salaries and expenses of the Office of the Secretary of Transportation, including \$60,000 for reception and representation expenses. The recommendation is \$16,640,000 less than the budget request and \$279,000 less than the fiscal year 2011 enacted level. The accompanying bill stipulates that none of the funding provided may be used for the position of Assistant Secretary for Public Affairs.

The accompanying bill authorizes the Secretary to transfer up to 5 percent of the funds from any Office of the Secretary to another. The Committee recommendation continues language that permits up to \$2,500,000 of fees to be credited to the Office of the Secretary for salaries and expenses.

The following table summarizes the Committee's recommendation in comparison to the fiscal year 2011 enacted level and the budget estimate:

	Fiscal year—		Committee recommendation
	2011 enacted	2012 request	
Immediate Office of the Secretary .....	\$2,626,000	\$2,623,000	\$2,618,000
Office of the Deputy Secretary .....	984,000	988,000	981,000
Office of the General Counsel .....	20,318,000	19,615,000	19,515,000
Office of the Under Secretary of Transportation for Policy .....	11,078,000	12,831,000	11,004,000
Office of the Assistance Secretary for Budget and Programs .....	10,538,000	10,949,000	10,538,000
Office of the Assistant Secretary for Government Affairs .....	2,499,000	2,630,000	2,544,000
Office of the Assistance Secretary for Administration .....	25,469,000	27,697,000	25,469,000
Office of Public Affairs .....	2,051,000	2,137,000	2,046,000
Executive Secretariat .....	1,655,000	1,682,000	1,649,000
Office of Small and Disadvantaged Business Utilization .....	1,496,000	1,520,000	1,492,000
Office of Intelligence, Security, and Emergency Response .....	10,579,000	10,797,000	10,578,000
Office of the Chief Information Officer .....	13,189,000	17,750,000	13,768,000
Acquisition workforce development .....	.....	7,623,000	.....
Total, Salaries and Expenses .....	102,482,000	118,842,000	102,202,000

#### IMMEDIATE OFFICE OF THE SECRETARY

#### PROGRAM DESCRIPTION

The Secretary of Transportation provides leadership and has the primary responsibility to provide overall planning, direction, and control of the Department.

## COMMITTEE RECOMMENDATION

The Committee recommends \$2,618,000 for fiscal year 2012 for the Immediate Office of the Secretary. The recommendation is \$5,000 less than the budget request and \$8,000 less than the fiscal year 2011 enacted level.

## IMMEDIATE OFFICE OF THE DEPUTY SECRETARY

## PROGRAM DESCRIPTION

The Deputy Secretary has the primary responsibility of assisting the Secretary in the overall planning and direction of the Department.

## COMMITTEE RECOMMENDATION

The Committee recommends \$981,000 for the Immediate Office of the Deputy Secretary, which is \$7,000 less than the budget request and \$3,000 less than the fiscal year 2011 enacted level.

## OFFICE OF THE GENERAL COUNSEL

## PROGRAM DESCRIPTION

The Office of the General Counsel provides legal services to the Office of the Secretary, including the conduct of aviation regulatory proceedings and aviation consumer activities, and coordinates and reviews the legal work in the chief counsels' offices of the operating administrations. The General Counsel is the chief legal officer of the Department of Transportation and the final authority within the Department on all legal questions.

## COMMITTEE RECOMMENDATION

The Committee recommends \$19,515,000 for expenses of the Office of the General Counsel for fiscal year 2012. The recommended funding level is \$100,000 less than the budget request and \$803,000 less than the fiscal year 2011 enacted level. This level retains the \$2,500,000 for the Office of the General Counsel to continue its enhanced efforts to protect the rights of airline passengers. The recommended level does not include the \$59,000 requested by the administration to increase the size of the office by one position.

## OFFICE OF THE UNDER SECRETARY OF TRANSPORTATION FOR POLICY

## PROGRAM DESCRIPTION

The Under Secretary for Policy is the chief policy officer of the Department and is responsible to the Secretary for the analysis, development, and review of policies and plans for domestic and international transportation matters. The Office administers the economic regulatory functions regarding the airline industry and is responsible for international aviation programs, the essential air service program, airline fitness licensing, acquisitions, international route awards, computerized reservation systems, and special investigations, such as airline delays.



## COMMITTEE RECOMMENDATION

The Committee recommends \$11,004,000 for the Office of the Under Secretary for Policy. The recommended funding level is \$1,827,000 less than the budget request and \$74,000 less than the fiscal year 2011 enacted level. The recommended level does not include funding requested by the administration for two additional positions in the office or for staff assigned to U.S. Embassies.

## OFFICE OF THE ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS

## PROGRAM DESCRIPTION

The Assistant Secretary for Budget and Programs serves as the Chief Financial Officer for the Department and provides leadership on all financial management matters. The primary responsibilities of this office include ensuring the development and justification of the Department's annual budget submissions for consideration by the Office of Management and Budget and the Congress. The office is also responsible for the proper execution and accountability of these resources. In addition, the Office of the Chief Financial Officer for the Office of the Secretary is located within the Office of the Assistant Secretary for Budget and Programs.

## COMMITTEE RECOMMENDATION

The Committee recommends \$10,538,000 for the Office of the Assistant Secretary for Budget and Programs. The recommended level is \$411,000 less than the budget request and equal to the fiscal year 2011 enacted level. The recommendation does not include additional funding requested by the administration for increasing the office by two positions.

*Acquisition Workforce Development.*—The Committee recommendation does not include \$7,623,000 requested by the Department to increase the Department's acquisition workforce capacity and capabilities. Under the Department's proposal, OST would transfer these funds to other accounts throughout the Department for the purpose of developing its acquisition workforce. The Committee agrees with the importance of investing in the Department's acquisition workforce, but believes that those investments should be made directly in the operating administrations when more resources are available.

In addition, the Committee directs the Government Accountability Office [GAO] to analyze the Department's acquisition workforce and report its findings to the House and Senate Committees on Appropriations no later than December 31, 2012. The GAO's evaluation should include an assessment of the acquisition workforce of each agency within the Department of Transportation, including the Office of the Secretary; an evaluation of OST's current role in supporting and overseeing the acquisition workforce throughout the Department; and a presentation of the best practices that Federal departments have used to maintain their acquisition workforces, including a discussion of how those best practices could be used at the Department of Transportation.

## OFFICE OF THE ASSISTANT SECRETARY FOR GOVERNMENTAL AFFAIRS

## PROGRAM DESCRIPTION

The Assistant Secretary for Governmental Affairs advises the Secretary on all congressional and intergovernmental activities and on all departmental legislative initiatives and other relationships with Members of Congress. The Assistant Secretary promotes effective communication with other Federal agencies and regional Department officials, and with State and local governments and national organizations for development of departmental programs; and ensures that consumer preferences, awareness, and needs are brought into the decisionmaking process.

## COMMITTEE RECOMMENDATION

The Committee recommends a total of \$2,544,000 for the Office of the Assistant Secretary for Governmental Affairs. The recommended level is \$86,000 less than the budget request and \$45,000 more than the fiscal year 2011 enacted level. This level does not include additional funds requested by the administration to increase the size of the office by one position.

## OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

## PROGRAM DESCRIPTION

The Assistant Secretary for Administration is responsible for establishing policies and procedures, setting guidelines, working with the operating administrations to improve the effectiveness and efficiency of the Department in human resource management, security and administrative management, real and personal property management, and acquisition and grants management.

## COMMITTEE RECOMMENDATION

The Committee recommends \$25,469,000 for the Office of the Assistant Secretary for Administration. The recommended funding level is \$2,228,000 less than the budget request and equal to the fiscal year 2011 enacted level.

## OFFICE OF PUBLIC AFFAIRS

## PROGRAM DESCRIPTION

The Director of Public Affairs is the principal advisor to the Secretary and other senior departmental officials on public affairs questions. The office is responsible for managing the Secretary's presence in the media, writing speeches and press releases, and preparing the Secretary for public appearances. The office arranges media events and news conferences, and responds to media inquiries on the Department's programs and other transportation-related issues. It also provides information to the Secretary on the opinions and reactions of the public and news media on these programs and issues.

COMMITTEE RECOMMENDATION

The Committee recommends \$2,064,000 for the Office of Public Affairs, which is \$91,000 less than the budget request and \$5,000 less than the fiscal year 2011 enacted level.

EXECUTIVE SECRETARIAT

PROGRAM DESCRIPTION

The Executive Secretariat assists the Secretary and the Deputy Secretary in carrying out their management functions and responsibilities by controlling and coordinating internal and external written materials.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,649,000 for the Executive Secretariat. The recommendation is \$33,000 less than the budget request and \$6,000 less than the fiscal year 2011 enacted level.

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

PROGRAM DESCRIPTION

The Office of Small and Disadvantaged Business Utilization has primary responsibility for providing policy direction for small and disadvantaged business participation in the Department's procurement and grant programs, and effective execution of the functions and duties under sections 8 and 15 of the Small Business Act, as amended.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,492,000, an amount that is \$28,000 less than the budget request and \$4,000 less than the fiscal year 2011 enacted level.

OFFICE OF INTELLIGENCE, SECURITY, AND EMERGENCY RESPONSE

PROGRAM DESCRIPTION

The Office of Intelligence, Security and Emergency Response ensures the development, coordination and execution of plans and procedures for the Department of Transportation to balance transportation security requirements with the safety, mobility and economic needs of the Nation. The office keeps the Secretary and his advisors apprised of current developments and long-range trends in international issues, including terrorism, aviation, trade, transportation markets, and trade agreements. The office also advises the Department's leaders on policy issues related to intelligence, threat information sharing, national security strategies and national preparedness and response planning.

To ensure the Department is able to respond in disasters, the office prepares for and coordinates the Department's participation in national and regional exercises and training for emergency personnel. The office also administers the Department's Continuity of Government and Continuity of Operations programs and initiatives. Additionally, the office provides direct emergency response and recovery support through the National Response Framework

and operates the Department's Crisis Management Center. The center monitors the Nation's transportation system 24 hours a day, 7 days a week, and is the Department's focal point during emergencies.

COMMITTEE RECOMMENDATION

The Committee recommends \$10,578,000 for the Office of Intelligence, Security, and Emergency Response. The recommendation is \$219,000 less than the request and \$1,000 less than the fiscal year 2011 enacted level.

OFFICE OF THE CHIEF INFORMATION OFFICER

PROGRAM DESCRIPTION

The Office of the Chief Information Officer serves as the principal adviser to the Secretary on matters involving information technology, cyber security, privacy, and records management.

COMMITTEE RECOMMENDATION

The Committee recommends \$13,678,000, which is \$3,982,000 less than the budget request and \$579,000 more than the fiscal year 2011 enacted level.

The recommended level includes sufficient funds to retain seven positions added to the office this past year by redirecting funds that had been previously used for contract support. This level does not include additional resources for the Department's cyber security initiative because those funds are provided under a separate appropriation. The Committee appreciates the Department's efforts to improve its cyber security, but is concerned that a major increase in the size of the office will create difficulties beyond the budget year. The fiscal constraints the Committee faces today are significantly tighter than they have been in recent years, and will likely only grow more so in the coming years. The Committee therefore urges the Department to limit growth in this office to those positions that the Department can realistically sustain in future years.

NATIONAL INFRASTRUCTURE INVESTMENTS

Appropriations, 2011 .....	\$526,944,000
Budget estimate, 2012 .....	2,000,000,000
Committee recommendation .....	550,000,000

PROGRAM DESCRIPTION

This program provides grants and credit assistance to State and local governments, transit agencies or a collaboration of such entities for capital investments in surface transportation infrastructure that will have a significant impact on the Nation, a metropolitan area or a region. Eligible projects include highways and bridges, public transportation, freight and passenger rail, and port infrastructure. The Department awards grants on a competitive basis; however, the Department must ensure an equitable geographic distribution of funds and an appropriate balance in addressing the needs of urban and rural communities.

## COMMITTEE RECOMMENDATION

The Committee recommendation includes \$550,000,000 for grants and credit assistance for investment in significant transportation projects, which is \$23,056,000 more than the fiscal year 2011 enacted level. The administration requested no funds for this program, which offers an important source of funding for projects that are difficult to fund through the Department's formula grant programs. The Committee urges the Department to give priority consideration to applications for projects that would complete a large, multi-phase effort, or that involve collaborations among more than one State.

*Credit Assistance Challenge.*—Traditionally, the Federal Government has invested in our Nation's infrastructure by providing grants to State and local governments. The Department distributes most of these grants by formula, and while the grants almost always require a local match, the Federal share of investment does not usually fall below 80 percent of a project's total cost. Recent constraints on the Federal budget, however, have sparked greater interest in other forms of Federal investment, such as bonding authority, direct loans, and Federal guarantees of private debt. These tools offer the possibility that a small expenditure of Federal dollars will leverage greater financial investments from State and local governments, or from the private sector.

The disadvantage of this approach is that it may place barriers between Federal resources and transportation projects that offer public benefits and deserve Federal investment. In order to take advantage of new bonding authority or Federal credit assistance, a project sponsor must possess a certain level of financial sophistication, the authority to enter into new debt under the State and local laws, and access to a new stream of revenues that can be dedicated to debt repayment. Such barriers stand in the way of many transportation projects, including ones that can pass strict cost-benefit tests or offer safety improvements that will save lives.

The funding provided as National Infrastructure Investments—commonly referred to as the TIGER program—supports a mix of grants, direct loans, and loan guarantees. In this way, the Committee seeks to balance the need to leverage Federal dollars as much as possible with the need to ensure that Federal assistance remains accessible to transportation projects across the country.

The Committee believes that National Infrastructure Investments offers a good model for investing smartly in our national infrastructure. The program offers credit assistance through the Department's Transportation Infrastructure Finance and Innovation Act [TIFIA] program, which allows every \$1 provided in the bill to leverage \$30 in transportation infrastructure investment. Furthermore, because applicants often compete by offering strong local matches, even the grants provided under this program offer unusually large opportunities to leverage Federal resources. The Department has signed 32 TIGER grants using the funding provided as part of the fiscal year 2010 appropriations act. For these grants, the TIGER funding covers only 46 percent of the projects' total costs on average. The Department expects this percentage to drop further still as more grant agreements are signed.

The Committee, however, believes that the balance between grants and credit assistance can be pushed further, and so it has increased the percentage of TIGER funds that the Department may use to provide credit assistance. The Committee understands that the vast majority of applicants remain interested in grants, and recognizes that the Nation’s slow economic recovery may not make it easier for applicants to take advantage of credit assistance. For this reason, the bill language remains permissive and does not, at present, establish a hard requirement for the amount of credit assistance provided with TIGER funding.

The Committee therefore challenges the Department to work with applicants in order to find ways of making credit assistance accessible to them. The Department has placed a high priority on reaching out to the transportation community in order to educate them about the TIGER program, and these outreach activities offer a good opportunity for highlighting the value of requesting credit assistance as a way to put together a competitive application. In addition, the Committee understands that the Department has tried to shorten the amount of time it takes for a project sponsor to navigate its application process for credit assistance under the TIFIA program. This effort could prove especially important for enticing TIGER applicants to consider using the TIFIA program.

*Protections for Rural Areas.*—The Committee continues to believe that our Federal infrastructure programs must benefit communities across the country. For this reason, the Committee continues to require the Secretary to award grants and credit assistance in a manner that ensures an equitable geographic distribution of funds and an appropriate balance in addressing the needs of urban and rural communities. The Committee also set aside funding for projects located in rural areas, and included specific provisions to match grant requirements with the needs of rural areas. In addition, the Committee has lowered the minimum size of a grant awarded to a rural area and increased the Federal share of the total project cost.

FINANCIAL MANAGEMENT CAPITAL

Appropriations, 2011 .....	\$4,990,000
Budget estimate, 2012 .....	17,000,000
Committee recommendation .....	4,990,000

PROGRAM DESCRIPTION

The Financial Management Capital program is a new multi-year business transformation initiative to streamline and standardize the financial systems and business processes across the Department of Transportation. The initiative includes upgrading and enhancing the commercial software used for DOT’s financial systems, improving the cost and performance data provided to managers, and instituting new accounting standards and mandates.

COMMITTEE RECOMMENDATION

The Committee is recommending \$4,990,000 to support the Secretary’s Financial Management Capital initiative, which is \$12,010,000 less than the budget request and equal to the fiscal year 2011 enacted level.

*OIG Evaluation.*—The Committee appreciates the importance of revamping the Department’s financial management capital, but is not convinced that the Department has shown evidence of the program’s success to date. For this reason, the Committee directs the OIG to submit a report to the House and Senate Committees on Appropriations on the Department’s investments in financial management capital by May 30, 2012. This report should provide an evaluation of the Department’s investment plans and its progress to date in effectively carrying out its plans. The report should also include an assessment of the extent to which the investments being made today will offer the Department the flexibility to use its new financial management tools to address a variety of future needs, many of which the Department may not be able to anticipate at this time.

*Funding from OST and the Modal Administrations.*—The Committee continues to be interested in balancing the needs of OST and each of the modal administrations. The Committee notes that the OST budget documents do not provide detailed justifications for the Financial Management Capital initiative, including a clear delineation of the amount of funding requested for this initiative by OST and the amount of funding included in the budget request of each of the modes. The Committee directs OST to include this information in its budget justifications for fiscal year 2013. The Committee also reminds the Secretary of language that continues to be included in the bill that limits OST’s ability to approve new assessments or reimbursable agreements pertaining to funds appropriated to the modal administrations for new activities, unless a reprogramming of funds is requested and approved by the Committee.

*Period of Availability.*—The Committee has included language to limit the availability of funding for this program to a period of 2 fiscal years. The Committee appreciates that the Financial Capital Management initiative entails significant capital investments, and that the obligations for such investments can be difficult to plan. However, the fiscal constraints under which the Committee completes its work have become challenging over the past year. The Committee cannot afford to provide resources that the Department will not obligate in a timely manner.

CYBER SECURITY INITIATIVE

Appropriations, 2011 .....	.....
Budget estimate, 2012 .....	.....
Committee recommendation .....	\$10,000,000

PROGRAM DESCRIPTION

The Cyber Security Initiative is a new effort to close performance gaps in the Department’s cyber security. The initiative includes support for essential program enhancements, infrastructure improvements and contractual resources to enhance the security of the Department’s computer network and reduce the risk of security breaches.

COMMITTEE RECOMMENDATION

The Committee recommendation includes \$10,000,000 to support the Secretary’s Cyber Security Initiative. No funds for this activity were included in the budget request for fiscal year 2012 or provided for fiscal year 2011.

The Department requested funding to improve its cyber security for the first time in its budget request for fiscal year 2011, and the Chief Information Officer demonstrated to the Committee a clear need to improve cyber security at the Department. As a major department of the Federal Government with the responsibility to manage the Nation’s civil airspace and maintain inventories of our transportation infrastructure, the Department of Transportation must protect the security of its computer systems and data collections. Unfortunately, because the Department was funded by a full-year continuing resolution, the Committee was unable to accommodate this request.

The Department’s budget request for fiscal year 2012 was submitted before the final resolution of the fiscal year 2011 budget process, and for this reason, it assumes the Committee already provided adequate resources to improve the Department’s cyber security. For fiscal year 2012, the Committee seeks to rectify this situation by providing \$10,000,000 to improve cyber security at the Department of Transportation.

*Period of Availability.*—The Committee included language to limit the availability of funding for the initiative to a period of 2 fiscal years. The Committee cannot afford to provide resources that the Department will not obligate in a timely manner.

OFFICE OF CIVIL RIGHTS

Appropriations, 2011 .....	\$9,648,000
Budget estimate, 2012 .....	9,661,000
Committee recommendation .....	9,648,000

PROGRAM DESCRIPTION

The Office of Civil Rights is responsible for advising the Secretary on civil rights and equal employment opportunity matters, formulating civil rights policies and procedures for the operating administrations, investigating claims that small businesses were denied certification or improperly certified as disadvantaged business enterprises, and overseeing the Department’s conduct of its civil rights responsibilities and making final determinations on civil rights complaints. In addition, the Civil Rights Office is responsible for enforcing laws and regulations which prohibit discrimination in federally operated and federally assisted transportation programs.

COMMITTEE RECOMMENDATION

The Committee recommends a funding level of \$9,648,000 for the Office of Civil Rights for fiscal year 2012. The recommendation is \$13,000 less than the budget request and equal to the fiscal year 2011 enacted level.



TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

Appropriations, 2011 .....	\$9,799,000
Budget estimate, 2012 .....	9,824,000
Committee recommendation .....	9,000,000

PROGRAM DESCRIPTION

The Office of the Secretary performs those research activities and studies which can more effectively or appropriately be conducted at the departmental level. This research effort supports the planning, research, and development activities needed to assist the Secretary in the formulation of national transportation policies. The program is carried out primarily through contracts with other Federal agencies, educational institutions, nonprofit research organizations, and private firms.

COMMITTEE RECOMMENDATION

The Committee recommends \$9,000,000 for transportation planning, research, and development, which is \$824,000 less than the budget request and \$799,000 less than the fiscal year 2011 enacted level.

The Committee has not included language giving the Department the authority to use funds provided under this heading for the development, coordination, and analysis of data collection procedures and national performance measures. This language was included for the first time in the fiscal year 2010 bill, but the Committee notes that the Department has the underlying authority to use its funding for these purposes without any additional language being included in an appropriations act. The Committee therefore urges the Department to exercise its existing authority and to use its funding to ensure that transportation policies and investments are supported by sound data analysis.

With the funding made available for transportation planning, research and development, \$1,000,000 is to be made available to conduct the study required by section 9007 of SAFETEA-LU (Public Law 109-59).

WORKING CAPITAL FUND

Limitation, 2011 .....	\$147,596,000
Budget estimate, 2012 <sup>1</sup> .....	.....
Committee recommendation .....	147,596,000

<sup>1</sup> Proposed without limitation.

PROGRAM DESCRIPTION

The Working Capital Fund [WCF] provides technical and administrative services to the Department's operating administrations and other Federal entities. The services are centrally performed in the interest of economy and efficiency and are funded through negotiated agreements with Department operating administrations and other Federal customers and are billed on a fee-for-service basis to the maximum extent possible.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$147,596,000 on activities financed through the Working Capital Fund. For fiscal year 2012, the administration has proposed to remove the obligation limitation on the Working Capital Fund, and then use the fund to pay for a long list of new initiatives. The cost of these initiatives, however, would actually be borne by each of the agencies within the Department, and the budget requests of each of these agencies include significant increases to be paid into the Working Capital Fund. In order to fund other priorities, the Committee has not provided these additional funds to each of the agencies at the Department, and has kept a tight limitation on the fund. The Committee also continues to insist that the discipline of an annual limitation is necessary to keep assessments and services of the Working Capital Fund in line with costs.

As in past years, the bill specifies that the limitation on the Working Capital Fund shall apply only to the Department and not to services provided by other entities. The Committee directs that services shall be provided on a competitive basis to the maximum extent possible.

The Committee notes that the “transparency paper” included in the justifications for fiscal year 2012 provides essential information on total budgetary resources for the Office of the Assistant Secretary for Administration and the Office of the Chief Information Officer, including the balance of resources provided through the Working Capital Fund and direct appropriations. Therefore, the Committee directs the Department to update this “transparency paper” and include it in the budget justifications for fiscal year 2013.

MINORITY BUSINESS RESOURCE CENTER PROGRAM

	Appropriations	Limitation on guaranteed loans
Appropriations, 2011 .....	\$921,000	\$18,367,000
Budget estimate, 2012 .....	922,000	18,367,000
Committee recommendation .....	921,000	18,367,000

PROGRAM DESCRIPTION

The Minority Business Resource Center of the Office of Small and Disadvantaged Business Utilization provides assistance in obtaining short-term working capital for disadvantaged, minority, and women-owned businesses. The program enables qualified businesses to obtain loans at prime interest rates for transportation-related projects. As required by the Federal Credit Reform Act of 1990, this account records the subsidy costs associated with guaranteed loans for this program as well as administrative expenses of this program.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$351,000 to cover the subsidy costs for guaranteed loans and \$570,000 for administrative expenses to carry out the guaranteed loan program. These recommended levels add to a total funding level of \$921,000

for the Minority Business Resource Center. This total funding level is \$1,000 less than the budget estimate and equal to the fiscal year 2011 enacted level. The Committee also recommends a limitation on guaranteed loans of \$18,367,000, the same amount as the budget request and the fiscal year 2011 enacted level.

MINORITY BUSINESS OUTREACH

Appropriations, 2011 .....	\$3,068,000
Budget estimate, 2012 .....	3,100,000
Committee recommendation .....	3,068,000

PROGRAM DESCRIPTION

This appropriation provides contractual support to assist small, women-owned, Native American, and other disadvantaged business firms in securing contracts and subcontracts arising out of transportation-related projects that involve Federal spending. Separate funding is provided for these activities since this program provides grants and contract assistance that serve Department-wide goals and not just OST purposes.

COMMITTEE RECOMMENDATION

The Committee recommends \$3,068,000 for grants and contractual support provided under this program for fiscal year 2012. The recommendation is \$32,000 less than the budget request and equal to the fiscal year 2011 enacted level.

PAYMENTS TO AIR CARRIERS

(AIRPORT AND AIRWAY TRUST FUND)

	Appropriations	Mandatory <sup>1</sup>	Total
Appropriation, 2011 .....	\$149,700,000	\$50,000,000	\$199,700,000
Budget estimate, 2012 .....	123,254,000	50,000,000	173,254,000
Committee recommendation .....	143,000,000	50,000,000	193,000,000

<sup>1</sup> From overflight fees provided to the Federal Aviation Administration pursuant to 49 U.S.C. 41742.

PROGRAM DESCRIPTION

This appropriation provides funding for the Essential Air Service [EAS] program, which was created to continue air service to communities that had received federally mandated air service prior to deregulation of commercial aviation in 1978. The program currently provides subsidies to air carriers serving small communities that meet certain criteria.

The Federal Aviation Administration Reauthorization Act of 1996 (Public Law 104-264) authorized the collection of user fees for services provided by the Federal Aviation Administration [FAA] to aircraft that neither take off from, nor land in, the United States. In addition, the act stipulated that the first \$50,000,000 of these so-called "overflight fees" must be used to finance the EAS program. In the event of a shortfall in fees, the law requires FAA to make up the difference from other funds available to the agency. No such shortfall has occurred, however, since fiscal year 2005.

## COMMITTEE RECOMMENDATION

The Committee recommends the appropriation of \$143,000,000 for the EAS program. This appropriation would be in addition to \$50,000,000 of overflight fees collected by the Federal Aviation Administration. The Committee also expects that about \$17,000,000 in obligated balances will remain available in the next fiscal year, allowing the Department to support a total program level for EAS of \$210,000,000. The recommendation is \$19,746,000 more than the budget request, and \$6,700,000 less than the fiscal year 2011 enacted level.

The administration requested an appropriation of \$123,254,000 for the Essential Air Service program, expecting that those funds would be added to \$50,000,000 in overflight fees and an estimated \$22,000,000 in unobligated balances of funds provided in previous years. The Committee understands that fewer unobligated balances are now expected to be available by the beginning of fiscal year 2012, and that program costs next year may be higher than were originally anticipated. Therefore, the Committee recommendation provides more funds as a direct appropriation than were requested by the administration in order to account for the most recent estimates.

*Transfer Authority.*—The nature of the EAS program makes it extremely difficult to predict what the true program costs will be during fiscal year 2012. For this reason, the Committee continues to include bill language that directs the Secretary to transfer to the EAS program such sums as may be necessary to continue service to all eligible EAS points in fiscal year 2012. These funds may come from other funds directly administered by, or appropriated to, the Office of the Secretary.

*Maintaining Air Service for EAS Communities.*—The Airline Deregulation Act, passed in 1978, gave airlines the freedom to choose what service to provide to communities across the country. Congress recognized that, after deregulation, small communities would be the most vulnerable to losing the air service that provided essential mobility and connected them to the larger aviation network. As a result, Congress created the Essential Air Service program to guarantee that small communities who were served by the airlines before deregulation would continue to be provided with air service.

Now, more than 30 years after the deregulation of the airline industry, the economics of providing subsidized air service are profoundly different than they were when the EAS program was created. The number of air carriers that can provide the air service covered by the EAS program continues to drop, even with the promise of a Federal subsidy. In addition, the requirement to use 15-passenger seat aircraft adds to the cost of the program. The fleet of such aircraft continues to age and grow more difficult for airlines to maintain. As a result of these changes, the amount of direct appropriations required to continue the EAS guarantee of air service has more than doubled in just the past 4 years.

The Committee remains committed to maintaining EAS and protecting the air service of communities participating in the program. For that reason, the Committee has repeatedly denied requests from the administration to require a local cost share from partici-

pating communities, and the bill continues to include a provision to prevent the Administration from implementing a cost share program. The Committee believes that such a requirement undermines the purpose of the EAS program.

In the current budgetary environment, however, the dramatic growth in the EAS program has become unsustainable. The Committee believes that it can best protect air service for communities that are participating in the EAS program by ensuring that it will be able to sustain the cost of the program.

The bill therefore includes two provisions requested by the administration that are designed to restrict the growth of the program. The administration proposed limiting EAS funding to communities within the 48 contiguous States that received subsidies on October 1, 2011. The Committee has included this provision in the bill, but with an amendment to protect communities that received subsidies at any time during fiscal year 2011, or received notification during fiscal year 2011 from an airline that intends to discontinue its service and that is required by the Department to continue such service. This amendment will prevent the limitation from becoming an arbitrary cap based on the record of a single day.

The administration also proposed repealing the requirement for 15-passenger seat aircraft, and the Committee has included this provision in the bill. The Committee, however, expects the Department to use this new flexibility judiciously. The Department should use it for communities where historical passenger levels indicate that smaller aircraft would still accommodate the great majority of passengers, or for communities where viable proposals for service are not available. The Committee does not expect the Department to use this flexibility simply to lower program costs if a community can show regular enplanements levels that would justify larger aircraft.

The following table reflects the points in the continental United States currently receiving service and the annual rates as of January 1, 2011.

#### ESSENTIAL AIR SERVICE SUBSIDY PER PASSENGER

[Data is based on September 1, 2011 rates and CY 2010 passengers]

State	EAS communities	Est. miles to nearest hub (S, M, or L)	Average enplanements per day	Subsidy rates at 9/1/11	Passenger total at 12/31/10	Subsidy per passenger at 12/31/10
AL	Muscle Shoals .....	60	26.7	\$1,782,928	16,795	\$106.16
AR	El Dorado/Camden .....	107	4.7	2,060,725	2,494	826.27
AR	Harrison .....	86	6.8	1,591,119	3,503	454.22
AR	Hot Springs .....	51	2.8	1,288,527	1,555	828.63
AR	Jonesboro .....	82	2.3	799,992	940	851.06
AZ	Kingman .....	121	3	1,168,390	1,860	628.17
AZ	Page .....	282	18.3	1,559,206	11,704	133.22
AZ	Prescott .....	102	15.8	1,832,233	8,929	205.20
AZ	Show Low .....	154	10.1	1,719,058	5,947	289.06
CA	Crescent City .....	314	44.9	1,781,888	28,815	61.84
CA	El Centro .....	101	16.5	1,852,091	9,732	190.31
CA	Merced .....	60	8.1	1,961,174	4,023	487.49
CA	Visalia .....	47	6.5	1,746,507	3,670	475.89
CO	Alamosa .....	164	22	1,987,155	13,416	148.12
CO	Cortez .....	255	19.2	1,847,657	12,702	145.46
CO	Pueblo .....	36	18.3	1,299,821	10,277	126.48
GA	Athens .....	72	6.8	1,051,386	6,715	156.57
IA	Burlington .....	74	16.2	2,171,241	5,447	398.61

## ESSENTIAL AIR SERVICE SUBSIDY PER PASSENGER—Continued

[Data is based on September 1, 2011 rates and CY 2010 passengers]

State	EAS communities	Est. miles to nearest hub (S, M, or L)	Average enplanements per day	Subsidy rates at 9/1/11	Passenger total at 12/31/10	Subsidy per passenger at 12/31/10
IA	Fort Dodge .....	91	31.3	1,910,995	15,607	122.44
IA	Mason City .....	131	43.9	1,017,545	26,220	38.81
IL	Decatur .....	126	14.9	3,082,403	4,536	679.54
IL	Marion/Herrin .....	123	26.1	2,053,783	14,003	146.67
IL	Quincy .....	111	26.5	1,946,270	14,909	130.54
KS	Dodge City .....	150	12.1	1,842,749	7,189	256.33
KS	Garden City .....	202	32	1,884,303	18,575	101.44
KS	Great Bend .....	114	3	1,257,617	1,453	865.53
KS	Hays .....	175	28	1,954,327	16,380	119.31
KS	Liberal/Guymon .....	138	14.3	1,958,570	8,534	229.50
KS	Salina .....	97	6.9	1,493,381	3,325	449.14
KY	Owensboro .....	105	1.2	1,068,773	1,164	918.19
KY	Paducah .....	146	59	569,923	38,695	14.73
MD	Hagerstown .....	78	10.5	1,203,167	6,283	191.50
ME	Augusta/Waterville .....	69	15.8	1,362,616	8,385	162.51
ME	Bar Harbor .....	178	36.9	2,298,533	22,258	103.27
ME	Presque Isle/Houlton .....	270	46.5	2,812,853	29,854	94.22
ME	Rockland .....	80	24.1	1,420,545	14,464	98.21
MI	Alpena .....	174	32.8	1,532,660	17,080	89.73
MI	Escanaba .....	112	35.8	2,090,534	18,439	113.38
MI	Hancock/Houghton .....	219	71.2	1,404,714	41,936	33.50
MI	Iron Mountain/Kingsford .....	105	29	2,090,534	14,042	148.88
MI	Ironwood/Ashland .....	213	4.4	1,387,589	1,982	700.10
MI	Manistee .....	110	18.8	1,694,794	6,731	251.79
MI	Muskegon .....	42	38.7	660,720	25,127	26.30
MI	Sault Ste. Marie .....	278	50.7	237,825	28,445	8.36
MN	Chisholm/Hibbing .....	199	34.3	2,938,878	20,531	143.14
MN	International Falls .....	298	46	1,309,886	26,821	48.84
MN	Thief River Falls .....	305	7.7	1,230,322	4,996	246.26
MO	Cape Girardeau .....	127	16.4	1,469,715	9,084	161.79
MO	Fort Leonard Wood .....	85	18.4	2,437,766	9,633	253.06
MO	Joplin .....	70	45.5	2,778,756	7,695	361.11
MO	Kirksville .....	137	11.6	1,422,110	4,041	351.92
MS	Greenville .....	124	21.6	1,606,662	12,005	133.83
MS	Hattiesburg/Laurel .....	85	43.1	1,398,798	26,393	53.00
MS	Meridian .....	84	54.2	678,936	33,193	20.45
MS	Tupelo .....	94	39	921,878	23,658	38.97
MT	Glasgow .....	285	5.4	1,166,049	2,951	395.14
MT	Glendive .....	223	2.2	1,193,391	879	1,357.67
MT	Havre .....	230	3.3	1,162,329	1,838	632.39
MT	Lewistown .....	103	1.4	1,325,733	1,367	969.81
MT	Miles City .....	145	3.2	1,621,821	2,062	786.53
MT	Sidney .....	272	9.8	2,932,152	6,700	437.63
MT	West Yellowstone .....	89	39.9	427,757	8,845	48.36
MT	Wolf Point .....	293	2.1	1,502,378	( <sup>1</sup> )	( <sup>1</sup> )
ND	Devils Lake .....	402	17.4	1,459,493	9,731	149.98
ND	Dickinson .....	319	42.7	2,019,177	20,670	97.69
ND	Jamestown .....	97	16.1	1,963,220	9,097	215.81
NE	Alliance .....	233	4.9	1,108,701	2,929	378.53
NE	Chadron .....	290	6.4	1,108,701	3,753	295.42
NE	Grand Island .....	138	25.2	2,215,582	13,050	169.78
NE	Kearney .....	181	31.9	1,965,740	18,809	104.51
NE	McCook .....	256	6.2	1,796,795	3,888	462.14
NE	North Platte .....	255	26.4	1,871,765	15,784	118.59
NE	Scottsbluff .....	192	27.7	1,507,185	17,479	86.23
NH	Lebanon/White River Jct. ....	124	26.6	2,347,744	15,379	152.66
NM	Alamogordo/Holloman AFB .....	89	1.2	1,169,337	748	1,563.28
NM	Carlsbad .....	149	7.9	1,350,253	5,111	264.19
NM	Clovis .....	102	7.3	1,592,157	4,442	358.43
NM	Silver City/Hurley/Deming .....	134	4.8	1,594,092	3,022	527.50
NV	Ely .....	234	1	1,752,067	471	3,719.89

## ESSENTIAL AIR SERVICE SUBSIDY PER PASSENGER—Continued

[Data is based on September 1, 2011 rates and CY 2010 passengers]

State	EAS communities	Est. miles to nearest hub (S, M, or L)	Average enplanements per day	Subsidy rates at 9/1/11	Passenger total at 12/31/10	Subsidy per passenger at 12/31/10
NY	Jamestown .....	76	12.4	1,639,254	7,407	221.31
NY	Massena .....	138	11.4	1,708,911	6,652	256.90
NY	Ogdensburg .....	105	8.2	1,702,697	4,450	382.63
NY	Plattsburgh .....	82	42.1	1,379,257	21,401	64.45
NY	Saranac Lake/Lake Placid .....	132	18.4	1,366,538	11,336	120.55
NY	Watertown .....	54	9	1,665,889	5,137	324.29
OR	Pendleton .....	185	16.5	1,463,681	9,745	150.20
PA	Altoona .....	112	14	1,674,147	8,869	188.76
PA	Bradford .....	77	10.4	1,087,306	5,810	187.14
PA	DuBois .....	112	18.6	2,228,996	11,091	200.97
PA	Franklin/Oil City .....	85	5.5	915,101	3,179	287.86
PA	Johnstown .....	84	25.7	1,674,147	15,966	104.86
PA	Lancaster .....	28	19.2	1,372,474	11,210	122.43
PR	Mayaguez .....	105	13.6	1,198,824	8,583	139.67
SD	Huron .....	121	6.8	1,742,886	4,123	422.72
SD	Watertown .....	207	26.9	1,769,019	15,329	115.40
TN	Jackson .....	86	4.3	1,225,628	4,539	270.02
TX	Victoria .....	93	5.5	1,856,692	9,963	186.36
UT	Cedar City .....	179	19.1	1,477,125	10,469	141.10
UT	Moab .....	256	10.1	1,798,370	5,489	327.63
UT	Vernal .....	150	15.2	1,421,478	8,767	162.14
VA	Staunton .....	113	37.1	2,180,461	20,707	105.30
VT	Rutland .....	69	18.5	797,141	10,879	73.27
WI	Eau Claire .....	92	58	1,732,372	33,154	52.25
WV	Beckley .....	168	7.8	2,313,457	4,449	519.99
WV	Clarksburg .....	96	18.1	1,488,219	11,237	132.44
WV	Morgantown .....	75	32.7	1,488,219	20,353	73.12
WV	Parkersburg/Marietta .....	110	19.5	2,642,237	10,209	258.81
WY	Laramie .....	145	24	1,181,572	14,908	79.26
WY	Worland .....	161	9	1,770,336	5,485	322.76

<sup>1</sup> NA = Not available.

## ADMINISTRATIVE PROVISIONS—OFFICE OF THE SECRETARY OF TRANSPORTATION

Section 101 prohibits the Office of the Secretary of Transportation from obligating funds originally provided to a modal administration in order to approve assessments or reimbursable agreements, unless the Department follows the regular process for the reprogramming of funds, including congressional notification.

Section 102 prohibits the use of funds for an EAS local participation program.

Section 103 authorizes the Secretary of Transportation or his designee to engage in activities with States and State legislatures to consider proposals related to the reduction of motorcycle fatalities.

Section 104 rescinds unobligated balances of funds made available for compensation for general aviation operations in a prior appropriations act.

Section 105 allows the Department of Transportation to make use of the Working Capital Fund in providing transit benefits to Federal employees.

Section 106 places simple administrative requirements on the Department of Transportation's Credit Council. These requirements include posting a schedule of meetings on the DOT Web site,

posting the meeting agendas on the Web site, and recording the minutes of each meeting.

#### FEDERAL AVIATION ADMINISTRATION

##### PROGRAM DESCRIPTION

The Federal Aviation Administration is responsible for the safe movement of civil aviation and the evolution of a national system of airports. The Federal Government's regulatory role in civil aviation began with the creation of an Aeronautics Branch within the Department of Commerce pursuant to the Air Commerce Act of 1926. This act instructed the agency to foster air commerce; designate and establish airways; establish, operate, and maintain aids to navigation; arrange for research and development to improve such aids; issue airworthiness certificates for aircraft and major aircraft components; and investigate civil aviation accidents. In the Civil Aeronautics Act of 1938, these activities were transferred to a new, independent agency named the Civil Aeronautics Authority.

Congress streamlined regulatory oversight in 1957 with the creation of two separate agencies, the Federal Aviation Agency and the Civil Aeronautics Board. When the Department of Transportation [DOT] began its operations in 1967, the Federal Aviation Agency was renamed the Federal Aviation Administration [FAA] and became one of several modal administrations within DOT. The Civil Aeronautics Board was later phased out with enactment of the Airline Deregulation Act of 1978, and ceased to exist in 1984. Responsibility for the investigation of civil aviation accidents was given to the National Transportation Safety Board in 1967. FAA's mission expanded in 1995 with the transfer of the Office of Commercial Space Transportation from the Office of the Secretary, and decreased in December 2001 with the transfer of civil aviation security activities to the new Transportation Security Administration.

##### COMMITTEE RECOMMENDATION

The total recommended program level for the FAA for fiscal year 2012 amounts to \$15,938,441,000, including both new budget authority and a limitation on the obligation of contract authority. This funding level is \$632,441,000 more than the budget request and \$9,088,000 more than the fiscal year 2011 enacted level.

The following table summarizes the Committee's recommendations for fiscal year 2012:

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Operations .....	\$9,513,962,000	\$9,823,000,000	\$9,635,710,000
Facilities and equipment .....	2,730,731,000	2,870,000,000	2,630,731,000
Research, engineering, and development .....	169,660,000	190,000,000	158,000,000
Grants-in-aid for airports .....	3,515,000,000	2,424,000,000	3,515,000,000
War risk insurance program extension .....	.....	-1,000,000	-1,000,000
Total .....	15,929,353,000	15,306,000,000	15,938,441,000



OPERATIONS

Appropriations, 2011 .....	\$9,513,962,000
Budget estimate, 2012 .....	9,823,000,000
Committee recommendation .....	9,635,710,000

PROGRAM DESCRIPTION

This appropriation provides funds for the operation, maintenance, communications, and logistical support of the air traffic control and air navigation systems. It also covers administrative and managerial costs for the FAA’s regulatory, international, commercial space, medical, research, engineering and development programs, as well as policy oversight and agency management functions. The operations appropriation includes the following major activities:

- the air traffic organization which operates, on a 24-hour daily basis, the national air traffic system, including the establishment and maintenance of a national system of aids to navigation, the development and distribution of aeronautical charts and the administration of acquisition, and research and development programs;
- the regulation and certification activities including establishment and surveillance of civil air regulations to assure safety and development of standards, rules and regulations governing the physical fitness of airmen as well as the administration of an aviation medical research program;
- the office of commercial space transportation; and
- headquarters, administration and other staff and support offices.

COMMITTEE RECOMMENDATION

The Committee recommends a total of \$9,635,710,000 for FAA operations. This funding level is \$187,290,000 less than the budget request, and \$121,748,000 more than the fiscal year 2011 enacted level. The Committee recommendation derives \$5,000,000,000 of the appropriation from the airport and airway trust fund. The balance of the appropriation will be drawn from the general fund of the Treasury.

As in past years, FAA is directed to report immediately to the House and Senate Committees on Appropriations in the event resources are insufficient to operate a safe and effective air traffic control system.

The Committee continues three provisions enacted in prior years relating to premium pay, aeronautical charting and cartography, and Government-issued credit cards.

The following table summarizes the Committee’s recommendation in comparison to the budget estimate and fiscal year 2011 enacted level:

FAA OPERATIONS

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Air traffic organization .....	\$7,458,352,000	\$7,646,145,000	\$7,560,815,000

## FAA OPERATIONS—Continued

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Aviation safety .....	1,250,514,000	1,283,568,000	1,253,381,000
Commercial space transportation .....	15,021,000	26,625,000	15,005,000
Financial services .....	112,071,000	112,369,000	112,459,000
Human resource management .....	99,005,000	102,125,000	98,858,000
Region and center operations .....	337,133,000	374,955,000	337,944,000
Staff offices .....	193,286,000	214,203,000	207,065,000
Information services .....	48,580,000	63,010,000	50,183,000
Total .....	9,513,962,000	9,823,000,000	9,635,710,000

*FAA Administrative Expenses.*—The Committee expects the FAA to use its Federal resources judiciously, and does not believe that providing retention bonuses to the same employee for repeated years in a row represents a responsible use of those taxpayer dollars. A retention bonus should offer a short-term enticement to stay at the FAA for employees possessing critical and hard-to-replace skills, thereby giving the agency extra time to find a suitable replacement. When given every year to a broad spectrum of employees, however, a retention bonus acts as a loophole in the Federal administrative process, allowing the FAA to give a permanent pay raise to certain employees without being held accountable to the regular administrative requirements. The Committee is concerned about the FAA's failure to manage this authority responsibly, and continues to include bill language directing the Department's Deputy Assistant Secretary for Administration to be the approving official for any request for a retention bonus by the FAA during fiscal year 2012.

*Controller Placement.*—The Committee continues to be concerned about how the FAA places its recently hired air traffic controllers at facilities across the country. The FAA currently does not have a data-based method for determining the relative strengths and weaknesses of air traffic controllers leaving the FAA academy and assigning them to specific facilities based on those attributes.

At the present time, the FAA administers a test when a candidate first applies to the FAA. Based on the results of this test, the FAA assigns each candidate to one of three categories: not qualified, qualified, and well qualified. This test has been shown to predict the likelihood that a candidate will succeed at the FAA Academy, but it has not been proven to predict the candidate's performance as an air traffic controller. Furthermore, due to the large number of people applying to the FAA in comparison to the number of available positions, the FAA currently accepts only a fraction of the "well-qualified" candidates. The test therefore reveals no differences among the candidates entering the academy. Another examination is conducted at the end of the academy program, but results of this test are given only as pass or fail, and the overwhelming majority of candidates pass the exam. As a result of these limitations, neither test offers the FAA a way to differentiate among its new air traffic controllers.

The Committee understands that, whenever possible, the FAA's placement committee will consider the background of academy

graduates when placing them at various air traffic control facilities. In addition, recently, the FAA has done a better job of ensuring that inexperienced, newly hired air traffic controllers do not get placed in positions where they would be responsible for controlling complex or crowded airspace. While testifying before the Committee this past May, the Administrator of the FAA credited the Agency's new contract with its controllers with providing the incentives necessary to see experienced controllers moving into positions that control complex airspace. Without these incentives to fill those positions, he said, ". . . we were forced to assign people out of the academy. There was no other way to fill the vacancies. That is not a good practice."

The Committee, however, believes that these practices do not take the place of a systematic method for placing air traffic controllers based on an objective measure of their performance. The Office of the Inspector General [OIG] issued two reports—one in 2004 another in 2010—that recommended the FAA develop an objective, reliable method for placing new air traffic controllers at FAA facilities based on a measurement of their skill. The Inspector General also testified before the Committee this past May, saying, "In the course of conducting our 2010 audit of FAA's practices for assigning new air traffic controllers, we found that, in fact, new air traffic controllers were promised duty assignments before they had even started training. It appears to us to have been part of the recruitment and hiring process. There was little attention, if any, paid at the time to an objective, reasonable method based on the new air traffic controllers' capabilities . . ."

The FAA has said that it is working to develop a test and restructure the training at its academy in order to better place its newly hired controllers. The Committee, however, notes that this work has been ongoing for no less than 9 years. While the Committee values thorough and well-researched work, it is not yet convinced that the FAA places a high priority on these efforts.

The Committee is losing its patience with hearing about years of research and testing, while seeing no tangible result coming out of the FAA. The Committee has therefore included language in the bill that requires the FAA to submit a report that details the results of the FAA's work in this area. The bill language requires this report to be comprehensive; describe all of the findings and conclusions reached during the FAA's efforts to develop an objective, data-driven method for placing newly hired air traffic controllers; list all available options for establishing such a method; and discuss the benefits and challenges of each option. Because the Committee has experience with not receiving reports from the FAA in a timely manner, the bill language includes a deadline for the submission of this report not later than May 31, 2012.

*Block Aircraft Registration Request [BARR] Program.*—This summer, the Secretary of Transportation decided that he would dismantle the Block Aircraft Registration Request [BARR] program. This program has allowed owners and operators of general aviation aircraft to prevent the movements of their aircraft from being publicly disseminated and easily available on the Internet. After providing only a brief period of time for public comment, the Secretary

made his decision, having received 680 comments opposed to the new policy and only 5 comments in favor of it.

In the Department's press release on the repeal of the BARR program, the Secretary is quoted as saying, "This action is in keeping with the Obama administration's commitment to transparency in government." He also added, "Both general aviation and commercial aircraft use the public airspace and air traffic control facilities, and the public has a right to information about their activities."

The Committee, however, does not believe that publicizing the movements of specific general aviation aircraft does anything to improve the transparency of the operations or policies of the Federal Government. The Secretary's decision does indeed make more data accessible to the public than was previously available, but the Committee does not believe that this data has any bearing on a citizen's right to bear witness to the work of the Federal Government.

Furthermore, the Committee does not concur that the public has a right to access information merely because it relates to the use of public facilities. People drive their cars on roads and bridges built on Federal lands and paid with taxpayer dollars; however, the Committee does not believe that means their movements and activities should be broadcast to the public at large. Likewise, the manifests of commercial airlines are not made publicly available, even though commercial flights use the same public airspace and air traffic control facilities as the general aviation aircraft that were covered under the BARR program. On the contrary, efforts are generally made to protect the privacy of people lawfully going about their daily business.

For these reasons, the Committee has included language in the bill that effectively reverses the Secretary's decision. This bill language prohibits the Department from funding the Aircraft Situational Display to Industry program unless it honors the request of owners and operators of a general aviation aircraft to block the display of their aircraft registration number.

*Inspector Workforce.*—In the current budgetary environment, the Committee cannot afford to make significant increases to the Department's workforce. Staff growth increases costs not only for the budget year, but also in every subsequent year, and the Committee expects that fiscal constraints will only get tighter in the future. The Committee, however, continues to place a high priority on the workforce of aviation inspectors at the FAA. Protecting the safety of our air transportation system is the fundamental mission of the agency, and these inspectors form the backbone of that effort. The Committee recommendation therefore includes an increase of \$7,000,000 for an additional 60 positions in Office of Aviation Flight Standards [AFS] and another \$960,000 for an increase of 11 positions in the Office of Aircraft Certification [AIR]. The Committee notes that this increase is lower than the administration's budget request, which had included an increase of \$10,500,000 for an additional 90 positions in AFS and another \$1,440,000 for another 16 positions in AIR.

In previous years, the Committee has included language in the bill that protected any funding increases for aviation safety inspectors by prohibiting the Department from using those funds for any

other purpose. These staff increases remain a high priority, and the Committee recommendations dedicate scarce resources to the inspector workforce. Nevertheless, the Committee recognizes that this bill language diminishes the flexibility of the FAA. With resources so scarce, the Committee does not believe that it is in the best interest of the FAA to put such strong limitations on the use of its funding. The Committee also believes that it can best protect the public interest by ensuring that taxpayer dollars can always be put to the highest priority, even if those priorities shift during the course of a fiscal year. For these reasons, the Committee has not included the same language in this year's bill. The Committee, however, identifies the staff increases for AFS and AIR as a congressional item of interest and expects the FAA to use the funding increases for their intended purpose. Furthermore, the Committee directs the FAA to submit to the House and Senate Committees on Appropriations a request for approval before redirecting any of the funding provided for staff increases in AFS or AIR to any other activity.

*FAA Public Hearing.*—The Committee directs the Federal Aviation Administration to hold a public hearing with representatives from the relevant Federal agencies in western Maine upon completion of the Air National Guard's environmental impact statement proposing modifications to the Condor 1 and Condor 2 military operating areas. The Committee understands that the Air National Guard, as the lead agency under the National Environmental Policy Act [NEPA] process, has sought to meet the minimum legal requirements for public participation and comment under the NEPA process. However, the Committee notes the authorization of low altitude military training in the proposed airspace would affect areas that significantly contribute to the local economy and areas that are culturally and environmentally sensitive. In particular, the proposed low altitude training airspace covers four ski resorts, 47,700 acres of a federally recognized Indian tribe reservation, and 144 miles of the Appalachian Trail. Furthermore, the Committee notes the FAA is the only Federal agency that can modify special airspace and that the FAA may adopt the Air National Guard's EIS in whole, or in part, once the final EIS has been issued. In addition, the Committee directs the FAA to report to the House and Senate Committees on Appropriations prior to the issuance of a record of decision regarding the modification of the Condor 1 and Condor 2 military operations areas that includes a summary of any public meeting and hearing and a list of the comments, questions, and responses presented at these meetings and hearings.

FACILITIES AND EQUIPMENT

(AIRPORT AND AIRWAY TRUST FUND)

Appropriations, 2011 .....	\$2,730,731,000
Budget estimate, 2012 .....	2,870,000,000
Committee recommendation .....	2,630,731,000

PROGRAM DESCRIPTION

The Facilities and Equipment appropriation provides funding for modernizing and improving air traffic control and airway facilities,

equipment, and systems. The appropriation also finances major capital investments required by other agency programs, experimental research and development facilities, and other improvements to enhance the safety and capacity of the national airspace system [NAS]. The program aims to keep pace with the increasing demands of aeronautical activity and remain in accordance with the Federal Aviation Administration's comprehensive 5-year capital investment plan [CIP].

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$2,630,731,000 for the Facilities and Equipment account of the Federal Aviation Administration. The recommended level is \$239,269,000 less than the budget estimate. The administration, however, had requested an additional \$250,000,000 as mandatory funding that is not provided through the appropriations process. When taking into account the administration's total requested level, the Committee recommendation is \$489,269,000 less than the budget estimate. The recommended level is also \$100,000,000 less than the fiscal year 2011 enacted level.

*Budget Activities Format.*—The Committee directs that the fiscal year 2012 budget request for the Facilities and Equipment account conform to the same organizational structure of budget activities as displayed below.

The Committee's recommended distribution of funds for each of the budget activities funded by the appropriation follows:

#### FACILITIES AND EQUIPMENT

	Fiscal year 2012 discretionary estimate	Additional fiscal year 2012 mandatory request	Total fiscal year 2012 request	Committee recommendation
Activity 1: Engineering, Development, Test and Evaluation:				
Advanced Technology Development and Prototyping .....	\$31,900,000	\$1,500,000	\$33,400,000	\$24,000,000
NAS Improvement of System Support Laboratory .....	1,000,000	.....	1,000,000	1,000,000
William J. Hughes Technical Center Facilities .....	15,000,000	.....	15,000,000	14,000,000
William J. Hughes Technical Center Infrastructure Sustainment .....	7,500,000	4,900,000	12,400,000	7,500,000
Next Generation Network Enabled Weather .....	27,350,000	.....	27,350,000	18,000,000
Data Communications for Trajectory Based Operations [NGATS] .....	143,000,000	7,200,000	150,200,000	109,000,000
Next Generation Transportation System—Technology Demonstration .....	16,900,000	8,100,000	25,000,000	15,000,000
Next Generation Transportation System—Systems Development .....	90,000,000	19,000,000	109,000,000	70,000,000
Next Generation Transportation System—Trajectory Based Operations .....	9,300,000	13,700,000	23,000,000	7,000,000
Next Generation Transportation System—Reduce Weather Impact .....	14,600,000	18,400,000	33,000,000	10,000,000
Next Generation Transportation System—High Density/Arrivals/Departures .....	14,300,000	13,700,000	28,000,000	10,000,000
Next Generation Transportation System—Collaborative ATM .....	28,000,000	25,000,000	53,000,000	22,000,000
Next Generation Transportation System—Flexible Terminals and Airports .....	36,300,000	21,800,000	58,100,000	32,000,000
Next Generation Transportation System—Safety, Security and Environment .....	5,000,000	3,000,000	8,000,000	.....

## FACILITIES AND EQUIPMENT—Continued

	Fiscal year 2012 discretionary estimate	Additional fiscal year 2012 mandatory request	Total fiscal year 2012 request	Committee recommendation
Next Generation Transportation System—System Network Facilities .....	9,000,000	1,000,000	10,000,000	5,000,000
Next Generation Transportation System—Future Facilities .....	19,500,000	.....	19,500,000	10,000,000
Joint Planning and Development Office [JPDO] ..	3,000,000	.....	3,000,000	3,000,000
Next Generation—Performance Based Naviga- tion [PBN]—Metrolplex area RNAV/RNP .....	26,200,000	.....	26,200,000	26,200,000
<b>Total, Activity 1 .....</b>	<b>497,850,000</b>	<b>137,300,000</b>	<b>635,150,000</b>	<b>383,700,000</b>
<b>Activity 2—Air Traffic Control Facilities and Equip- ment:</b>				
<b>En Route Programs:</b>				
En Route Automation Modernization [ERAM] .....	120,000,000	.....	120,000,000	148,500,000
En Route Automation Modernization [ERAM]—D—SIDE Replace and Future Enhancements .....	.....	64,500,000	64,500,000	3,356,000
En Route Communications Gateway [ECG] .....	2,000,000	4,000,000	6,000,000	2,000,000
Next Generation Weather Radar [NEXRAD]—Provide .....	2,800,000	.....	2,800,000	2,800,000
Air Traffic Control System Command Cen- ter [ATCSCC]—Relocation .....	3,600,000	.....	3,600,000	3,600,000
ARTCC Building Improvements/Plant Im- provements .....	46,000,000	6,000,000	52,000,000	36,000,000
Air Traffic Management [ATM] .....	7,500,000	.....	7,500,000	7,500,000
Air/Ground Communications Infrastruc- ture .....	4,800,000	.....	4,800,000	4,800,000
Air Traffic Control En Route Radar Facili- ties Improvements .....	5,800,000	.....	5,800,000	5,800,000
Voice Switching and Control System [VSCS] .....	1,000,000	.....	1,000,000	1,000,000
Oceanic Automation System .....	6,000,000	2,000,000	8,000,000	4,000,000
Next Generation Very High Frequency Air/ Ground Communications System [NEXCOM] .....	45,150,000	.....	45,150,000	45,150,000
System-Wide Information Management .....	66,350,000	.....	66,350,000	66,350,000
ADS—B NAS Wide Implementation .....	285,100,000	.....	285,100,000	285,100,000
Windshear Detection Service .....	1,000,000	.....	1,000,000	1,000,000
Weather and Radar Processor [WARP] .....	2,500,000	.....	2,500,000	2,500,000
Collaborative Air Traffic Management Technologies—WP2 & 3 .....	41,500,000	.....	41,500,000	41,500,000
Colorado ADS—B/WAM Cost Share .....	3,800,000	2,000,000	5,800,000	3,800,000
Automated Terminal Information System [ATIS] .....	1,000,000	.....	1,000,000	1,000,000
Tactical Flow Time Based Flow Manage- ment .....	38,700,000	.....	38,700,000	38,700,000
<b>Subtotal, En Route Programs .....</b>	<b>684,600,000</b>	<b>78,500,000</b>	<b>763,100,000</b>	<b>704,456,000</b>
<b>Terminal Programs:</b>				
Airport Surface Detection Equipment—Model X [ASDE—X] .....	2,200,000	.....	2,200,000	2,200,000
Terminal Doppler Weather Radar [TDWR]—Pro- vide .....	7,700,000	.....	7,700,000	6,000,000
Standard Terminal Automation Replacement System [STARS] [TAMR Phase 1] .....	25,000,000	.....	25,000,000	25,000,000
Terminal Automation Modernization/Replacement Program [TAMR Phase 3] .....	98,750,000	.....	98,750,000	98,750,000
Terminal Automation Program .....	2,500,000	.....	2,500,000	2,500,000

## FACILITIES AND EQUIPMENT—Continued

	Fiscal year 2012 discretionary estimate	Additional fiscal year 2012 mandatory request	Total fiscal year 2012 request	Committee recommendation
Terminal Air Traffic Control Facilities—Re- place .....	51,600,000	.....	51,600,000	51,600,000
ATCT/Terminal Radar Approach Control [TRACON] Facilities—Improve .....	56,900,000	5,000,000	61,900,000	45,000,000
Terminal Voice Switch Replacement [TVSR] .....	10,000,000	.....	10,000,000	8,000,000
NAS Facilities OSHA and Environmental Stand- ards Compliance .....	26,000,000	.....	26,000,000	20,000,000
Airport Surveillance Radar [ASR-9] .....	6,000,000	2,000,000	8,000,000	6,000,000
Terminal Digital Radar [ASR-11] .....	3,900,000	.....	3,900,000	3,900,000
Runway Status Lights .....	29,800,000	.....	29,800,000	20,000,000
National Airspace System Voice Switch [NVS] .....	19,800,000	.....	19,800,000	9,000,000
Integrated Display System [IDS] .....	8,800,000	.....	8,800,000	8,800,000
Remote Monitoring and Logging System [RMLS] .....	4,200,000	.....	4,200,000	4,200,000
Mode S Service Life Extension Program [SLEP] ..	4,000,000	4,000,000	8,000,000	4,000,000
ASR-8 Service Life Extension Program .....	2,700,000	.....	2,700,000	.....
Subtotal, Terminal Programs .....	359,850,000	11,000,000	370,850,000	314,950,000
Flight Service Programs:				
Automated Surface Observing System [ASOS] ....	2,500,000	.....	2,500,000	2,500,000
Flight Service Station [FSS] Modernization .....	4,500,000	.....	4,500,000	4,500,000
Weather Camera Program .....	4,800,000	.....	4,800,000	4,800,000
Subtotal, Flight Service Programs .....	11,800,000	.....	11,800,000	11,800,000
Landing and Navigational Aids Program:				
VHF Omnidirectional Radio Range [VOR] with DME .....	5,000,000	.....	5,000,000	5,000,000
Instrument Landing System [ILS]—Establish ....	5,000,000	.....	5,000,000	5,000,000
Wide Area Augmentation System [WAAS] for GPS	125,500,000	.....	125,500,000	110,000,000
Runway Visual Range [RVR] .....	5,000,000	.....	5,000,000	5,000,000
Approach Lighting System Improvement Program [ALSIP] .....	5,000,000	.....	5,000,000	5,000,000
Distance Measuring Equipment [DME] .....	5,000,000	.....	5,000,000	5,000,000
Visual NAVAIDS—Establish/Expand .....	3,400,000	.....	3,400,000	3,400,000
Instrument Flight Procedures Automation [IFPA] .....	2,200,000	.....	2,200,000	2,200,000
Navigation and Landing Aids—Service Life Ex- tension Program [SLEP] .....	6,000,000	.....	6,000,000	7,000,000
VASI Replacement—Replace with Precision Ap- proach Path Indicator .....	7,000,000	.....	7,000,000	8,000,000
GPS Civil Requirements .....	50,300,000	.....	50,300,000	36,000,000
Runway Safety Areas—Navigational Mitiga- tion .....	25,000,000	.....	25,000,000	23,000,000
NAVAID Control, Interlock, and Monitoring Equipment [NCIME] .....	.....	1,000,000	1,000,000	.....
Subtotal, Landing and Navigational Aids Pro- grams .....	244,400,000	1,000,000	245,400,000	214,600,000
Other ATC Facilities Programs:				
Fuel Storage Tank Replacement and Monitor- ing .....	6,400,000	.....	6,400,000	4,400,000
Unstaffed Infrastructure Sustainment .....	18,000,000	4,600,000	22,600,000	15,000,000
Aircraft-related Equipment Program .....	11,700,000	.....	11,700,000	11,700,000
Airport Cable Loop Systems—Sustained Sup- port .....	5,000,000	.....	5,000,000	5,000,000
Alaskan Satellite Telecommunications Infra- structure [ASTI] .....	16,000,000	3,000,000	19,000,000	15,500,000
Facilities Decommissioning .....	5,000,000	.....	5,000,000	5,000,000
Electrical Power Systems—Sustain/Support .....	85,600,000	10,000,000	95,600,000	68,000,000



## FACILITIES AND EQUIPMENT—Continued

	Fiscal year 2012 discretionary estimate	Additional fiscal year 2012 mandatory request	Total fiscal year 2012 request	Committee recommendation
Aircraft Fleet Modernation .....	9,000,000	.....	9,000,000	6,000,000
FAA Employee Housing and Life Safety Shelter System Service .....	2,500,000	.....	2,500,000	2,500,000
Subtotal, Other ATC Facilities Programs ....	159,200,000	17,600,000	176,800,000	133,100,000
Total, Activity 2 .....	1,459,850,000	108,100,000	1,567,950,000	1,378,906,000
Activity 3—Non-Air Traffic Control Facilities and Equipment:				
Support Equipment:				
Hazardous Materials Management .....	20,000,000	.....	20,000,000	20,000,000
Aviation Safety Analysis System [ASAS] ....	30,100,000	.....	30,100,000	30,100,000
Logistics Support Systems and Facilities [LSSF] .....	10,000,000	.....	10,000,000	10,000,000
National Air Space [NAS] Recovery Com- munications [RCOM] .....	12,000,000	.....	12,000,000	12,000,000
Facility Security Risk Management .....	18,000,000	.....	18,000,000	16,000,000
Information Security .....	17,000,000	2,000,000	19,000,000	15,000,000
System Approach for Safety Oversight [SASO] .....	23,600,000	.....	23,600,000	23,600,000
Aviation Safety Knowledge Management Environment [ASKME] .....	17,200,000	.....	17,200,000	17,200,000
Data Center Optimization .....	1,000,000	.....	1,000,000	.....
Aerospace Medical Equipment Needs [AMEN] .....	12,000,000	.....	12,000,000	10,000,000
Subtotal, Support Equipment .....	160,900,000	2,000,000	162,900,000	153,900,000
Training, Equipment and Facilities:				
Aeronautical Center Infrastructure Moderniza- tion .....	18,000,000	.....	18,000,000	15,000,000
Distance Learning .....	1,500,000	.....	1,500,000	1,500,000
Subtotal, Training, Equipment and Facili- ties .....	19,500,000	.....	19,500,000	16,500,000
Total, Activity 3 .....	180,400,000	2,000,000	182,400,000	170,400,000
Activity 4—Facilities and Equipment Mission Sup- port:				
System Support and Services:				
System Engineering and Development Sup- port .....	32,900,000	.....	32,900,000	28,500,000
Program Support Leases .....	41,700,000	.....	41,700,000	40,000,000
Logistics Support Services [LSS] .....	11,700,000	.....	11,700,000	10,100,000
Mike Monroney Aeronautical Center Leases .....	17,000,000	.....	17,000,000	17,000,000
Transition Engineering Support .....	13,000,000	.....	13,000,000	11,300,000
Technical Support Services Contract [TSSC] .....	22,000,000	.....	22,000,000	19,100,000
Resource Tracking Program [RTP] .....	4,000,000	.....	4,000,000	4,000,000
Center for Advanced Aviation System De- velopment [CAASD] .....	80,800,000	.....	80,800,000	71,000,000
Aeronautical Information Management Pro- gram .....	26,300,000	2,600,000	28,900,000	20,224,000
Permanent Change of Station [PCS] Moves .....	2,500,000	.....	2,500,000	2,500,000
Total, Activity 4 .....	251,900,000	2,600,000	254,500,000	223,724,000

## FACILITIES AND EQUIPMENT—Continued

	Fiscal year 2012 discretionary estimate	Additional fiscal year 2012 mandatory request	Total fiscal year 2012 request	Committee recommendation
Activity 5—Personnel and Related Expenses:				
Personnel and Related Expenses .....	480,000,000	.....	480,000,000	474,000,000
Total, All Activities .....	2,870,000,000	250,000,000	3,120,000,000	2,630,730,000

*Protecting the Foundations of NextGen.*—This Committee has long understood the value and importance of NextGen, the FAA’s effort to modernize the air traffic control system. Until this past year, the Committee has not only met the administration’s budget requests for NextGen, but also provided targeted increases to accelerate work in key areas. The Committee provided additional resources to the FAA for advances in the Automatic Dependent Surveillance-Broadcast [ADS-B] program that would use this new technology for cockpit-to-cockpit interactions, and for reducing the separation between aircraft in certain situations. The Committee also provided additional resources for demonstrations of Network-Enabled Operations that would apply this new technology to real-world applications, such as the integration of unmanned aerial systems in the national airspace.

Even when there has been a steady stream of funding, however, the Committee has seen delays and management problems with some of the most important capital programs. For example, the En Route Automation Modernization [ERAM] program is now years behind the agency’s original targets, and only recently has the FAA started to work hand in hand with the air traffic controllers who will be working with the ERAM software on a daily basis. The Committee is also waiting for the FAA to make investment decisions on other capabilities that were part of the original selling points for NextGen, such as Next Generation Network Enabled Weather and Data Communications for Trajectory Based Operations.

This past year, the budgetary environment in which the Committee conducted its work changed dramatically. For fiscal year 2011, the Committee enacted the largest 1-year cut to discretionary spending in our Nation’s history. These tight fiscal constraints continue as the Committee develops a budget for fiscal year 2012, and the FAA should expect to see the constraints grow tighter in future years.

The Committee therefore had to maintain a clear vision of its priorities while developing its funding recommendations. Protecting the foundations of the FAA’s NextGen effort remains at the top of these priorities, so the Committee recommendations include \$285,100,000 for the ADS-B program and \$66,350,000 for the System-Wide Information Management program. These funding levels are equal to the administration’s budget request. The Committee recommendations also include \$98,750,000 for the Terminal Automation Modernization and Replacement, Phase 3 [TAMR] program, which is also equal to the administration’s budget request. Although not formally part of the NextGen effort, updating the FAA’s technology under the TAMR program is necessary in order to main-

tain the agency's progress on the ADS-B program. Finally, the Committee recommendations include \$148,500,000 for the ERAM program, a funding level that is \$28,500,000 above the budget request. Based on information from the FAA, the Committee provides this additional funding to maintain the ERAM schedule in light of recent challenges.

Fully investing in these programs means that the FAA will need to make sacrifices in other areas of capital investment. Reductions to the budget request will be felt throughout the account, including areas where the agency invests in basic physical infrastructure needs, such as improving its electrical power systems, air traffic control towers, and terminal radar approach control facilities. The Committee recommendations also include significant reductions to line items called "solution sets" that the agency uses to develop, test, and evaluate the next set of capabilities for NextGen before they become formal capital programs. The FAA's work in developing these new capabilities has been slower than the agency originally anticipated, and the Committee believes that protecting the budgets of existing capital programs must take precedence over the testing and evaluation of future investments.

Setting these clear priorities in the budget, however, is not enough to protect the NextGen program; the Committee needs to see more from the FAA itself. When funding for NextGen programs comes only by making sacrifices from so many other areas of capital investment at the FAA and other agencies, the FAA has a clear obligation to make good on every dollar invested in those programs. The FAA has made strategic changes to the management of its key NextGen programs like ERAM and SWIM, but the Committee notes that many of these improvements have been made only after programs suffered schedule delays or cost increases. The current budget environment does not afford the FAA this luxury anymore.

*Data Communications for Trajectory Based Operations (DataComm).*—Advancing NextGen relies heavily on the ability of the FAA to move from an air traffic control system based on voice communication to a system that takes full advantage of data communication. When implemented, the DataComm program will improve safety by reducing the number of operational errors caused by voice communications, increase the efficiency of our national airspace system by reducing the daily workload of the FAA's air traffic controllers, and enable other NextGen-related operational improvements that require the exchange of information that cannot be efficiently delivered through voice communications.

Progress on the DataComm program has been disappointing. The Committee notes, however, that accelerating the program's schedule relies on the FAA being able to achieve capabilities inherent in the ERAM program, which has experienced significant delays. The Committee recommendation includes \$109,000,000 for the DataComm program, a level that is \$34,000,000 less than the budget request.

The Committee also directs the FAA to complete a report on the status of the DataComm program not later than 1 year after the enactment of this act. This report shall include the current budget, schedule, project organization, and leadership requirements for the program; a full description of how this program relates to other

NextGen capabilities, including other FAA programs on which the implementation of DataComm relies, as well as other programs and capabilities that rely on the full implementation of DataComm; and a list of milestones and targets against which the development of DataComm can be measured.

*Navigation and Landing Aids—Service Life Extension Program [SLEP].*—The Committee notes that Runway End Identifier Lights [REILs] improve airport safety by clearly indicating to pilots the approach end of the runway. The Committee recommendation includes \$7,000,000 for navigation and landing aids. This funding level is an increase of \$1,000,000 more than the budget request. The Committee directs the FAA to use these additional funds for the procurement and installation of additional REIL systems.

*VASI Replacement—Replace With Precision Approach Path Indicator.*—The FAA began to deploy Visual Approach Slope Indicator [VASI] systems in the 1960s to provide visual descent guidance to pilots as they approached an airport runway. Since that time, the international standard for these lighting systems has grown more sophisticated, and the FAA must now replace its VASI systems with Precision Approach Path Indicator [PAPI] systems to comply with the new standards.

The Committee supports bringing FAA equipment into compliance with international standards, and recommends \$8,000,000 for the replacement of VASI lighting systems with PAPI lighting systems. This funding level is \$1,000,000 more than the budget request. The Committee directs the FAA to use the additional funding to procure additional PAPI systems.

RESEARCH, ENGINEERING, AND DEVELOPMENT

(AIRPORT AND AIRWAY TRUST FUND)

Appropriations, 2011 .....	\$169,660,000
Budget estimate, 2012 .....	190,000,000
Committee recommendation .....	157,000,000

PROGRAM DESCRIPTION

The Research, Engineering and Development appropriation provides funding for long-term research, engineering, and development programs to improve the air traffic control system by increasing its safety and capacity, as well as reducing the environmental impacts of air traffic, as authorized by the Airport and Airway Improvement Act and the Federal Aviation Act, as amended. The programs are designed to meet the expected air traffic demands of the future and to promote flight safety through improvements in facilities, equipment, techniques, and procedures in order to ensure that the system will safely and efficiently handle future volumes of aircraft traffic.

COMMITTEE RECOMMENDATION

The Committee recommends \$157,000,000 for the FAA’s research, engineering, and development activities. The recommended level of funding is \$33,000,000 less than the budget request and \$12,660,000 less than the fiscal year 2011 enacted level.

A table showing the fiscal year 2011 enacted level, the fiscal year 2012 budget estimate, and the Committee recommendation follows:

RESEARCH, ENGINEERING, AND DEVELOPMENT

[In thousands of dollars]

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
<b>Improve Aviation Safety:</b>			
Fire Research and Safety .....	7,158,000	8,157,000	7,158,000
Propulsion and Fuel Systems .....	2,301,000	3,611,000	2,300,000
Advanced Materials/Structural Safety .....	2,534,000	2,605,000	2,534,000
Atmospheric Hazards—Aircraft Icing/Digital System Safety .....	6,534,000	5,404,000	5,404,000
Continued Airworthiness .....	10,632,000	12,589,000	10,632,000
Aircraft Catastrophic Failure Prevention Research .....	1,147,000	1,502,000	1,147,000
Flightdeck/Maintenance/System Integration Human Factors .....	7,083,000	6,162,000	6,162,000
System Safety Management .....	11,693,000	10,027,000	10,027,000
Air Traffic Control/Technical Operations Human Factors .....	10,364,000	10,634,000	10,364,000
Aeromedical Research .....	11,098,000	11,617,000	11,000,000
Weather Program .....	16,142,000	16,366,000	16,043,000
Unmanned Aircraft Systems .....	3,635,000	3,504,000	3,504,000
NextGen Alternative Fuels for General Aviation .....	998,000	2,071,000	1,500,000
<b>Improve Efficiency:</b>			
Joint Program and Development Office .....	13,764,000	14,067,000	6,500,000
NextGen: Wake Turbulence .....	10,664,000	10,674,000	9,064,000
NextGen: Air Ground Integration .....	5,603,000	10,545,000	5,303,000
NextGen: Self Separation .....	5,260,000	9,934,000	5,060,000
NextGen: Weather Technology in the Cockpit .....	2,507,000	9,186,000	2,207,000
<b>Reduce Environmental Impacts:</b>			
Environment and Energy .....	15,074,000	15,327,000	15,074,000
NextGen: Environmental Research .....	20,060,000	20,523,000	20,523,000
<b>Mission Support:</b>			
System Planning and Resource Management .....	1,730,000	1,718,000	1,717,000
Technical Center Laboratory Facility .....	3,679,000	3,777,000	3,777,000
<b>Total .....</b>	<b>169,660,000</b>	<b>190,000</b>	<b>157,000,000</b>

UNMANNED AIRCRAFT SYSTEMS RESEARCH

*FAA Centers of Excellence.*—The Committee is aware of the numerous issues facing FAA as technology develops to aid the integration of unmanned aerial vehicles into the national air space. The need for this integration is even more urgent given the recent numerous incidents of national disasters including a major oil spill, devastating tornadoes and unprecedented flooding. The Committee supports FAA efforts to achieve the goal of integrating unmanned aerial systems into the national airspace, including the FAA's preliminary steps toward the establishment of UAS test ranges. The Committee directs the FAA to establish an FAA Unmanned Aerial System [UAS] Center of Excellence [COE] to address a host of issues surrounding integration of UAS systems into the National Airspace System during times of emergency and utilize these lessons learned to provide essential data to the Center as it works toward nonemergency integration. The Committee further directs that the new COE shall provide recommendations for a safe, non-exclusionary airspace designation for cooperative manned and unmanned flight operations; conduct research to support UAS interagency requirements to include emergency response, maritime contingencies, and bio-fuel clean fuel technologies; conduct flight testing of UAS and related navigation procedures and equipment; en-

courage leveraging and coordination of such research and development activities with the National Aeronautics and Space Administration and the Department of Defense; provide recommendations on certification, flight standards, and air traffic requirements; and facilitate UAS technology transfer to other civilian and defense agencies, initially focusing upon emergency management. The Administrator shall take into consideration geographical and climate diversity, relevant research capability, and participating consortia from the public and private sectors, educational institutions, and nonprofit organizations. The FAA should ensure that lessons learned regarding UAS certification and evaluation in one regional office are consistently applied at other regional offices so that there is a consistent, nationwide approach to airspace integration.

GRANTS-IN-AID FOR AIRPORTS  
(LIQUIDATION OF CONTRACT AUTHORIZATION)  
(LIMITATION ON OBLIGATIONS)  
(AIRPORT AND AIRWAY TRUST FUND)

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Resources from the Airport and Airway Trust Fund:			
Limitation on obligations .....	\$3,515,000,000	\$2,424,000,000	\$3,515,000,000
Liquidation of contract authorization .....	3,550,000,000	3,600,000,000	4,691,000,000
Resources from the general fund of the Treasury:			
Mandatory budget authority .....		3,100,000,000	
Total .....	3,515,000,000	5,524,000,000	3,515,000,000

PROGRAM DESCRIPTION

Funding for grants-in-aid to airports pays for capital improvements at the Nation's airports, including those investments that emphasize capacity development, safety improvements, and security needs. Other priority areas for funding under this program include improvements to runway safety areas that do not conform to FAA standards, investments that are designed to reduce runway incursions, and aircraft noise compatibility planning and programs.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on obligations of \$3,515,000,000 for grants-in-aid to airports for fiscal year 2012. The recommended limitation on obligations is \$1,091,000,000 more than the budget estimate. The administration, however, had requested an additional \$3,100,000,000 from the general fund of the Treasury, which the Committee does not include in its recommendations. When taking into account the administration's general fund request, the Committee recommendation is \$2,009,000,000 less than the budget estimate. The recommended limitation is equal to the fiscal year 2011 enacted level.

In addition, the Committee recommends a liquidating cash appropriation of \$4,691,000,000 for grants-in-aid to airports. The recommended level is equal to the budget estimate and \$1,141,000,000 more than the fiscal year 2011 enacted level. This appropriation is

sufficient to cover the liquidation of all obligations incurred pursuant to the limitation on obligations set forward in the bill.

*Administrative Expenses.*—The Committee recommends \$101,000,000 to cover administrative expenses. This funding level is equal to the budget request, and \$7,578,000 more than the fiscal year 2011 enacted level.

The Committee recommendation includes funding for various investments in the workforce of the FAA airports offices, including field operations positions to help the FAA improve its grant oversight and implement safety-related reforms; an additional engineer to work with airports, manufacturers, and the FAA's Air Traffic Organization on the introduction of new surveillance systems; an additional seven positions in financial management to oversee the use of Federal airport grants and ensure the integrity of the program; contractor support and two additional positions to implement airport geographic information systems; and contractor support for the collection of airport data.

The Committee recommendations do not include any increase in funding for airport grants over the fiscal year 2011 enacted level, and so it is vital that the funding provided in the bill is used effectively. The Committee believes that these strategic investments in the staff of the FAA's airports offices will improve its management of the grant program and make each grant a more effective investment.

*Airport Cooperative Research.*—The Committee recommends \$15,000,000 for the airport cooperative research program. This funding level is equal to the budget estimate and the fiscal year 2011 enacted level.

*Airport Technology.*—The Committee recommends \$29,250,000 for airport technology research. This funding level is equal to the budget request, and \$6,778,000 more than the fiscal year 2011 level. The recommended funding level includes an additional \$2,000,000 to invest in critical airport research areas. For example, better data on aircraft braking and friction performance can prevent incidents in which airplanes run off the runway during landings. The Committee, however, directs the FAA to invest these additional resources in contract support for its research activities rather than staffing increases. As fiscal constraints grow tighter in the future, any additions to FAA staff that are made in fiscal year 2012 could potentially crowd out other needs in coming years.

*Small Community Air Service Development Program [SCASDP].*—The Committee recommends \$6,000,000 for the Small Community Air Service Development Program. This funding level is equal to the fiscal year 2011 enacted level. The administration requested no funds for this program for fiscal year 2012.

#### ADMINISTRATIVE PROVISIONS—FEDERAL AVIATION ADMINISTRATION

Section 110 limits the number of technical staff years at the Center for Advanced Aviation Systems Development to no more than 600 in fiscal year 2009.

Section 111 prohibits funds in this act to be used to adopt guidelines or regulations requiring airport sponsors to provide the FAA “without cost” buildings, maintenance, or space for FAA services. The prohibition does not apply to negotiations between the FAA

and airport sponsors concerning “below market” rates for such services or to grant assurances that require airport sponsors to provide land without cost to the FAA for air traffic control facilities.

Section 112 permits the Administrator to reimburse FAA appropriations for amounts made available for 49 U.S.C. 41742(a)(1) as fees are collected and credited under 49 U.S.C. 45303.

Section 113 allows funds received to reimburse the FAA for providing technical assistance to foreign aviation authorities to be credited to the Operations account.

Section 114 prohibits funds limited in this act for the Airport Improvement Program to be provided to an airport that refuses a request from the Secretary of Transportation to use public space at the airport for the purpose of conducting outreach on air passenger rights.

Section 115 prohibits the FAA from paying Sunday premium pay except in those cases where the individual actually worked on a Sunday.

Section 116 prohibits the FAA from using funds provided in the bill to purchase store gift cards or gift certificates through a Government-issued credit card.

Section 117 allows all airports experiencing the required level of boardings through charter and scheduled air service to be eligible for funds under 49 U.S.C. 47114(c).

Section 118 requires approval from the Deputy Assistant Secretary for Administration of the Department of Transportation for retention bonuses for any FAA employee.

Section 119 limits to 20 percent the cost-share required under the contract tower cost-share program.

Section 119A requires that, upon request by a private owner or operator of an aircraft, the Secretary block the display of that owner or operator’s aircraft registration number in the Aircraft Situational Display to Industry program.

Section 119B allows the FAA to provide back pay to employees who were furloughed when the agency’s authority to spend from the Airport and Airway Trust Fund expired temporarily.

#### FEDERAL HIGHWAY ADMINISTRATION

##### FEDERAL-AID HIGHWAYS

##### PROGRAM DESCRIPTION

The principal mission of the Federal Highway Administration [FHWA] is, in partnership with State and local governments, to foster the development of a safe, efficient, and effective highway and intermodal system nationwide including access to and within national forests, national parks, Indian lands, and other public lands.

##### COMMITTEE RECOMMENDATION

Under the Committee recommendations, a total program level of \$41,846,000,000 would be provided for the activities of the Federal Highway Administration in fiscal year 2012. The recommendation is \$29,407,000,000 less than the budget request. The total program level under the Committee recommendations is equal to the fiscal



year 2011 enacted level; however, the 1-year continuing resolution for fiscal year 2011 also included a rescission of \$3,130,000,000 of unused contract authority. The following table summarizes the Committee's recommendations:

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Federal-aid Highway program obligation limitation .....	\$41,107,000,000	\$70,414,000,000	\$41,107,000,000
Wireless initiative (transfer to RITA) .....		100,000,000	
Emergency relief and equity bonus exempt contract authority .....	739,000,000	739,000,000	739,000,000
Rescission of unused contract authority .....	-3,130,000,000		
Total .....	38,716,000,000	71,253,000,000	41,846,000,000

#### LIMITATION ON ADMINISTRATIVE EXPENSES

##### (HIGHWAY TRUST FUND)

##### (INCLUDING TRANSFER OF FUNDS)

Limitation, 2011 .....	\$413,533,000
Budget estimate, 2012 .....	437,172,000
Committee recommendation .....	415,533,000

#### PROGRAM DESCRIPTION

This limitation on obligations provides for the salaries and expenses of the Federal Highway Administration for program management, direction, and coordination; engineering guidance to Federal and State agencies; and advisory and support services in field offices.

#### COMMITTEE RECOMMENDATION

The Committee recommends a limitation on obligations of \$415,533,000 for administrative expenses of the agency. This limitation is \$21,639,000 less than the budget request and \$2,000,000 more than the fiscal year 2011 enacted level.

In addition, \$3,220,000 in contract authority above this limitation is made available for the administrative expenses of the Appalachian Regional Commission in accordance with section 104 of title 23, United States Code.

The recommended limitation on administrative expenses includes \$2,000,000 for the Delphi system and accounting services, IPv6 transition, and FHWA's share in the implementation of the financial management business transformation.

The Committee appreciates the administration's request for \$3,200,000 to invest in better data and reporting systems. The Committee agrees with the administration that FHWA must improve its ability to track highway spending and meet any new oversight responsibilities that may be given to the agency in the next authorization bill. FHWA, however, has not yet completed an assessment of these capabilities. The Committee cannot provide additional resources without the confidence that FHWA has a clear investment plan and an accurate estimate of its cost. The Committee expects FHWA to take inventory of its current capabilities, evalu-

ate what future capabilities the agency needs, and estimate how much it would cost to achieve each of those capabilities.

*National Performance Review Teams.*—The American Recovery and Reinvestment Act of 2009 [ARRA] included \$27,500,000,000 for investment in State and local highway projects. This investment came in addition to the funding provided under the regular Federal-aid Highway program each year. FHWA quickly identified the need for strong oversight of ARRA funds in order to ensure that the Federal investment was used effectively and managed appropriately. In addition to relying on its division offices to oversee ARRA funds, FHWA instituted national review teams that would travel to each State, independently assess the use of Federal dollars, uncover problems and help identify corrective actions, and collect data the agency can use in analyzing national trends.

The Committee commends FHWA for establishing an effective tool to improve its oversight of Federal highway grants. The Office of Inspector General [OIG] evaluated the national review teams this past year, and found that FHWA needed to make certain improvements to ensure that review teams report complete and accurate data, and that the agency is able to use this data to discover national trends. By the time OIG published its final report in January, FHWA had taken the actions necessary to improve the program and close out all recommendations.

The effectiveness of national review teams will require FHWA to continue its efforts over an extended period so that the agency can determine whether corrective actions that were promised early in the process have been fulfilled.

The Committee supports FHWA’s decision to expand its use of national review teams to the regular Federal-aid Highway program, and understands that the agency will use funding available under its existing resources to support the staff and travel needs of its national review teams.

LIMITATION ON OBLIGATIONS

(HIGHWAY TRUST FUND)

Limitation, 2011 .....	\$41,107,000,000
Budget estimate, 2012 .....	69,675,000,000
Committee recommendation .....	41,107,000,000

PROGRAM DESCRIPTION

The Federal-aid Highway program provides financial support to States and localities for development, construction, and repair of highways and bridges through grants. The program is financed from the Highway Trust Fund and most of the funds are distributed through apportionments and allocations to States. Title 23 of the United States Code and other supporting legislation provide authority for the various activities of the FHWA. Funding is provided by contract authority, with program levels established by annual limitations on obligations set in appropriations acts.

COMMITTEE RECOMMENDATION

The Committee recommends limiting fiscal year 2012 Federal-aid highways obligations to \$41,107,000,000 which is \$28,568,000,000

less than the budget request and equal to the fiscal year 2011 enacted level for the Federal-aid highway program. The obligation limitation included in the budget request is consistent with the administration's legislative proposal for a long-term authorization of the surface transportation programs; however, as discussed earlier in this report, the Committee must base its recommendation on the assumption that the levels of contract authority currently provided under the short-term extension of surface transportation programs will be continued throughout fiscal year 2012. The Committee cannot presuppose what legislation will be enacted through the authorization process.

Within the overall limitation on fiscal year 2011 Federal-aid highway obligations, the Committee recommends limiting fiscal year 2012 obligations on transportation research to \$429,800,000. The recommendation for transportation research is equal to the fiscal year 2011 enacted level. This specific limitation controls spending for the transportation research and technology programs of the FHWA, and it includes the intelligent transportation systems; surface transportation research; technology deployment, training and education; university transportation research; and the Bureau of Transportation Statistics.

In addition, the bill includes a provision that allows the FHWA to collect and spend fees in order to pay for the services of expert firms in the field of municipal and project finance to assist the agency in the provision of TIFIA credit instruments.

The following table shows the obligation limitation provided to each State under the Committee's recommended funding level:

FEDERAL-AID HIGHWAY PROGRAM OBLIGATION LIMITATION  
[Fiscal year 2011, President's request and Committee recommendation for fiscal year 2012]

	Fiscal year 2011 <sup>1</sup>	Fiscal year budget request 2012 <sup>2</sup>	Committee recommendation <sup>3</sup>
Formula Programs			
ALABAMA .....	\$719,499,894	\$1,226,778,051	\$722,346,356
ALASKA .....	448,795,497	560,045,343	450,404,959
ARIZONA .....	689,245,750	1,203,689,492	691,868,726
ARKANSAS .....	479,626,299	775,324,982	481,488,065
CALIFORNIA .....	3,421,473,255	5,606,414,083	3,434,981,232
COLORADO .....	507,641,720	801,389,451	509,648,785
CONNECTICUT .....	468,654,887	832,517,927	470,471,904
DELAWARE .....	157,171,591	243,338,638	157,793,905
DISTRICT OF COLUMBIA .....	152,612,544	242,292,113	153,237,661
FLORIDA .....	1,779,520,834	3,099,531,819	1,786,190,737
GEORGIA .....	1,214,718,614	2,197,921,162	1,219,311,512
HAWAII .....	161,399,324	261,126,659	162,053,555
IDAHO .....	269,568,494	454,761,532	270,596,821
ILLINOIS .....	1,344,744,025	2,031,551,855	1,349,966,039
INDIANA .....	895,910,212	1,553,880,180	899,286,909
IOWA .....	457,727,766	673,439,752	459,555,095
KANSAS .....	360,820,113	629,231,899	362,286,583
KENTUCKY .....	628,450,910	1,052,214,391	630,896,823
LOUISIANA .....	644,013,112	977,068,592	646,547,933
MAINE .....	177,079,140	270,581,469	177,808,009
MARYLAND .....	569,962,080	967,643,444	572,237,731
MASSACHUSETTS .....	579,573,923	1,022,584,726	581,923,354
MICHIGAN .....	997,921,662	1,820,267,505	1,001,837,530
MINNESOTA .....	603,633,915	957,604,286	605,986,276
MISSISSIPPI .....	449,447,444	730,280,415	451,224,902
MISSOURI .....	858,658,537	1,441,041,316	861,974,425

## FEDERAL-AID HIGHWAY PROGRAM OBLIGATION LIMITATION—Continued

[Fiscal year 2011, President's request and Committee recommendation for fiscal year 2012]

	Fiscal year 2011 <sup>1</sup>	Fiscal year budget request 2012 <sup>2</sup>	Committee recommendation <sup>3</sup>
MONTANA .....	377,525,663	587,731,006	378,953,534
NEBRASKA .....	275,166,553	448,516,965	276,269,157
NEVADA .....	343,156,600	427,970,445	344,483,527
NEW HAMPSHIRE .....	156,903,986	282,570,949	157,525,489
NEW JERSEY .....	944,367,136	1,614,206,835	948,034,084
NEW MEXICO .....	339,203,209	587,861,145	340,522,797
NEW YORK .....	1,596,443,684	2,798,466,583	1,602,814,803
NORTH CAROLINA .....	983,190,394	1,741,227,449	986,984,930
NORTH DAKOTA .....	236,322,354	380,421,957	237,268,802
OHIO .....	1,243,591,571	2,196,483,756	1,248,414,711
OKLAHOMA .....	601,558,415	939,765,732	603,926,875
OREGON .....	466,361,039	695,834,220	468,226,246
PENNSYLVANIA .....	1,559,308,478	2,789,833,928	1,565,522,761
RHODE ISLAND .....	206,290,321	305,057,085	207,139,426
SOUTH CAROLINA .....	592,210,888	1,010,364,821	594,480,657
SOUTH DAKOTA .....	260,941,109	409,659,995	261,960,941
TENNESSEE .....	781,257,424	1,351,171,507	784,270,692
TEXAS .....	2,970,543,549	5,171,740,868	2,981,805,048
UTAH .....	305,185,298	448,480,722	306,379,206
VERMONT .....	190,674,842	256,557,574	191,457,655
VIRGINIA .....	943,236,368	1,637,037,077	946,888,113
WASHINGTON .....	635,435,628	1,022,845,223	638,006,371
WEST VIRGINIA .....	405,181,815	660,574,011	406,730,768
WISCONSIN .....	691,609,718	1,197,977,361	694,218,188
WYOMING .....	231,317,734	417,696,304	232,231,571
SUBTOTAL .....	36,374,855,318	61,012,574,600	36,516,442,179
Non-formula programs .....	4,732,144,682	8,662,425,400	4,590,557,821
TOTAL .....	41,107,000,000	69,675,000,000	41,107,000,000

<sup>1</sup> Actual fiscal year 2011 Distribution of Obligation Limitation (FHWA Notice 4520.209).<sup>2</sup> Estimated for the fiscal year 2012 President's budget; distribution of obligation limitation based on State apportionment shares under SAFETEA-LU; funding for Puerto Rico is apportioned under the FY 2012 President's Budget but included in "Non-formula programs" for purposes of comparison.<sup>3</sup> Estimated assuming extension of the Surface Transportation Extension Act of 2010, as amended, through September 30, 2012.

## FEDERAL-AID HIGHWAY PROGRAM

The roads and bridges that make up our Nation's highway infrastructure are built, operated, and maintained through the joint efforts of Federal, State, and local governments. States have much flexibility to use Federal-aid highway funds to best meet their individual needs and priorities, with FHWA's assistance and oversight.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA-LU], the highway, highway safety, and transit authorization through fiscal year 2009, made Federal-aid highways funds available in various categories of spending. These categories were continued by each of the short-term extension acts that continued the authorities provided under SAFETEA-LU.

*National Highway System [NHS].*—The Intermodal Surface Transportation Efficiency Act [ISTEA] of 1991 authorized the NHS, which was subsequently established as a 161,000-mile road system by the National Highway System Designation Act of 1995. This system serves major population centers, intermodal transportation facilities, international border crossings, and major destinations. The NHS program provides funding for this system, consisting of

roads that are of primary Federal interest: the current interstate; other rural principal arterials; urban freeways and connecting urban principal arterials; facilities on the Defense Department's designated Strategic Highway Network; and roads connecting the NHS to intermodal facilities. The Federal share for the NHS program is generally 80 percent, subject to the sliding-scale adjustment, with an availability period of 4 years.

*Interstate Maintenance [IM].*—The 46,876-mile Dwight D. Eisenhower National System of Interstate and Defense Highways retains a separate identity within the NHS. The IM program finances projects to rehabilitate, restore, resurface and reconstruct the interstate system. Reconstruction that increases capacity, other than HOV lanes, is not eligible for IM funds. The Federal share for the IM program is 90 percent, subject to the sliding-scale adjustment, and funds are available for 4 years.

*Surface Transportation Program [STP].*—STP is a flexible program that may be used by States and localities for projects on any Federal-aid highway, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. A portion of STP funds are set aside for transportation enhancements and State suballocations are provided. The Federal share for STP is generally 80 percent, subject to the sliding-scale adjustment, with a 4-year availability period.

*Bridge Replacement and Rehabilitation.*—The bridge program enables States to improve the condition of their bridges through replacement, rehabilitation, and systematic preventive maintenance. The funds are available for use on all bridges, including those on roads functionally classified as rural minor collectors and as local. Bridge program funds have a 4-year period of availability with a Federal share for all projects, except those on the interstate system, of 80 percent, subject to the sliding scale adjustment. For those bridges on the interstate system, the Federal share is 90 percent, subject to the sliding-scale adjustment.

*Congestion Mitigation and Air Quality Improvement Program [CMAQ].*—The CMAQ program directs funds toward transportation projects and programs to help meet and maintain national ambient air quality standards for ozone, carbon monoxide, and particulate matter. A minimum one-half percent of the apportionment is guaranteed to each State.

*Highway Safety Improvement Program [HSIP].*—The highway infrastructure safety program features strategic safety planning and performance. The program also devotes additional resources and supports innovative approaches to reducing highway fatalities and injuries on all public roads.

*Federal Lands Highways.*—This category funds improvements for forest highways; park roads and parkways; Indian reservation roads; and refuge roads. The Federal lands highway program provides for transportation planning, research, engineering, and construction of highways, roads, parkways, and transit facilities that provide access to or within public lands, national parks, and Indian reservations.

*Equity Bonus.*—The equity bonus program provides additional funds to States to ensure that each State's total funding from apportioned programs and for high-priority projects meets certain eq-

uity considerations. Each State is guaranteed a minimum rate of return on its share of contributions to the highway account of the Highway Trust Fund, and a minimum increase relative to the average dollar amount of apportionments under the Transportation Equity Act for the 21st Century, or TEA-21. Certain States will maintain the share of total apportionments they each received during TEA-21. An open-ended authorization is provided, ensuring that there will be sufficient funds to meet the objectives of the equity bonus. Of the total amount of funds provided for this program, each year \$639,000,000 is exempt from the obligation limitation recommended by the Committee.

*Emergency Relief [ER].*—Section 125 of title 23, United States Code, provides \$100,000,000 annually for the ER program. This funding is not subject to the obligation limitation recommended by the Committee. This program provides funds for the repair or reconstruction of Federal-aid highways and bridges and federally owned roads and bridges that have suffered serious damage as the result of natural disasters or catastrophic failures. The ER program supplements the commitment of resources by States, their political subdivisions, or Federal agencies to help pay for unusually heavy expenses resulting from extraordinary conditions.

*Highways for Life.*—This program provides funding to demonstrate and promote state-of-the-art technologies, elevated performance standards, and new business practices in the highway construction process that result in improved safety, faster construction, reduced congestion from construction, and improved quality and user satisfaction by inviting innovation, new technologies, and new practices to be used in highway construction and operations.

*Ferry Boats and Ferry Terminal Facilities.*—This program provides funding for the construction of ferry boats and ferry terminal facilities.

*National Scenic Byways.*—This program provides funding for roads that are designated by the Secretary of Transportation as All American Roads [AAR] or National Scenic Byways [NSB]. These roads have outstanding scenic, historic, cultural, natural, recreational, and archaeological qualities.

*Transportation and Community and System Preservation [TCSP].*—The TCSP program provides grants to States and local governments for planning, developing, and implementing strategies to integrate transportation and community and system preservation plans and practices. These grants may be used to improve the efficiency of the transportation system; reduce the impacts of transportation on the environment; reduce the need for costly future investments in public infrastructure; and provide efficient access to jobs, services, and centers of trade.

*Transportation Infrastructure Finance and Innovation [TIFIA].*—The TIFIA credit program provides funds to assist in the development of major infrastructure facilities through greater non-Federal and private sector participation, building on public willingness to dedicate future revenues or user fees in order to receive transportation benefits earlier than would be possible under traditional funding techniques. The TIFIA program provides secured loans, loan guarantees, and standby lines of credit that may be drawn

upon to supplement project revenues, if needed, during the first 10 years of project operations.

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the direct loans, loan guarantees, and lines of credit obligated in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on present value basis; the administrative expenses are estimated on a cash basis.

*Appalachian Development Highway System.*—This program makes funds available to construct highways and access roads under section 201 of the Appalachian Regional Development Act of 1965. Under SAFETEA-LU, funding is distributed among the 13 eligible States based on the latest available cost-to-complete estimate prepared by the Appalachian Regional Commission.

*Delta Region Transportation Development Program.*—This program encourages multistate transportation planning and supports the development of transportation infrastructure in the eight States that comprise the region of the Mississippi Delta: Alabama, Arkansas, Illinois, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

*Railway-highway Crossing Hazard Elimination in High-speed Rail Corridors.*—This program provides grants for safety improvements at grade crossings between railways and highways on designated high-speed rail corridors.

LIQUIDATION OF CONTRACT AUTHORIZATION

(HIGHWAY TRUST FUND)

Appropriations, 2011 .....	\$41,846,000,000
Budget estimate, 2012 .....	70,414,000,000
Committee recommendation .....	41,846,000,000

PROGRAM DESCRIPTION

The Federal-aid Highway program is funded through contract authority paid out of the Highway Trust Fund. Most forms of budget authority provide the authority to enter into obligations and then to liquidate those obligations. Put another way, it allows a Federal agency to commit to spending money on specified activities and then to actually spend that money. In contrast, contract authority provides only the authority to enter into obligations, but not the authority to liquidate those obligations. The authority to liquidate obligations—to actually spend the money committed with the contract authority—must be provided separately. The authority to liquidate obligations under the Federal-aid highways program is provided under this heading. This liquidating authority allows FHWA to follow through on commitments already allowed under current law; it does not provide the authority to enter into new commitments for Federal spending.

COMMITTEE RECOMMENDATION

The Committee recommends a liquidating cash appropriation of \$41,846,000,000. The recommended level is \$28,568,000,000 less

than the budget request and equal to the fiscal year 2011 enacted level. This level of liquidating authority is necessary to pay outstanding obligations from various highway accounts pursuant to this and prior appropriations acts.

EMERGENCY RELIEF

Appropriations, 2011 .....	.....
Budget estimate, 2012 .....	.....
Committee recommendation .....	\$1,900,000,000

PROGRAM DESCRIPTION

The Emergency Relief program is a part of the overall Federal-aid Highway program. It funds the repair or reconstruction of Federal-aid highways and roads on Federal lands which have suffered serious damage as a result of (1) natural disasters or (2) catastrophic failures from an external cause. The program supplements the commitment of resources by States, their political subdivisions, or other Federal agencies to help pay for unusually heavy expenses resulting from extraordinary conditions.

The applicability of the Emergency Relief program to a natural disaster is based on the extent and intensity of the disaster. Damage to highways must be severe, occur over a wide area, and result in unusually high expenses to the highway agency. Applicability of the program to a catastrophic failure due to an external cause is based on the criteria that the failure was not the result of an inherent flaw in the facility but was sudden, caused a disastrous impact on transportation services, and resulted in unusually high expenses to the highway agency.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,900,000,000 for the Emergency Relief program. The recommended funding level is in addition to the \$100,000,000 provided to this program each year under the current law. The Emergency Relief program carries a backlog of \$1,132,588,905 in eligible expenses, and damage from Hurricane Irene and flooding in the Midwest have added significantly to the amount of disaster-related expenses eligible for funding under the program. Aside from the program's annual funding level of \$100,000,000, no funds were provided for this program in fiscal year 2011 or requested by the administration. The Committee recommends that funding provided under this heading be designated as being for disaster relief under the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

The bill includes several provisions that would apply to events occurring in fiscal years 2011 and 2012. For those events, the bill would allow the Department to reimburse a State for damages related to a single disaster in an amount that exceeds the program's limitation of \$100,000,000. The bill would also allow the Secretary to provide up to 100 percent of a project's eligible expenses for a State that has incurred disaster-related costs equal to at least twice the State's apportionment of highway formula grants for that year. These two provisions will help States that have suffered from unusually large events, and sustained damages whose costs are



disproportionate to the level of transportation spending which the State could afford.

In addition, for events occurring in fiscal years 2011 and 2012, the bill includes language that would extend the period of time during which the Department can provide immediate relief and restore essential transportation services without requiring a local match of funds. Under current law, such assistance is limited to 180 days following the onset of a disaster. This provision, however, will help States that have experienced long-term flooding or other disasters that continue over a long period of time. Because the 180-day period begins at the beginning of a disaster, States will not be able to benefit from this part of the program if the disaster itself prevents them from beginning their work to assess damages and estimate the cost of immediate repair work.

RESCISSION

Appropriations, 2011 .....	.....
Budget estimate, 2012 .....	.....
Committee recommendation .....	\$73,000,000

COMMITTEE RECOMMENDATION

The Committee recommends a rescission of \$73,000,000 of funds provided for specific highway projects in prior year appropriation acts. The administration did not include this provision in its budget request. A similar rescission of funding dedicated for specific highway projects was included in the year-long continuing resolution for fiscal year 2011; however, that rescission applied to contract authority provided through authorization acts.

ADMINISTRATIVE PROVISIONS—FEDERAL HIGHWAY ADMINISTRATION

Section 120 distributes obligation authority among Federal-aid Highway programs.

Section 121 continues a provision that credits funds received by the Bureau of Transportation Statistics to the Federal-aid highways account.

Section 122 provides requirements for any waiver of Buy American requirements.

Section 123 continues a provision prohibiting tolling in Texas, with exceptions.

Section 124 provides additional funding from FHWA’s research program for data activities at the Bureau of Transportation, including the safety data program, improvements to the commodity flow survey, and the international freight data system.

Section 125 addresses requirements for highway guardrails.

Section 126 modifies requirements under section 127 of title 23, United States Code.

Section 127 restores contract authority for FHWA’s administrative expenses.

Section 128 exempts roads and bridges affected by a natural disaster from certain environmental and planning requirements.

FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION  
PROGRAM DESCRIPTION

The Federal Motor Carrier Safety Administration [FMCSA] was established within the Department of Transportation by the Motor Carrier Safety Improvement Act [MCSIA] (Public Law 106–159) in December 1999. Prior to this legislation, motor carrier safety responsibilities were under the jurisdiction of the Federal Highway Administration.

FMCSA's mission is to promote safe commercial motor vehicle and motor coach operations, as well as reduce the number and severity of accidents. Agency resources and activities prevent and mitigate commercial motor vehicle and motor coach accidents through education, regulation, enforcement, stakeholder training, technological innovation and improved information systems. FMCSA is also responsible for ensuring that all commercial vehicles entering the United States along its southern and northern borders comply with all Federal motor carrier safety and hazardous materials regulations. To accomplish these activities, FMCSA works with Federal, State, and local enforcement agencies, the motor carrier industry, highway safety organizations, and the public.

MCSIA and the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA–LU] provide funding authorization for FMCSA's Motor Carrier Safety Operations and Programs and Motor Carrier Safety Grants. As the current authorization expires March 31, 2012, the Committee recommendation is contingent on a full-year authorization.

COMMITTEE RECOMMENDATION

The Committee recommends a total level of \$558,023,000 for obligations and liquidations from the Highway Trust Fund. This level is \$47,977,000 less than the request and \$2,953,000 more than the fiscal year 2011 enacted level. This level allows the FMCSA to utilize the authorized level of contract authority provided under SAFETEA–LU plus \$5,878,000 in unobligated carry over contract authority for agency operations.

FMCSA is responsible for developing, implementing, and enforcing regulations for the motor carrier and motor coach industry to ensure that qualified drivers and safe vehicles are operating on our Nation's highways. By effectively carrying out its responsibilities, the agency provides industry with appropriate guidance and oversight to ensure both the efficient movement of goods and people as well as the safety of the driving public.

For the past 3 years, the Committee has voiced frustration with FMCSA's repeated failure to timely address recommendations by the National Transportation Safety Board [NTSB], the Department of Transportation's Office of Inspector General [OIG], and the Government Accountability Office [GAO]. For example, NTSB has 55 open recommendations affecting the FMCSA and continues to rate the agency's response as unacceptable in addressing the improvement of the collection and maintenance of data on hours of service, the mandatory use of electronic on-board recorders, the identification of the reincarnated carriers, and the agency's ability to prevent

operators from providing services if they have serious safety violations for mechanical failures or unqualified drivers. While OIG open recommendations have decreased from 22 to 18 over the last year, concerns remain with FMCSA’s ability to counter fraud in the Commercial Driver’s License Program, properly vet new entrants to prevent the reincarnation of passenger and household goods carriers, prevent fraud among household goods carriers, and reform its contracting and acquisition tools.

The FMCSA is undertaking a multilateral approach to addressing many of these long-standing and serious safety issues, but virtually all programmatic, regulatory and enforcement solutions remain a work in progress. The lack of a multi-year surface transportation reauthorization bill, combined with the constraints in domestic discretionary spending, inhibits the agency’s ability to strengthen programs, develop regulations, improve information technology systems, and target enforcement efforts on emerging highway safety initiatives that could significantly improve road and passenger safety. However, FMCSA leadership has demonstrated a commitment to addressing the many safety recommendations, while also providing industry ample opportunity for constructive feedback that aligns with national safety objectives. The Committee believes that FMCSA has the opportunity to generate further reductions in large truck and bus fatalities and injuries this year by addressing its many outstanding recommendations, and expects the agency to seize this opportunity.

MOTOR CARRIER SAFETY OPERATIONS AND PROGRAMS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

Limitation, 2011 .....	\$245,000,000
Budget estimate, 2012 (limitation) .....	276,000,000
Committee recommendation .....	250,023,000

PROGRAM DESCRIPTION

This account provides the necessary resources to support motor carrier safety program activities and maintain the agency’s administrative infrastructure. Funding supports nationwide motor carrier safety and consumer enforcement efforts, including Federal safety enforcement activities at the United States/Mexico border to ensure that Mexican carriers entering the United States are in compliance with Federal Motor Carrier Safety Regulations. Resources are also provided to fund motor carrier regulatory development and implementation, information management, research and technology, safety education and outreach, and the 24-hour safety and consumer telephone hotline.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on obligations and authority to liquidate an equal amount of contract authorization of \$250,023,000 for FMCSA’s Operations and Programs. The rec-

ommendation is \$5,023,000 more than the fiscal year 2011 enacted level and \$25,977,000 less than the budget request.

#### OPERATING EXPENSES

The Committee recommends \$194,217,000 for operating expenses. This level is \$5,995,000 more than the fiscal year 2011 enacted level and \$40,367,000 less than the budget request.

*Comprehensive Safety Analysis [CSA].*—Over the past 7 years, FMCSA has been undertaking a comprehensive evaluation and overhaul of its systems and operations. The CSA initiative is designed to improve the effectiveness of the agency's compliance and enforcement programs. The accompanying chart identifies the major milestones attributed to the development and implementation of CSA. The Committee strongly supports the agency's efforts to improve its programs, and remains focused on ensuring CSA delivers the promised results. The Committee appreciates that the agency has taken steps to communicate the changes and benefits of CSA to its partners and stakeholders. Given that FMCSA relies on its partners in the field to assist them in fulfilling its mission, continued communication with and training of its partners will be critical to the initiative's success.

The Committee is concerned with FMCSA's failure to meet critical milestones for implementing this new system. For example, the Notice of Proposed Rulemaking related to the safety fitness determination rating system has been delayed yet again from October 2009 to December 2011. Until the rulemaking is complete, FMCSA is relying on the current rating system that fails to place a sufficient emphasis on both driver and vehicle qualifications, thereby compromising safety on our Nation's highways. This rulemaking will be subject to great scrutiny, which is likely to require a significant amount of time. Continued delays in the rulemaking will delay the potential safety benefits that CSA has to offer. The Committee expects FMCSA to meet its new target date of December 2011.

The Committee requests that GAO continue to monitor the implementation of CSA and evaluate FMCSA's ability to meet its designated milestones.

CSA MILESTONES, 2009–2012

2009	2010	2011	2012
<p>August: —Final report on measurement methodology (Complete). —SFD final report (Complete).</p> <p>September: —Establish protocols for program evaluation data collection (Complete). —Define interventions for BASICS of: (1) Driver Fitness, (2) Controlled Substances/Alcohol; (3) Improper loading/cargo securement; and (4) Crash History (Complete). —Develop policy, guidance and aids for interventions, Phase II (Complete). —Document intervention selection guidance for Phase II BASICS (Complete). —Deliver refined concept of operations for Phase II (Complete). —Deliver training for Phase II (Complete). —Initiate Phase II of operational model test (Complete). —paper (Completed November 2007).</p> <p>November: —Deliver final rulemaking support.</p> <p>December: —Annual public listening session webcasts/report-out (Completed).</p>	<p>February: —Deliver refined concept of operations for broader implementation (Complete).</p> <p>March: —Identify and summarize requirements for broader implementation (Complete).</p> <p>April: —Initiate motor carrier data preview of violations by BASIC (Complete).</p> <p>July: —End of Operational Model Test, CSA 2010 now operational in 9 States (Complete).</p> <p>August: —Carriers can view BASIC scores (Complete).</p> <p>December: —Deployed Phase 1 of CSA 2010 and changed it to Compliance, Safety, Accountability (CSA). —Includes Field Operations Training Manual (FOTM) Addendum for CSA (Complete). —Includes new Safety Measurement System (SMS) (Complete). —Includes Focused Compliance Review, Full Compliance Review, Direct Notice of Violation (Complete). —Includes Warning Letters. (Incomplete)</p>	<p>February: —Began sending Warning Letters (Complete).</p> <p>March: —FMCSA reached a settlement agreement with the National Association of Small Trucking Companies and implemented agreed changes to the SMS public website (Complete).</p> <p>July/August: —Begin CSA Phase 2 training, training the Safety Management Cycle to field Safety Investigators (moves Focused and Full Compliance Reviews to Onsite Focused and Onsite Comprehensive Investigations) (Underway)</p> <p>—Deliver final University of Michigan Transportation Research Institute (UMTRI) Evaluation of the CSA 2010 Operational Model test. (Incomplete).</p> <p>December: —Publish NPRM on Safety Fitness Determination (SFD) (Incomplete).<sup>1</sup></p>	<p>July: —Deploy remaining IT tools for Final CSA Phase 3 deployment. —Includes Deployment of SENTRI and final enhancements to the FMCSA PORTAL (Incomplete). —Develop Phase 3 Training material and train instructors (Incomplete).</p> <p>October/November: —Begin training field investigators on Phase 3.</p> <p>—Includes IT systems deployment (Incomplete). —Includes Offsite Interventions and Cooperative Safety Plan deployment (Incomplete).</p> <p>December: —Full CSA Enforcement Model Deployed, begin year long implementation/Monitoring of Enforcement Model (Incomplete). —Begin to identify and develop performance measures through process analysis (process will take approximately 12 months) (Incomplete).</p>

<sup>1</sup> Original completion date scheduled for November 2008.

*Hours of Service.*—For more than 30 years, NTSB has advocated regulations that address driver fatigue. FMCSA’s prior regulatory action on this long-standing safety recommendation is concerning. According to NTSB, driver fatigue remains the primary factor in 30 to 40 percent of large truck crashes involving fatalities. NTSB recommended using science-based principals to revise the hours-of-service rule to require at least 8 hours of continuous sleep and the elimination of sleeper berth provisions that allow for the splitting of sleep periods. After regulatory actions on the motor carrier hours-of-service rule were challenged and struck down by the courts, FMCSA agreed to present a new regulatory action to OMB by July 26, 2010, and to complete a final rulemaking by July 26, 2011. The court-ordered deadline for final agency action was extended to October 26, 2011, to allow time for the publication of and comment on four additional research documents. The Committee supports FMCSA’s efforts to conduct a full, open, and transparent regulatory process that discloses its operator fatigue model methodology, considers the health impact on drivers, develops policies based upon sound sleep and fatigue scientific research, and properly considers safety and crash-related data. However, the Committee expects FMCSA to fulfill its highway safety mission, revise the hours-of-service regulations, and protect the Nation’s traveling public in accordance with the timelines established in the settlement agreement.

*Electronic On-board Recorders.*—No hours-of-service rule will serve its purpose unless it is adequately enforced. In 1977, NTSB issued its first recommendation on the use of on-board recording devices for commercial vehicles to provide an efficient and reliable means of tracking the number of hours a commercial motor vehicle operator drives. NTSB subsequently issued additional recommendations concerning the use of on-board recorders. In 2008, NTSB added to its Most Wanted List a recommendation that FMCSA require electronic on-board data recorders [EOBRs] to maintain accurate carrier records of drivers’ hours-of-service. Despite FMCSA’s recent final rulemaking requiring a limited use of EOBRs to carriers with the most serious safety violations, this recommendation remains “open unacceptable”. The Committee supports FMCSA’s commitment to issue a broader EOBR mandate and encourages FMCSA to expand EOBR usage for interstate commercial vehicles.

*High-risk Carriers.*—Since fiscal year 2008, the Committee has required quarterly reports on the agency’s ability to meet the requirement to conduct compliance reviews on all motor carriers identified as high-risk. Since the agency first began reporting its performance to the Committee, the agency’s ability to comply with this requirement has improved significantly, from completing compliance reviews of 69 percent of high-risk carriers in fiscal year 2008 to 86 percent last year. However, the backlog of open reviews has increased from 1,084 carriers in fiscal year 2008 to 1,336 carriers at the end of the 2010 calendar year. The Committee is concerned with the increase of open reviews and expects the agency to continue to make strides to fulfill its mandate. The Committee directs the agency to continue to provide the House and Senate Committees on Appropriations with a report on its ability to meet

its requirements to evaluate high-risk carriers on March 30, 2012 and September 30, 2012.

*Reincarnated Carriers.*—The Committee continues to have concerns with FMCSA’s ability to detect and prevent unscrupulous motor carrier or motorcoach operators from evading enforcement actions or out-of-service orders by going out of business and reincorporating as a “new” transportation service provider. A recent GAO report found that 9 percent of motor carriers placed out of service by FMCSA between 2007 and 2008 applied as new entrants. GAO found that after reincorporating, many of these companies continued to demonstrate a pattern of violations, including breeches of drug and alcohol testing and driver qualifications rules, operating without proper authority, and illegally transporting passengers across the United States-Mexico border. GAO and the OIG are currently conducting investigations mandated by the House and Senate Committees on Appropriations into the effectiveness of FMCSA’s new-entry safety audit, the New Applicant Screening Program and the Passenger Carrier Vetting Process. Further, GAO is evaluating the degree to which the complexities of State laws on corporate successorship affect FMCSA’s ability to deny operating authority or pursue enforcement actions against unsafe reincarnated carriers. The Committee expects FMCSA to fully cooperate with current investigations. Further, the Committee encourages FMCSA to apply the strictest of enforcement actions against these corrupt operators.

*Motorcoach Safety.*—Many high profile and traumatic motorcoach accidents have occurred in the past year. In March alone, a bus traveling on I-95 toward New York City swerved, rolled over, and struck a guardrail cutting the bus in half, killing 15 people and injuring another 18; in East Brunswick, New Jersey, a bus crashed into a guard rail, killing two and injuring 40; and in Littleton, New Hampshire, a bus swerved off the road and overturned, injuring all 25 occupants on board. On May 31, a bus ran off the road and overturned on I-95 near Doswell, Virginia, causing four fatalities and numerous injuries. These incidents are a tragic reminder of the disproportionate effect bus accidents have on passengers and the occupants of other vehicles traveling on our roadways.

The Committee commends the Secretary for taking a comprehensive approach to addressing motorcoach safety issues by developing a Motorcoach Safety Action Plan that tasks modal administrators with specific action items to rectify the troubling increase in motorcoach fatalities over the past decade. This pattern is inconsistent with other highway fatality trends in vehicle and motor carrier sectors, pointing to a long-standing weakness in passenger safety oversight and enforcement authority. The Committee directs FMCSA to develop an annual report on the agency’s progress in implementing the action items within the Secretary’s Motorcoach Safety Action Plan, the recommendations of the NTSB, the OIG and GAO with respect to this issue, as well as any additional information the Administrator deems appropriate, in its annual budget submission to Congress.

*ADA Compliance.*—For several years, this Committee has pushed FMCSA to enforce DOT’s own Americans with Disability Act [ADA] regulations for over-the-road curbside operators. Congress had to

pass a law to compel the agency to accept its responsibility to deny or revoke operating authority based on an operator's inability or unwillingness to meet DOT's ADA regulations. However, to date, FMCSA has taken few enforcement actions related to ADA non-compliance. The Committee once again directs FMCSA to include information in its budget for fiscal year 2013 on enforcement actions the agency has taken, including the number of denials or revocations due to noncompliance with ADA regulations. The Committee expects the information to demonstrate that FMCSA takes its responsibility to enforce DOT's ADA regulations seriously.

PROGRAM EXPENSES

The Committee recommends \$56,778,000 for FMCSA's program expenses. This amount is equal to the enacted level for fiscal year 2011 and \$15,362,000 more than the budget request.

MOTOR CARRIER SAFETY GRANTS

(LIQUIDATION OF CONTRACT AUTHORIZATION)

(LIMITATION ON OBLIGATIONS)

(HIGHWAY TRUST FUND)

(INCLUDING RESCISSION)

	Liquidation of contract authorization	Limitation on obligations
Appropriations, 2011 .....	\$310,070,000	\$310,070,000
Budget estimate, 2012 .....	330,000,000	330,000,000
Committee recommendation .....	307,000,000	307,000,000

PROGRAM DESCRIPTION

This account provides the necessary resources for Federal grants to support State compliance, enforcement, and other programs. Grants are also provided to States for enforcement efforts at both the southern and northern borders to ensure that all points of entry into the United States are fortified with comprehensive safety measures; improvement of State commercial driver's license [CDL] oversight activities to prevent unqualified drivers from being issued CDLs; and the Performance Registration Information Systems and Management [PRISM] program, which links State motor vehicle registration systems with carrier safety data in order to identify unsafe commercial motor carriers.

MOTOR CARRIER SAFETY GRANTS

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on obligations of \$308,000,000 for motor carrier safety grants. The recommended limitation is \$2,070,000 less than the fiscal year 2011 enacted level and the budget request. The Committee recommends a separate limitation on obligations for each grant program funded under this account with the funding allocation identified below.



	Amount
Motor Carrier Safety Assistance Program [MCSAP] .....	\$212,000,000
Commercial Driver's License and Driver Improvement Program .....	30,000,000
Border Enforcement Grants .....	32,000,000
Performance and Registration Information System Management [PRISM] grants .....	5,000,000
Commercial Vehicle Information Systems and Networks [CVISN] grants .....	25,000,000
Safety Data Improvement .....	3,000,000

*Commercial Vehicle Information Systems and Networks [CVISN] Grants Program.*—The Committee finds that FMCSA has failed to maintain appropriate oversight of the CVISN grant program, resulting in financial irregularities and the award of grants to States beyond the agency's statutory authority. Last year, after these financial irregularities were discovered by the current Administrator, the Committee directed GAO to conduct an audit of the program. GAO found that FMCSA committed 47 statutory violations between fiscal years 2006 through 2010, totaling \$23,000,000. This represents 18 percent of the \$125,000,000 in total contract authority available for the CVISN program during such period. GAO concluded the violations were due to the agency's failure to keep track of the grants awarded under the Transportation Equity Act for the 21st Century [TEA-21] and the dissemination of an erroneous policy to States in November 2006. These findings indicate a failure to adhere to internal grant management policies and processes, raising questions about the integrity of this and other State assistance programs. Thus far, FMCSA is taking the appropriate and necessary steps to address the historical mismanagement of the CVISN program. Several States have chosen to deobligate the inappropriately awarded funds. Other States either do not have sufficient funds to deobligate or are otherwise inclined not to do so. Therefore, the Committee has included bill language to hold States harmless for the Federal mismanagement of the program. The Committee also recommends an equal amount of funds for rescission from the CVISN program to offset the budgetary costs of the legislative relief provided under section 136.

GAO is conducting an audit of other FMCSA grant programs to determine if the management issues related to the CVISN program were isolated. GAO will be examining how FMCSA oversees and monitors the award of grant funds, to what extent risk factors exist that could lead to financial irregularities in the awarding of grants, and what action FMCSA can take or has taken to prevent such irregularities from occurring in the future. This work will better inform the Committee on the potential benefits of FMCSA's proposal to create a centralized Grants Management Office to act as a single point of contact for all business-related activities associated with the award, negotiation, and administration of grants.

ADMINISTRATIVE PROVISION—FEDERAL MOTOR CARRIER SAFETY  
ADMINISTRATION

Section 130 subjects the funds in this act to section 350 of Public Law 107-87 in order to ensure the safety of all cross-border long haul operations conducted by Mexican-domiciled commercial carriers.

The North American Free Trade Agreement requires that the United States and Mexico provide operating authority and recip-

rocal treatment for bus companies to provide domestic, intercity bus service and cross-border services. Mexico has refused to grant United States-owned bus companies comparable rights in Mexico, thus making it impossible for United States bus companies to compete with Mexican bus companies for cross-border traffic. Congress gave the President or his delegate the statutory authority (49 U.S.C. §13902(c)) to suspend or restrict the U.S. operations of passenger motor carriers owned by companies of a contiguous country which unreasonably restricts the operations of U.S.-owned companies. Since those circumstances currently exist, the Committee believes that the President or his delegate should consider utilizing that authority unless Mexico immediately starts to provide reciprocal access and fair treatment to United States-owned bus companies. Discrimination against U.S. bus companies cannot continue. The Committee directs the Secretary of Transportation, in coordination with the United States Trade Representative, to report to the House and Senate Committee on Appropriations no later than April 1, 2012 on what actions the Department or other executive agencies are taking to rectify this issue.

Section 131 holds States harmless for FMCSA anti-deficiency act violations that occurred between fiscal years 2006 through 2010. The Committee rescinds \$1,000,000 in prior year unobligated balances to offset the budgetary impact of this provision.

Section 132 prohibits recipients of funds made available in this act to release personal information, including a Social Security number, medical or disability information, and photographs from a driver's license or motor vehicle record without express consent of the person to whom such information pertains; and prohibits the Secretary of Transportation from withholding funds provided in this act for any grantee if a State is in noncompliance with this provision.

## NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

### PROGRAM DESCRIPTION

The Federal Government's regulatory role in motor vehicle and highway safety began in September of 1966 with the enactment of the National Traffic and Motor Vehicle Safety Act of 1966 and the Highway Safety Act of 1966. In October 1966, these activities, originally under the jurisdiction of the Department of Commerce, were transferred to the Department of Transportation to be carried out through the National Traffic Safety Bureau within the Federal Highway Administration. In March 1970, the National Highway Traffic Safety Administration [NHTSA] was established as a separate organizational entity in the Department of Transportation.

NHTSA is responsible for motor vehicle safety, highway safety behavioral programs, motor vehicle information, and automobile fuel economy programs. NHTSA's current programs are authorized in five major laws: (1) the National Traffic and Motor Vehicle Safety Act (chapter 301 of title 49, United States Code [U.S.C.]); (2) the Highway Safety Act (chapter 4 of title 23, U.S.C.); (3) the Motor Vehicle Information and Cost Savings Act [MVICSA] (part C of subtitle VI of title 49, U.S.C.); the Transportation Recall Enhancement, Accountability and Documentation [TREAD] Act; and (5) the

Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA-LU].

The National Traffic and Motor Vehicle Safety Act of 1966 provides for the establishment and enforcement of safety standards for vehicles and related equipment and the conduct of supporting research.

The Highway Safety Act of 1966 established NHTSA's responsibility for providing States with financial assistance to support coordinated national highway safety programs (section 402 of title 23, U.S.C.), as well its role in highway safety research, development, and demonstration programs (section 403 of title 23, U.S.C.). The Anti-Drug Abuse Act of 1988 (Public Law 100-690) authorized NHTSA to make grants to States to implement and enforce drunk driving prevention programs.

The MVICSA established NHTSA's responsibilities for developing low-speed collision bumper standards and odometer regulations, as well its consumer information activities. Subsequent amendments to this law established the agency's responsibility for administering mandatory automotive fuel economy standards, theft prevention standards for high theft lines of passenger motor vehicles, and automobile content labeling requirements.

In 2000, the TREAD Act expanded NHTSA's responsibilities further, requiring the agency to promulgate regulations for the stability of light duty vehicles, tire safety and labeling standards, improving the safety of child restraints, and establishing a child restraint safety rating consumer information program.

SAFETEA-LU, which was enacted on August 10, 2005, established support for NHTSA's high-visibility enforcement efforts, motorcycle safety grants, and child safety and child booster safety incentive grant programs. Finally, SAFETEA-LU adopted new motor vehicle safety and information provisions, including rulemaking directions to reduce vehicle rollover crashes and vehicle passenger ejections, and improve passenger safety in side impact crashes.

SAFETEA-LU expired on September 30, 2009. Congress has not yet completed work on a long-term reauthorization bill for the surface transportation programs. At present, Congress has extended the surface transportation programs through March 31, 2012. In the absence of a long-term reauthorization of surface transportation programs, the Committee has generally assumed the continuation of the current program structure and that funding levels will be extended and annualized for the 2012 fiscal year.

#### COMMITTEE RECOMMENDATION

In 2010, the number of overall traffic fatalities reached the lowest level since 1949, declining for the 19th consecutive quarter. In 2010, 32,788 people were killed on our roadways, a 3 percent decrease from 2009 and a 24 percent decrease from 2005. While the trend in reduced highway fatalities is significant and encouraging, the agency and its State partners must remain diligent to sustain these gains as the economy recovers and discretionary travel begins to increase. The Committee recommends \$799,974,000 for NHTSA to maintain current programs and continue its mission to save lives, prevent injuries, and reduce vehicle-related crashes. This level includes both budget authority and limitations on the obliga-

tion of contract authority. This funding is \$60,026,000 less than the President's request and \$72,515,000 less than the fiscal year 2011 enacted level.

The following table summarizes Committee recommendations, excluding rescissions:

Program	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Operations and Research .....	\$245,646,000	\$303,900,000	\$249,646,000
National Driver Register .....	7,343,000	.....	.....
Highway Traffic Safety Grants .....	619,500,000	556,100,000	550,328,000
Total .....	872,489,000	860,000,000	799,974,000

#### OPERATIONS AND RESEARCH

Appropriations, 2011 .....	\$245,646,000
Budget estimate, 2012 .....	303,900,000
Committee recommendation .....	249,646,000

#### PROGRAM DESCRIPTION

These programs support traffic safety programs and related research, demonstrations, technical assistance, and national leadership for highway safety programs conducted by State and local governments, the private sector, universities, research units, and various safety associations and organizations. These highway safety programs emphasize alcohol and drug countermeasures, vehicle occupant protection, traffic law enforcement, emergency medical and trauma care systems, traffic records and licensing, State and community traffic safety evaluations, protection of motorcycle riders, pedestrian and bicyclist safety, pupil transportation, distracted and drowsy driving prevention, young and older driver safety, and improved accident investigation procedures.

This account also provides funding to implement and operate the Problem Driver Pointer System [PDPS] and to improve traffic safety by assisting State motor vehicle administrators in communicating effectively and efficiently with other States to identify drivers whose licenses have been suspended or revoked for serious traffic offenses, such as driving under the influence of alcohol or other drugs.

#### OPERATIONS AND RESEARCH

#### COMMITTEE RECOMMENDATION

The Committee provides \$249,646,000 for Operations and Research and has aligned funding for the National Driver Register into this account. This level of funding is \$54,254,000 less than the President's budget request and \$3,343,000 less than the fiscal year 2011 enacted level. Of the total amount recommended for Operations and Research, \$140,146,000 is derived from the General Fund and \$109,500,000 is derived from the Highway Trust Fund, of which \$4,000,000 is for the National Driver Register.

*Alcohol-related Fatalities.*—Alcohol-impaired driving deaths continue to be a leading cause of highway fatalities. Although the number of alcohol-impaired driving fatalities has dropped recently,

they continue to represent 32 percent of all highway deaths. Alcohol ignition interlock systems hold great promise for reducing alcohol-related fatalities. However, ignition interlock systems are an intrusive technology, which limits their use.

In 2008, NHTSA partnered with leading automobile manufacturers in the Automotive Coalition for Traffic Safety [ACTS] to develop alcohol detection technologies that could be installed in vehicles to prevent drunk driving. These technologies need to be non-intrusive in order to achieve greater acceptance by the general public. The development of advanced alcohol detection technologies is one of the key components of the Campaign to Eliminate Drunk Driving, which unites Mothers Against Drunk Driving, major auto manufacturers, law enforcement, and other stakeholders who share the goal of eliminating drunk driving.

To date, NHTSA and ACTS have completed preliminary device performance specifications, a rigorous technical review of candidate technologies, and proof-of-concept research to investigate those technologies that hold the most promise. Funding for fiscal year 2012 will be used to test the full set of performance specifications and to begin integrating competing technologies into a research vehicle for further testing and evaluation. The Committee recommends a total of \$6,000,000 to support this collaboration in fiscal year 2012, \$5,000,000 of which is repurposed from the seat belt performance grant program. This level of funding is \$5,000,000 more than the budget request and \$4,500,000 more than the fiscal year 2011 enacted level.

*Safety Defects Investigation.*—The Safety Defects Investigation program investigates possible defect trends and, where appropriate, seeks recalls of vehicles and vehicle equipment that pose an unreasonable safety risk. To perform this mission, NHTSA maintains the collection of early warning reporting data submitted by manufacturers to the Advanced Retrieval Tire, Equipment, Motor Vehicle Information System [ARTEMIS], as well as complaints from vehicle owners, recalls and investigations. The agency then analyzes the early warning data to determine whether anomalies or trends exist that potentially indicate the presence of a safety-related problem. Since 2000, NHTSA has influenced, on average, the recall of nearly 10 million vehicles annually as well as the recall of millions of items of equipment for safety-related defects. As a result of the Toyota recalls for sudden unintended acceleration, Congress made it clear that NHTSA should enhance the accessibility of its vehicle safety data systems. The Committee provides \$10,661,000, as requested, to allow NHTSA to make the necessary modifications to its complaint and investigation database, Web site, and outreach efforts.

*Alternative Fuels Vehicle Research.*—Consistent with the budget request, funding for alternative fuels research is reduced from \$4,498,000 in fiscal year 2011 to \$1,500,000. This level of funding will be used to continue research on the safety of emerging hybrid and electric fuel cell technologies, particularly on lithium ion battery and plug-in electric vehicles. This continued research is an important step in ensuring that vehicles powered by alternative sources of energy do not compromise safety.

*National Automotive Sampling System [NASS].*—The Committee provides \$25,000,000 to fully fund modernization of the NASS data collection system, which provides crash data on a nationally representative sample of police-reported motor vehicle crashes and related injuries. This funding is available until expended which is repurposed from the seat belt performance grant program. The Institute for Highway Safety states that NASS provides a “vital means of understanding injury mechanisms and identifying ways to improve crashworthiness and restraint system performance”. Safety researchers and automobile manufacturers also recognize the current NASS sample design created in 1977 is outdated, as data needs and demographics have changed significantly. Furthermore, the current sample size is not large enough to identify trends or problems at the vehicle make/model level in a timely manner. The Committee believes it is important for NHTSA to expand the scope of its data collection relative to the NASS/Crashworthiness Data System [CDS]. Expanding the NASS data collection from its current 24 data collection sites will assure a larger and more representative sample of crashes, increase the precision with which the agency can determine and validate areas of specific rulemaking interest for the Office of Defects Investigation, and assist researchers around the world in making informed decisions on vehicle design and safety policy.

NHTSA must also undertake a comprehensive review of the data elements to be collected from each crash; solicit input from interested parties—including suppliers, automakers, safety advocates, the medical community and research organizations; and assess the need for more data from the pre-crash, crash, and post-crash phases. The agency should consider including the following factors as part of an enhanced data collection initiative: vehicle velocities; vehicle acceleration/deceleration; departure from the roadway; presence of crash avoidance or driver assistance systems in the vehicle(s); and road surfaces and conditions. The funding provided will allow NHTSA to modernize the NASS system to improve data quality, timeliness, and accessibility in responding to the rapidly changing vehicle and highway safety environment. The Committee directs NHTSA to report on its NASS modernization efforts and related expenditures in the President’s annual budget submission to Congress. Additionally, NHTSA shall provide a report on the results of the data element review and recommendations for revision.

*Motorcoach Safety.*—The Committee commends the Secretary for taking a comprehensive approach to assessing and addressing motorcoach safety issues. Specifically, the Committee appreciates the development of specific action items for modal administrators to rectify the troubling increase in the number of motorcoach fatalities over the past 10 years. This trend is inconsistent with other highway fatality trends in vehicle and motor carrier sectors, which points to a long-standing weakness in passenger safety oversight and enforcement authority. The Secretary’s Motorcoach Safety Action Plan requires NHTSA to develop performance requirements for stability control systems and to expand research on crash-avoidance technologies, such as forward crash warning, lane departure warning systems, and crash imminent braking. NHTSA is also taking actions to address NTSB recommendations on occupant protec-

tion systems, emergency egress, and flammability standards. The Committee directs NHTSA to report on its progress in meeting the action items identified above in its annual budget submission to Congress.

*Corporate Average Fuel Economy Standard [CAFE].*—NHTSA is responsible for setting fuel economy standards for cars and trucks sold in the United States to reduce energy consumption. In addition, the Environmental Protection Agency [EPA] is responsible for calculating the average fuel economy for each manufacturer. The President has directed both agencies to align their research, performance requirements, and regulatory framework to develop a coordinated national program that achieves the requirements of the Energy Independence and Security Act of 2007 and the Clean Air Act. The Committee recommends \$7,900,000 for fiscal year 2012 for this initiative, as requested. Funding will be used to support the regulatory requirements for model years 2017 and beyond, allow the agency to implement fuel economy standards for medium and heavy duty trucks, and conduct a retrospective analysis of the accuracy of fuel economy projections per GAO's recommendation.

The Committee commends the Department for finalizing the first ever fuel economy standards for large pickup trucks and commercial vans ahead of the Ten in Ten Fuel Economy Act (Public Law 110–140) deadline. The Committee agrees with the Final Rule's statement that "a consumer label can play an important role in reducing fuel consumption and GHG emissions." The Committee commends the Department for expressing its intent to create fuel economy labels for large pickup trucks and commercial vans, and it directs the Department to prioritize this rulemaking in order to label vehicles within 3 model years. The Committee also encourages the Department to provide information on the fuel economy of large pickup trucks and commercial vans on fueleconomy.gov while the labeling regulation is being drafted.

*Unsecured Loads.*—The Committee is concerned about the highway safety risks associated with passenger vehicles that do not properly secure personal property or equipment in transit on our Nation's highways. Preliminary data suggests that, on average, falling debris causes more than 300 fatalities each year. Further, State laws regarding willful and knowing violations of improper loading are varied and weakly enforced, regardless of the potential harm to innocent travelers. The Committee directs GAO to report to the House and Senate Committees on Appropriations on the various State laws, associated penalties, exemptions, and enforcement actions regarding unsecured loads by July 1, 2012. Further, the Committee directs NHTSA to collect and classify data resulting from automobile accidents involving road debris in a manner that would distinguish road obstructions resulting from human error, such as an unsecured load, and those caused by natural elements, such as a fallen tree.

*Child Hyperthermia Prevention.*—The Committee commends NHTSA's leadership in increasing public awareness of the risks of death and serious injury to children from hyperthermia when left unattended in vehicles. The Committee supports the agency's plan to undertake a broader coordinated national campaign for the warm weather season in 2012, along the lines of the successful ef-

forts more than a decade ago that changed the culture by convincing more parents and caregivers to place children 12 years of age and younger in safer rear seats. A similar effort to prevent hyperthermia deaths is certainly justified as there have been more than 500 of these deaths in vehicles since 1998, an average of 38 per year and rising.

HIGHWAY TRAFFIC SAFETY GRANTS  
(LIQUIDATION OF CONTRACT AUTHORIZATION)  
(LIMITATION ON OBLIGATIONS)  
(HIGHWAY TRUST FUND)

	Liquidation of contract authorization	Limitation on obligations
Appropriations, 2011 <sup>1</sup> .....	\$619,500,000	\$619,500,000
Budget estimate, 2012 .....	556,100,000	556,100,000
Committee recommendation .....	550,328,000	550,328,000

<sup>1</sup> Excluding rescission.

PROGRAM DESCRIPTION

SAFETEA-LU reauthorized three State grant programs: highway safety programs, occupant protection incentive grants, and alcohol-impaired driving countermeasures incentive grants. It also authorized for the first time an additional five State programs: safety belt performance grants, State traffic safety information systems improvement grants, high-visibility enforcement program, child safety and child booster seat safety incentive grants, and motorcyclist safety grants.

SAFETEA-LU established a new safety belt performance incentive grant program under section 406 of title 23, United States Code; established a new State traffic safety information system improvement program grant program under section 408 of title 23, United States Code; amended the alcohol-impaired driving countermeasures incentive grant program authorized by section 410 of title 23, United States Code; established a new program to administer at least two high-visibility traffic safety law enforcement campaigns each year to achieve one or both of the following objectives: (1) reduce alcohol- or drug-impaired operation of motor vehicles; and/or (2) increase the use of safety belts by occupants of motor vehicles.

HIGHWAY TRAFFIC SAFETY GRANTS  
COMMITTEE RECOMMENDATION

The Committee recommends a limitation on obligations of \$550,328,000 for the highway traffic safety grant programs funded under this heading. The recommendation limitation is \$5,772,000 less than the budget estimate and \$69,172,000 less than the fiscal year 2011 enacted level. The Committee has also provided the authority to liquidate an equal amount of contract authorization.

The Committee continues to recommend prohibiting the use of section 402 funds for construction, rehabilitation or remodeling



costs, or for office furnishings and fixtures for State, local, or private buildings or structures.

The Committee terminates the quarterly reporting requirement on implementation of primary seat belt laws pursuant to Senate Report 110–131.

The Committee recommends a separate limitation on obligations for administrative expenses and for each grant program as follows:

	Amount
Highway Safety Programs (section 402) .....	\$235,000,000
Occupant Protection Incentive Grants (section 405) .....	25,000,000
Safety Belt Performance Grants (section 406) .....	38,500,000
Distracted Driver Incentive Grants .....	10,000,000
State Traffic Safety Information System Improvement Grants (section 408) .....	34,500,000
Alcohol-Impaired Driving Countermeasures Incentive Grants (section 410) .....	139,000,000
Motorcyclist Safety Grants (section 2010) .....	7,000,000
Child Safety and Child Booster Seat Safety Incentive Grants (section 2011) .....	7,000,000
High Visibility Enforcement Program (section 2009) .....	29,000,000
Administrative Expenses .....	25,328,000

*Distracted Driver.*—In 2009, 5,474 people were killed and an estimated 448,000 were injured nationwide in crashes that were reported to have involved a distracted driver. Distracted driving encompasses a wide range of behaviors that take the driver’s attention from his or her primary driving responsibilities. While there is no definitive data as to how many distracted driving deaths and injuries are caused by cell phone use and texting, 20 percent of the drivers involved in fatal accidents in 2009 were either using or in the presence of a cell phone at the time of the crash, and there is reason to be concerned about whether the recent rise in distracted driving fatalities is linked to the increasing use of electronic devices. The Committee commends the Secretary’s strong leadership on this emerging safety concern across all modes of transportation, and supports establishing a voluntary incentive grant program for States to encourage the enactment and enforcement of laws to prevent distracted driving. The Committee has included bill language to reallocate \$10,000,000 in fiscal year 2012 from the seat belt performance grant program to fund a new distracted driving grant program for States that enact and enforce laws to prevent distracted driving with a focus on texting bans. The Committee has also included language to set aside \$5,000,000 of the \$10,000,000 for the development, production, and use of broadcast and print media advertising to support enforcement of State laws to prevent distracted driving. The Committee directs NHTSA and the Centers for Disease Control [CDC] to conduct an analysis of available research, and to report on the extent to which electronic devices can be causally linked to the reported rise in fatal accidents or injuries involving distracted driving, as well as the impact distracted driving prevention laws and enforcement actions can have on motorist behavior.

*Motorcycle Safety.*—Motorcycle safety grants may be used to encourage States to adopt and implement effective programs to reduce the number of crashes involving motorcycles. A State may also use these funds for motorcycle safety training and motorcyclist awareness programs, including the improvement of training cur-

ricula, delivery of training, recruitment or retention of motorcyclist safety instructors, and public awareness and outreach programs.

From 1997 to 2009, motorcycle fatalities increased more than 110 percent, with 2008 the deadliest year on record with 5,312 fatalities. According a recent CDC report on motorcycle safety, “the economic burden of injuries and deaths from motorcycle-related crashes in 1 year totaled \$12 billion” and “a substantial proportion of costs are paid by the U.S. public due to higher insurance premiums and taxes, as well as lost revenue. A study of 105 motorcyclists hospitalized at a major trauma center determined that 63 percent of their care was paid for by public funds, with Medicaid accounting for over half of all charges.” Research shows that universal helmet laws are the most effective way to reduce the number of deaths and traumatic brain injuries that result from crashes. Helmets reduce the risk of head injury by 69 percent, and unhelmeted riders are 40 percent more likely to die from a head injury than someone wearing a helmet. Regardless of this data, many States have repealed motor cycle helmet laws over the past decade. The Committee directs GAO to evaluate: (1) factors that have led to the increase in motorcycle fatalities; (2) actions NHTSA and States have taken to address the increase in motorcyclist fatalities; (3) the extent to which States’ use of SAFETEA-LU’s motorcycle safety grants affected motorcyclist safety; and (4) challenges faced by NHTSA and States in attempting to improve motorcyclist safety.

*State Traffic Safety Information System Improvement Grants.*—The State Traffic Safety Information System Improvement program (section 408 program) provides grants to States to improve the timeliness, accuracy, completeness, uniformity, integration, and accessibility of State data systems. The program brings together different stakeholders such as law enforcement, emergency medical personnel, and the courts to communicate and link files in their data systems. This information is then used to analyze crash occurrences, rates, and outcomes to direct highway safety initiatives. An April 2010 GAO report on the program found that States face resource challenges to improving traffic safety data systems, impeding their ability to meet NHTSA quality performance measures. While State funding makes up the majority of support for traffic safety data projects, without Federal resources to leverage State investments, many projects would have been delayed or cancelled. The Committee supports the increased use of data-driven approaches to allocate limited resources in order to improve traffic safety, and reallocates \$8,500,000 from the safety belt performance grant program to the section 408 grant program, providing a total of \$43,000,000 for fiscal year 2012.

ADMINISTRATIVE PROVISIONS—NATIONAL HIGHWAY TRAFFIC SAFETY  
ADMINISTRATION

Section 140 makes available \$130,000 of obligation authority for section 402 of title 23 U.S.C. in order to pay for travel and expenses for State management reviews and highway safety staff core competency development training.

Section 141 exempts obligation authority, made available in previous Public Laws for multiple years, from limitations on obligations for the current year.

Section 142 prohibits funds for the implementation of section 404 of title 23, United States Code.

#### FEDERAL RAILROAD ADMINISTRATION

The Federal Railroad Administration [FRA] became an operating administration within the Department of Transportation on April 1, 1967. It incorporated the Bureau of Railroad Safety from the Interstate Commerce Commission, the Office of High Speed Ground Transportation from the Department of Commerce, and the Alaska Railroad from the Department of the Interior. FRA is responsible for planning, developing, and administering programs to achieve safe operating and mechanical practices in the railroad industry. Grants to the National Railroad Passenger Corporation (Amtrak) and other financial assistance programs to rehabilitate and improve the railroad industry's physical infrastructure are also administered by the Federal Railroad Administration.

#### SAFETY AND OPERATIONS

Appropriations, 2011 .....	\$176,596,000
Budget estimate, 2012 <sup>1</sup> .....	223,034,000
Committee recommendation .....	176,596,000

<sup>1</sup>The amount shown above represents the total level of funding requested for FRA's safety programs and operations. The budget includes an \$80,000,000 user fee as offsetting collections.

#### PROGRAM DESCRIPTION

The Safety and Operations account provides support for FRA rail safety activities and all other administrative and operating activities related to staff and programs.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$176,596,000 for Safety and Operations for fiscal year 2012, which is \$46,438,000 less than the funding included for these activities in the budget request and equal to the fiscal year 2011 enacted level. The bill specifies that \$12,300,000 shall remain available until expended. This funding covers the cost of the Automated Track Inspection Program, the Railroad Safety Information System, the Southeastern Transportation Study, research and development activities, contract support, and Alaska Railroad liabilities.

#### RAILROAD RESEARCH AND DEVELOPMENT

Appropriations, 2011 .....	\$35,030,000
Budget estimate, 2012 .....	40,000,000
Committee recommendation .....	30,000,000

#### PROGRAM DESCRIPTION

The Railroad Research and Development program provides science and technology support for FRA's rail safety rulemaking and enforcement efforts. It also supports technological advances in conventional and high-speed railroads, as well as evaluations of the role of railroads in the Nation's transportation system.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$30,000,000 for railroad research and development, which is \$10,000,000 less than the budget request and \$5,030,000 less than the fiscal year 2011 enacted level.

CAPITAL ASSISTANCE FOR HIGH SPEED RAIL CORRIDORS AND INTERCITY PASSENGER RAIL SERVICE

Appropriations, 2011 .....	.....
Budget estimate, 2012 <sup>1</sup> .....	.....
Committee recommendation .....	\$100,000,000

<sup>1</sup>The administration requested \$4,000,000,000 for a new Network Development account for similar activities.

PROGRAM DESCRIPTION

The funding provided under this heading is available for several programs authorized under the Passenger Rail and Investment and Improvement Act for investing in passenger rail infrastructure: grants for intercity passenger rail, grants for high-speed passenger rail, and grants to reduce congestion or facilitate ridership growth along passenger rail corridors.

COMMITTEE RECOMMENATION

The Committee recommends the appropriation of \$100,000,000 for grants to support intercity rail service and high speed rail corridors. The recommendation is \$100,000,000 more than fiscal year 2011 and \$100,000,000 more than the budget request.

RAILROAD REHABILITATION AND IMPROVEMENT FINANCING PROGRAM

The Railroad Rehabilitation and Improvement Financing [RRIF] program was established by Public Law 109-178 to provide direct loans and loan guarantees to State and local governments, Government-sponsored entities, or railroads. Credit assistance under the program may be used for rehabilitating or developing rail equipment and facilities. No Federal appropriation is required to implement the program, because a non-Federal partner may contribute the subsidy amount required by the Credit Reform Act of 1990 in the form of a credit risk premium. The Committee directs FRA to report on RRIF loan activity for the preceding fiscal year in the annual budget submission to Congress, including the number of loans pending and issued and the processing time for these loans.

The Committee maintains bill language specifying that no new direct loans or loan guarantee commitments may be made using Federal funds for the payment of any credit premium amount during fiscal year 2012.

THE NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

The National Railroad Passenger Corporation (Amtrak) operates intercity passenger rail services in 46 States and the District of Columbia, in addition to serving as a contractor in various capacities for several commuter rail agencies. Congress created Amtrak in the Rail Passenger Service Act of 1970 (Public Law 91-518) in response to private carriers' inability to profitably operate intercity

passenger rail service. Thereafter, Amtrak assumed the common carrier obligations of the private railroads in exchange for the right to priority access of their tracks for incremental cost.

OPERATING GRANTS TO THE NATIONAL RAILROAD PASSENGER  
CORPORATION

Appropriations, 2011 .....	\$561,874,000
Budget estimate, 2012 .....	616,000,000
Committee recommendation .....	544,000,000

The Committee provides \$544,000,000 for Amtrak operating grants. The operating grant provides a subsidy to account for the difference between Amtrak's self-generated operating revenues and its total operating costs. The amount provided is \$72,000,000 less than the request and \$17,874,000 less than the fiscal year 2011 enacted level.

*Fleet Plan.*—In April, Amtrak issued an updated fleet plan, describing the railroad's strategy for replacing its outdated rolling stock over the next 30 years. For fiscal year 2013, the Committee continues to direct Amtrak to provide a unified request that includes funding related to its fleet plan and incorporates fleet acquisition into its prioritized list of capital projects. Amtrak should also continue to include annual information consistent with the comprehensive fleet plan in its budget submission, business plan, and 5-year financial plan. Future updates to the fleet plan should refine the analysis of ridership growth projections, consistent with OIG recommendations.

CAPITAL AND DEBT SERVICE GRANTS TO THE NATIONAL RAILROAD  
PASSENGER CORPORATION

Appropriations, 2011 .....	\$921,778,000
Budget estimate, 2012 .....	1,546,000,000
Committee recommendation .....	936,778,000

The Committee recommends \$936,778,000 for capital and debt service grants for Amtrak, of which a minimum of \$15,000,000 shall be used to begin the Northeast Corridor [NEC] Gateway Project as requested in Amtrak's budget and not more than \$271,000,000 shall be available for debt service payments. The amount provided is \$609,222,000 less than the budget request and \$15,000,000 more than fiscal year 2011.

*ADA Compliance.*—The Committee continues to believe that compliance with the requirements of the Americans with Disabilities Act [ADA] is essential to ensuring that all people have equal access to transportation services. In February 2009, Amtrak presented its plan for achieving compliance with the ADA over a 5-year period. Since then, the corporation has found it challenging to define the scope of projects to comply with ADA and complete work agreements with its partners at each station. For fiscal year 2012, Amtrak requests \$175,000,000 for ADA compliance even though it has only committed 60 percent of the \$144,000,000 provided by the Committee in fiscal year 2010. The Committee expects work to progress more rapidly now that some of the work agreements have been negotiated and are in place. The Committee urges Amtrak to continue its important work on ADA compliance while also maintaining its commitment to preserving the safety of the system.

*Fleet Acquisition.*—The Committee notes that Amtrak's fleet plan identified several options for financing the replacement of its rolling stock, including direct appropriations, Federal credit assistance, and credit assistance through a private lender. The Railroad Rehabilitation and Improvement Financing [RRIF] program provides an opportunity to soften the impact of reduced Federal contributions to the fleet plan, and to spread the cost of this assistance over the life of the equipment. Using the RRIF program also provides the Department with an opportunity to oversee Amtrak's implementation of its fleet plan. In comparison to the RRIF program, the private market will demand a significantly higher interest rate. Furthermore, a portion of those interest earnings would represent profits to a private corporation.

Given that Amtrak relies on Federal subsidies, and is therefore beholden to the Federal taxpayer for the responsible use of its funds, the Committee believes that Amtrak should not consider borrowing from the private market until every opportunity to apply for credit assistance from the Department of Transportation has been exhausted. The Committee was pleased with the Department of Transportation's recent decision to provide a \$563,000,000 RRIF loan to Amtrak to finance the purchase of 70 high-performance electric locomotives. The Committee expects FRA to expeditiously review the loan application for Amtrak to procure 40 additional Acela cars to meet growing ridership demand along the northeast corridor. This additional capacity is expected to provide an internal rate of return of over 40 percent over a 10-year period. Finally, the House and Senate Committee on Appropriations should be notified of any Amtrak decision to pursue credit assistance from either the Federal Government or the private sector.

*Amtrak Service in Rural Areas.*—The Committee recognizes the importance of passenger train service to communities, and especially to rural areas, across the United States. The Committee also notes that natural disasters and environmental factors can present engineering challenges to servicing these communities. Consequently, the Committee encourages Amtrak to give priority consideration to projects that will ensure the continued operation of normal passenger rail service along any route that serves rural areas.

*On-time Performance Incentive Payments.*—Amtrak makes access payments to freight railroads for use of the host railroads' infrastructure. Additionally, it makes incentive payments to hosts based upon on-time performance metrics detailed in individual contracts between Amtrak and each host rail operator. The Amtrak OIG has conducted multiple audits on this issue and found that Amtrak's financial and management controls for the processing and payment of invoices from host railroads are inadequate and ineffective, resulting in consistent overbilling from host railroads and overpayments by Amtrak. According to a September 2010 OIG report, over \$50,000,000 in overpayments were identified based on audits of host railroads over the last 10 years. Given that Amtrak pays for the billing preparation services of the host railroads, it is unfortunate that invoices are not more accurate, complete, and reliable.

In April 2010, Amtrak developed an action plan to establish a process to more thoroughly review billing invoices before making

payments by December 2010. However, while Amtrak segregated and strengthened the invoice review process, Amtrak has failed to achieve its goals due to the excessive time it has taken to update host railroad agreements through amendment changes, develop policies and procedures for reviewing all invoices, and create training plans. The Committee directs Amtrak to report to the House and Senate Committee on Appropriations on the processes and procedures that are being implemented to improve financial controls for on-time performance incentive payments, and to establish accountability for the accuracy of host railroad billing by December 1, 2011.

#### ADMINISTRATIVE PROVISIONS

Section 150 permanently prohibits funds for the National Railroad Passenger Corporation from being available if the Corporation contracts for services, at or from any location outside of the United States, which were, as of July 1, 2006, performed by a full-time or part-time Amtrak employee within the United States.

Section 151 allows the Secretary to receive and use cash or spare parts to repair and replace damaged track inspection cars.

Section 152 authorizes the Secretary of Transportation to allow issuers of any preferred stock to redeem or repurchase preferred stock sold to the Department of Transportation.

#### FEDERAL TRANSIT ADMINISTRATION

The Federal Transit Administration was established as a component of the Department of Transportation by Reorganization Plan No. 2 of 1968, effective July 1, 1968, which transferred most of the functions and programs under the Federal Transit Act of 1964, as amended (78 Stat. 302; 49 U.S.C. 1601 et seq.), from the Department of Housing and Urban Development. The missions of the Federal Transit Administration are: to assist in the development of improved mass transportation facilities, equipment, techniques, and methods; to encourage the planning and establishment of urban and rural transportation services needed for economical and desirable development; to provide mobility for transit dependents in both metropolitan and rural areas; to maximize the productivity and efficiency of transportation systems; and to provide assistance to State and local governments and their instrumentalities in financing such services and systems.

The most recent authorization for transit programs was contained in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA-LU], which expired on September 30, 2009. The authority for these programs has been extended through March 31, 2012. The Committee's recommendations assume they will be further extended under their current structure until the enactment of a full reauthorization package.

Under the Committee recommendations, a total program level of \$10,629,278,000 would be provided for the activities of the Federal Transit Administration in fiscal year 2012. The recommendation is \$11,720,736,000 less than the budget request and \$332,112,000 greater than the fiscal year 2011 enacted level. The latter included

a one-time rescission of \$280,000,000. The following table summarizes the Committee's recommendations:

Program	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Administrative Expenses .....	\$98,713,000	.....	\$98,713,000
Formula and Bus Grants (trust fund) .....	8,343,171,000	.....	8,360,565,000
Research and University Research Centers .....	58,882,000	.....	40,000,000
Capital Investment Grants .....	1,596,800,000	.....	1,955,000,000
Grants for Energy Efficiency and Greenhouse Gas Reductions .....	49,900,000	.....	25,000,000
Grants to WMATA .....	149,700,000	\$150,000,000	150,000,000
Operations and Safety .....	.....	166,294,000	.....
Research and Technology Deployment .....	.....	166,472,000	.....
Transit Formula Grants Program .....	.....	7,691,000,000	.....
Bus and Rail State of Good Repair .....	.....	10,707,178,000	.....
Transit Expansion and Livable Communities Program .....	.....	3,469,070,000	.....
Total .....	10,297,166,000	22,350,014,000	10,629,278,000

#### ADMINISTRATIVE EXPENSES

Appropriations, 2011 .....	\$98,713,000
Budget estimate, 2012 .....	.....
Committee recommendation .....	98,713,000

#### PROGRAM DESCRIPTION

Administrative expenses funds personnel, contract resources, information technology, space management, travel, training, and other administrative expenses necessary to carry out its mission to promote public transportation systems.

#### COMMITTEE RECOMMENDATION

The Committee recommends a total of \$98,713,000 for the agency's salaries and administrative expenses. The recommended level of funding is the same as the fiscal year 2011 enacted level. The Committee acknowledges this amount is below the level FTA requires to effectively manage its responsibilities.

FTA has convincingly documented the need for additional staff to improve its ability to oversee projects, manage contracts, and provide technical assistance to local transit agencies. The latter includes efforts to identify and disseminate best practices in asset management, capital project development, and serving populations with special needs, as well as to broker broad agreement on a standard transit bus and light rail vehicle that could cut transit agencies' future capital costs. Rail transit accidents in recent years indicate a need for FTA to exercise greater oversight of the 27 State Safety Oversight agencies. The constrained fiscal environment prevents the Committee from addressing these needs in fiscal year 2012.

*Rail Station Accessibility.*—The American with Disabilities Act provided an extended time period for a number of large transit systems to reach compliance with the act in regard to certain rail stations. The Committee directs the Secretary to provide the House and Senate Committees on Appropriations a report by June 30, 2012, detailing these systems' progress in achieving compliance with the act. The report should contain a list of stations that have reached full compliance with the act and a list not yet in compli-



ance. For each station not in compliance, details should be provided regarding the status of work already accomplished towards reaching compliance and a timeline for future actions to complete the remaining work.

*Project Management Oversight [PMO] Activities.*—The Committee directs FTA to continue to submit to the House and Senate Committees on Appropriations the quarterly FMO and PMO reports for each project with a full funding grant agreement.

*Full Funding Grant Agreements [FFGAs].*—SAFETEA-LU, as amended and extended, requires that FTA notify the House and Senate Committees on Appropriations, as well as the House Committee on Transportation and Infrastructure and the Senate Committee on Banking, 60 days before executing a full funding grant agreement. In its notification to the House and Senate Committees on Appropriations, the Committee directs FTA to submit the following information: (1) a copy of the proposed full funding grant agreement; (2) the total and annual Federal appropriations required for the project; (3) the yearly and total Federal appropriations that can be planned or anticipated for future FFGAs for each fiscal year through 2016; (4) a detailed analysis of annual commitments for current and anticipated FFGAs against the program authorization, by individual project; (5) an evaluation of whether the alternatives analysis made by the applicant fully assessed all the viable alternatives; (6) a financial analysis of the project's cost and sponsor's ability to finance the project, which shall be conducted by an independent examiner and which shall include an assessment of the capital cost estimate and finance plan; (7) the source and security of all public and private sector financing; (8) the project's operating plan, which enumerates the project's future revenue and ridership forecasts; and (9) a listing of all planned contingencies and possible risks associated with the project.

The Committee also directs FTA to inform the House and Senate Committees on Appropriations in writing 30 days before approving schedule, scope, or budget changes to any full funding grant agreement. Correspondence relating to all changes shall include any budget revisions or program changes that materially alter the project as originally stipulated in the FFGA, including any proposed change in rail car procurement.

The Committee directs FTA to continue to provide a monthly new start project update to the House and Senate Committees on Appropriations, detailing the status of each project. This update should include FTA's plans and specific milestone schedules for advancing projects, especially those within 2 years of a proposed full funding grant agreement. It should also highlight and explain any potential cost and schedule changes affecting projects. In addition, FTA should notify the Committees 10 days before any project in the new starts process is given approval by FTA to advance to preliminary engineering or final design.

FORMULA AND BUS GRANTS  
(LIQUIDATION OF CONTRACT AUTHORITY)  
(LIMITATION ON OBLIGATIONS)

	Obligation limitation (trust fund)
Appropriations, 2011 .....	\$8,343,171,000
Budget estimate, 2012 .....	8,360,565,000
Committee recommendation .....	8,360,565,000

PROGRAM DESCRIPTION

The Formula and Bus Grants account includes funding for the following programs: urbanized area formula grants; clean fuels formula grants; formula grants for special needs of elderly individuals and individuals with disabilities; formula grants for other-than-urbanized areas; new freedom grants; growing States and high-density States grants; bus and bus facility grants; rail modernization grants; alternative transportation in parks and public lands; and the national transit database. Set-asides from formula funds are directed to a grant program for intercity bus operators to finance Americans with Disabilities Act accessibility costs. The account also provides funding for the administration's Sustainable Communities Initiative through job access and reverse commute grants and the alternatives analysis and planning programs.

COMMITTEE RECOMMENDATION

The Committee recommends limiting obligations in the transit formula and bus grants account in fiscal year 2011 to \$8,360,565,000. The recommendation is consistent with the authorized level in SAFETEA-LU as extended.

The Committee recommends \$9,400,000,000 in authority to liquidate contract authorizations. This amount is sufficient to cover outstanding obligations from this account.

The following table displays the distribution of obligation limitation among the program categories of formula and bus grants:

DISTRIBUTION OF OBLIGATION LIMITATION AMONG MAJOR CATEGORIES OF FORMULA AND BUS GRANTS

Program category	Amount
Clean Fuels Program .....	\$51,500,000
Over-the-Road Bus Accessibility Program .....	8,800,000
Urban Area Formula Grants .....	4,160,365,000
Bus and Bus Facilities .....	984,000,000
Fixed Guideway Modernization .....	1,666,500,000
Elderly and Persons with Disabilities .....	133,500,000
Nonurbanized Area Formula .....	465,000,000
Growing States and High Density States .....	465,000,000
New Freedom .....	92,500,000
National Transit Database .....	3,500,000
Alternative Transportation in Parks and Park Lands .....	26,900,000
Sustainable Communities:	
Job Access and Reverse Commute .....	164,500,000
Planning Programs .....	113,500,000
Alternatives Analysis .....	25,000,000

*Bus Rapid Transit.*—The Committee proposes to fund the bus rapid transit projects included in the Department’s fiscal year 2012 budget request in the Bus and Bus Facilities program. These projects are eligible for funding from Bus and Bus Facilities, and this shift will make it possible for the Committee to better support the rail transit projects in the Capital Investment Grants program. The Committee expects this change will absorb a small share of the funding available to Bus and Bus Facilities, leaving ample balances for the FTA’s State of Good Repair, Bus Livability, and other initiatives.

RESEARCH AND UNIVERSITY RESEARCH CENTERS

	General fund
Appropriations, 2011 .....	\$58,882,000
Budget estimate, 2012 .....	.....
Committee recommendation .....	40,000,000

PROGRAM DESCRIPTION

This appropriation provides financial assistance to support activities that are designed to develop solutions that improve public transportation. As the Federal agency responsible for transit, FTA assumes a leadership role in supporting research intended to identify different strategies to increase ridership, improve personal mobility, minimize automobile fuel consumption and air pollution, and enhance the quality of life in all communities.

FTA’s research program has a long, distinguished record of success, having helped pioneer and test compressed natural gas [CNG] buses in the 1970s and hybrid diesel bus prototypes in the 1980s, leading to the widespread adoption of these technologies today. More recently, FTA supported efforts to develop the first practical fuel cell buses in the world.

Under the auspices of the National Fuel Cell Bus Program [NFCBP], 16 new generation fuel cell buses are undergoing testing. Using the NFCBP as a foundation, one U.S. manufacturer, Proterra, has developed a battery-dominant hydrogen fuel cell 35-foot bus. Demonstrations have been completed in South Carolina and Austin, Texas. Initial responses in the transit industry have been positive, encouraging the company to establish a manufacturing plant in Greenville, South Carolina.

With FTA funding, several transit agencies are now demonstrating the feasibility of Proterra buses in day to day operations in communities around the country. These advances would not be possible without FTA support since there are significant costs and risks associated with early adoption of unproven and not yet mass-produced technologies. Federal support plays the crucial role of supporting promising research and testing, with the potential for significant benefits for the consumer and U.S. manufacturing.

FTA research has also been involved in resurrecting the domestic streetcar industry at a time when more than 50 American cities are at some state of planning, building or expanding streetcar systems. Since 2006, FTA has awarded TriMet cooperative agreements and discretionary funding totaling \$6,400,000 to build a Prototype Streetcar. Oregon Iron Works completed that prototype in 2010—

the first “Buy American Act” compliant streetcar produced in the United States since 1952, using components from manufacturers in over 20 States.

FTA may make grants, contracts, cooperative agreements, or other agreements for research, development, demonstration, and deployment projects, and evaluation of technology of national significance to public transportation. FTA provides transit agencies with research results to help make them better equipped to improve public transportation and to help public transportation services meet national transportation needs at the lowest reasonable cost. FTA assists transit agencies to employ new service methods and technologies that improve their operations and capital efficiencies or improve transit safety and emergency preparedness.

The purpose of the university transportation centers [UTC] program is to foster a national resource and focal point for the support and conduct of research and training concerning the transportation of passengers and property. Funds provided under the FTA’s UTC program are transferred to and managed by the Research and Innovation Technology Administration and combined with a transfer of funds from the Federal Highway Administration. The Committee understands the Department will be funding two UTCs exclusively focused on transit in fiscal year 2012.

#### COMMITTEE RECOMMENDATION

The Committee recommends \$40,000,000 for research and university research centers. The Committee recommendation is \$18,882,000 below the fiscal year 2011 enacted level.

The Committee supports the Department’s efforts to revive a domestic streetcar industry to take advantage of the renewed interest in light rail in communities across the country. To support this effort, the Committee directs the Department to submit a report 180 days after enactment of this act to the House and Senate Committees on Appropriations, the House Committee on Transportation and Infrastructure, and the Senate Committee on Banking, Housing, and Urban Affairs identifying legislative and regulatory barriers to domestic private and public manufacturers ability to compete for federally-supported streetcar and light rail contracts.

*Asset Management.*—In 2008, the Committee required FTA to assess the condition of the Nation’s transit rail infrastructure. In April 2009, the agency reported that one-third of transit agencies’ assets are either in marginal or poor condition, and that significant reinvestment is necessary to address the backlog of capital needs. Given the large gap between the level of investment needed to bring rail transit into better condition and the amount of resources currently available for such investments, it is imperative that every dollar invested in rail capital improvements be put to its best use.

Compounding the resource challenge is the general weakness of much of the transit sector’s ability to manage capital assets strategically. Asset management programs would enable transit agencies to take inventory of their capital assets, assess the condition of those assets, use objective and quantitative analysis to estimate reinvestment needs over the long term, and prioritize their capital investments by using all of the information and analysis that was required under the program.

In 2010, the Committee directed FTA to assume a leadership role in improving asset management in transit agencies. Specifically, the Committee instructed FTA to develop standards for asset management plans with an emphasis on maintaining safety, as well as to provide technical assistance to transit agencies on asset management and conduct a pilot program to identify best practices in the field. In August 2011, FTA awarded demonstration funding to six transit agencies. The selected pilot projects are required to submit preliminary reports to FTA in February 2012. FTA is directed to submit a report to the House and Senate Committees on Appropriations summarizing these findings and lessons learned to date by June 1, 2012.

#### CAPITAL INVESTMENT GRANTS

Appropriations, 2011 .....	\$1,596,800,000
Budget estimate, 2012 .....	
Committee recommendation .....	1,955,000,000

#### PROGRAM DESCRIPTION

The Capital Investment Grants account includes funding for two programs authorized under section 5309 of title 49 of the United States Code: the New Starts program and the Small Starts program. Under New Starts, the FTA provides grants to fund the building of new fixed guideway systems or extensions to existing fixed guideway systems. Eligible services include light rail, rapid rail (heavy rail), commuter rail, and busway/high occupancy vehicle [HOV] facilities. Under Small Starts, the FTA provides grants for projects requesting less than \$75,000,000 and with a total cost of less than \$250,000,000.

#### COMMITTEE RECOMMENDATION

The Committee recommends a level of \$1,955,000,000 for capital investment grants. The recommended level is \$358,200,000 above the fiscal year 2011 enacted level. The bill does not include a provision requiring FTA to transfer funds to the DOT Office of Inspector General. The bill also rescinds \$27,000,000 provided in Public Law 111-8.

For more than a decade, there has been renewed interest in many parts of the country in rail transit, especially in areas seeking to find solutions to road congestion, support economic development, manage population growth, and reduce air pollution. The Committee supports these investments, which it believes are essential to maintaining the Nation's economic competitiveness. However, given the present fiscal constraints, the Committee proposes to shift bus rapid transit projects included in the President's fiscal year 2012 budget under the Capital Investment Grants account to the Bus and Bus Facilities program within the Formula and Bus Grants account. These projects are eligible for funding from Bus and Bus Facilities, and this shift will make it possible for the Committee to better support the increasing number of rail transit projects in the Capital Investment Grants program.

*Appropriations for Full Funding Grant Agreements.*—The Committee reiterates direction initially agreed to in the fiscal year 2002

conference report that FTA should not sign any FFGAs that have a maximum Federal share higher than 60 percent.

GRANTS FOR ENERGY EFFICIENCY AND GREENHOUSE GAS REDUCTIONS

Appropriations, 2011 .....	\$49,900,000
Budget estimate, 2012 .....	
Committee recommendation .....	25,000,000

COMMITTEE RECOMMENDATION

The Committee recommendation includes \$25,000,000 for grants to public transit agencies for unique and innovative approaches to reducing energy consumption or greenhouse gas emissions. The Committee supports the administration's efforts to reduce the Nation's dependence on foreign oil, and to encourage investment in clean energy sources to improve air quality. These funds will enable the FTA to support innovative technologies and other approaches, such as electric drive technologies, lightweight materials, and regenerative braking. The bill requires the FTA to place priority on projects that could be brought to scale, including the potential to be replicated by other transit agencies regionally or nationally.

FTA's Research account supported the development and testing of what may prove to be the first practical fuel cell buses in the world. With Federal support, one U.S. manufacturer, Proterra, has developed a battery-dominant hydrogen fuel cell 35-foot bus.

While promising, the Proterra bus might not have advanced further were it not for Federal support for transit agencies willing to test the feasibility of these buses in day-to-day operations. Being the first to adopt a new technology is a risky, expensive proposition, one that few cash-strapped transit agencies were prepared to take in the midst of a recession. The Grants for Energy Efficiency and Greenhouse Gas Reductions [TIGGER] program provided timely support that made a broader demonstration of Proterra's technology possible. With TIGGER grants, several transit agencies are now using Proterra buses in daily operations in communities around the country. While local testing remains in the early stages, the Proterra example highlights the important role of Federal funding in supporting promising research and demonstration: a relatively modest investment could yield significant benefits for the consumer and for U.S. economic competitiveness.

The Committee encourages the FTA to continue to work with its academic and industry partners to identify and encourage other promising areas of technological innovation that might reduce transit operating costs and fuel use.

GRANTS TO THE WASHINGTON METROPOLITAN AREA TRANSIT  
AUTHORITY

Appropriations, 2011 .....	\$149,700,000
Budget estimate, 2012 .....	150,000,000
Committee recommendation .....	150,000,000

COMMITTEE RECOMMENDATION

The Committee recommendation includes \$150,000,000 for grants to the Washington Metropolitan Area Transit Authority [WMATA]

for capital and preventive maintenance expenses. These grants are authorized under section 601 of the Passenger Rail Investment and Improvement Act of 2008 (Public Law 110–432), and are in addition to the funding support local jurisdictions have committed to provide to WMATA. The Committee remains committed to supporting the refurbishment and modernization of WMATA’s infrastructure.

The bill requires the FTA to provide these grants to WMATA only after receiving and reviewing a request for each specific project to be funded under this heading. The bill also requires the FTA to determine that WMATA has placed the highest priority on funding projects that will improve the safety of its public transit system before approving these grants. The Committee expects FTA to make this determination by taking into account the extent to which WMATA plans to use the funding provided under this heading in order to implement the safety recommendations of the National Transportation Safety Board.

#### ADMINISTRATIVE PROVISIONS—FEDERAL TRANSIT ADMINISTRATION

Section 160 exempts authority previously made available for programs of the FTA under section 5338 of title 49, United States Code, from the obligation limitations in this act.

Section 161 requires that funds appropriated or limited by this act for specific projects not obligated by September 30, 2014, and other recoveries, be directed to projects eligible to use the funds for the purposes for which they were originally provided.

Section 162 allows funds appropriated before October 1, 2011 that remain available for expenditure to be transferred to the most recent appropriation heading.

Section 163 allows unobligated funds for new fixed guideway system projects in any previous appropriations act to be used during this fiscal year to satisfy expenses incurred for such projects.

Section 164 provides flexibility to fund program management oversight of activities authorized by section 5316 of title 49, United States Code.

Section 165 requires unobligated funds or recoveries under section 5309 of title 49, United States Code, that are available for re-allocation shall be directed to projects eligible to use the funds for which they were originally intended.

Section 166 allows funds made available for Alaska or Hawaii ferry boats or ferry terminal facilities to be used to construct new vessels and facilities, or to improve existing vessels and facilities.

Section 167 provides an exemption from the charter bus regulations for the State of Washington.

Section 168 permits the Secretary to consider significant private contributions when calculating the non-Federal share of capital costs for New Starts projects.

Section 169 requires that all Bus Rapid Transit [BRT] or busway projects recommended in the President’s fiscal year 2012 budget request be funded from amounts made available to carry out the section 5309 bus category in this and future fiscal years, although these projects will remain subject to the section 5309 New Starts or Small Starts program requirements, whichever are appropriate.

## SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

## PROGRAM DESCRIPTION

The Saint Lawrence Seaway Development Corporation [SLSDC] is a wholly owned Government corporation established by the Saint Lawrence Seaway Act of May 13, 1954 (33 U.S.C. 981). SLSDC is a vital transportation corridor for the international movement of bulk commodities such as steel, iron, grain, and coal, serving the North American region that makes up one-quarter of the United States population and nearly one-half of the Canadian population. The SLSDC is responsible for the operation, maintenance, and development of the United States portion of the Saint Lawrence Seaway between Montreal and Lake Erie.

## OPERATIONS AND MAINTENANCE

## (HARBOR MAINTENANCE TRUST FUND)

Appropriations, 2011 .....	\$32,259,000
Budget estimate, 2012 .....	33,996,000
Committee recommendation .....	34,000,000

## PROGRAM DESCRIPTION

The Harbor Maintenance Trust Fund [HMTF] was established by the Water Resources Development Act of 1986 (Public Law 99-662). Since 1987, the HMTF has supported the operations and maintenance of commercial harbor projects maintained by the Federal Government. Appropriations from the Harbor Maintenance Trust Fund and revenues from non-Federal sources finance the operation and maintenance of the Seaway, for which SLSDC is responsible.

## COMMITTEE RECOMMENDATION

The Committee recommends \$34,000,000 for the operations, maintenance, and asset renewal of the Saint Lawrence Seaway. This amount is \$4,000 more than the President's budget request and \$1,741,000 more than the fiscal year 2011 enacted level. The recommended level includes \$17,100,000 to continue the agency's Asset Renewal Program [ARP].

The Seaway is entering its 53rd year of operation, which means that its infrastructure components are reaching the end of their design life. The ARP is a significant 10-year, multi-project strategy to address the long-term asset renewal needs of the U.S. portions of the Saint Lawrence Seaway, with attention to the two locks operated and maintained by the United States (Snell and Eisenhower), the U.S. segment of the Seaway International Bridge, maintenance dredging, operational systems, facilities, and equipment.

SLSDC has made significant progress in executing the projects identified in the ARP under limited construction capacity since receiving initial appropriations in fiscal year 2009. With the funds provided, 23 of the 56 projects identified should be complete by the end of fiscal year 2012. While the recalibration of the ARP is necessary to take into consideration more accurate cost estimates and evolving priorities, the continued deferral of more costly and critical lock construction projects is troubling. The annual budget re-



quest has repeatedly not aligned with the ARP and has been insufficient to satisfy the scope of work identified in the 5-year capital investment plan submitted to Congress. The Committee is concerned that this has the potential to undermine the performance goals established for SLSDC's 10-year ARP plan and jeopardize the safety and reliability of the waterway and lock system. A shutdown of either of the two U.S. locks would result in a loss of between \$1,300,000 and \$2,300,000 per day to those dependent on this mode of transportation. This would seriously impact the Great Lakes Seaway System's global competitiveness for the movement of agricultural and steel-related products.

The Committee directs SLSDC to continue to submit an annual report to the Senate and House Appropriations Committees, not later than April 30 of each year, summarizing the activities of the ARP during the immediate preceding fiscal year. The report shall include up-to-date information on the status of each project, including: up-to-date cost estimates, as well as cost overruns or savings for each project; schedule changes and their causes; and updated projections to achieve the performance goals for the remaining life of the 10-year strategy. SLSDC is directed to include in the reports any other relevant information relating to the management, funding, and implementation of the ARP, as deemed appropriate by the Administrator.

#### MARITIME ADMINISTRATION

##### PROGRAM DESCRIPTION

The Maritime Administration [MARAD] is responsible for programs authorized by the Merchant Marine Act of 1936, as amended (46 App. U.S.C. 1101 et seq.). MARAD is also responsible for programs that strengthen the U.S. maritime industry in support of the Nation's security and economic needs. MARAD prioritizes the Department of Defense's [DOD] use of ports and intermodal facilities during DOD mobilizations to guarantee the smooth flow of military cargo through commercial ports. MARAD manages the Maritime Security Program, the Voluntary Intermodal Sealift Agreement Program, and the Ready Reserve Force, which assure DOD access to commercial and strategic sealift and associated intermodal capacity. MARAD also continues to address the disposal of obsolete ships in the National Defense Reserve Fleet that are deemed a potential environmental risk. Further, MARAD administers education and training programs through the U.S. Merchant Marine Academy and six State maritime schools that assist in providing skilled merchant marine officers who are capable of serving defense and commercial transportation needs. The Committee continues to fund MARAD in its support of the United States as a maritime Nation.

##### MARITIME SECURITY PROGRAM

Appropriations, 2011 .....	\$173,652,000
Budget estimate, 2012 .....	174,000,000
Committee recommendation .....	154,886,000

## PROGRAM DESCRIPTION

The Maritime Security Program [MSP] provides resources to maintain a U.S.-flag merchant fleet crewed by U.S. citizens to serve both the commercial and national security needs of the United States. The program provides direct payments to U.S.-flag ship operators engaged in U.S. foreign trade. Participating operators are required to keep the vessels in active commercial service and provide intermodal sealift support to DOD in times of war or national emergency.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$174,000,000 for the MSP. This amount is equal to the budget request and \$348,000 more than the fiscal year 2011 enacted level.

Pursuant to 46 U.S.C. chapter 537, participants in the MSP are authorized to receive an increase in payments per vessel from \$2,900,000 to \$3,100,000 in fiscal years 2012 through 2015. This is the second authorized payment increase for the 60 vessel sealift program. The recommended appropriation, together with unobligated carry-over balances, provides sufficient funds to satisfy the fully authorized payment level for fiscal year 2012.

The MSP is a successful and critical partnership with the Department of Defense and the U.S.-flag commercial maritime industry that supports military operations overseas. The MSP provides a sealift fleet capacity that would cost the Government \$13,000,000,000 in capital to reproduce. Furthermore, according to the United States Transportation Command, it would cost the Government an additional \$52,000,000,000 to replicate the global intermodal system that is made available to the Department of Defense by MSP participants who are continuously developing, maintaining, and upgrading their logistical support systems. The Committee strongly encourages the Department of Transportation to continue to support this proven and cost effective program in its fiscal year 2013 budget request.

## OPERATIONS AND TRAINING

Appropriations, 2011 .....	\$151,446,000
Budget estimate, 2012 .....	161,539,000
Committee recommendation .....	154,886,000

## PROGRAM DESCRIPTION

The Operations and Training appropriation primarily funds the salaries and expenses for MARAD headquarters and regional staff in the administration and direction for all MARAD programs. The account includes funding for the U.S. Merchant Marine Academy, six State maritime schools, port and intermodal development, cargo preference, international trade relations, deep-water port licensing and administrative support costs.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$154,886,000 for Operations and Training at MARAD for fiscal year 2012. This amount is \$3,440,000 more than the fiscal year 2011 enacted level

and \$6,653,000 less than the budget request. The bill includes a rescission of \$1,000,000 of prior year unobligated balances.

## MARITIME ADMINISTRATION

	Fiscal year 2012 Senate
U.S. Merchant Marine Academy .....	\$85,395,000
Academy Operations .....	62,538,000
Salaries and Benefits .....	33,888,000
Operating Expenses .....	22,899,000
Information Technology .....	5,751,000
Capital Improvements .....	22,485,000
Capital Improvements .....	16,600,000
Facilities Maintenance, Repairs, and Equipment .....	5,885,000
State Maritime Academies .....	16,045,000
SMA Direct Payments .....	2,545,000
Student Incentive Payments .....	2,400,000
Schoolship Maintenance and Repair .....	11,100,000
MARAD Operations .....	52,818,000
Headquarters Operations .....	48,818,000
Salaries and Benefits .....	29,269,000
Non-Discretionary Operations .....	10,900,000
Information Technology .....	6,255,000
Discretionary Operations and Travel .....	2,394,000
Maritime Program Expenses .....	4,000,000
Environment and Compliance .....	4,000,000
Marview .....	1,000,000
Total, Operations and Training .....	154,886,000

*United States Merchant Marine Academy.*—The United States Merchant Marine Academy [USMMA] provides educational programs for men and women to become shipboard officers and leaders in the transportation field. The Committee is committed to ensuring the Academy's midshipmen receive the highest quality education in preparation for a commission with the U.S. Naval Reserve or other uniformed service upon graduation. The Committee remains troubled that for many years, officials at the Academy engaged in questionable financial and management practices that compromised the integrity of the institution. Senior leadership both at MARAD and the Department of Transportation failed to exercise sufficient oversight of Academy operations and failed to effectively and collaboratively manage the physical infrastructure projects associated with the Academy's Capital Improvement Program [CIP]. The culmination of these issues caused significant turmoil throughout all aspects of the Academy's operations and resulted in a crisis of leadership, facilities management, and human resource management.

Thankfully, the current Secretary and Deputy Secretary of the Department of Transportation have taken a keen interest in reforming the Academy and restoring it to a top-notch academic institution. However, significant challenges remain to achieving this goal.

The Academy lacks a strategic plan necessary to bring direction to its instructional program and to identify and institute clear performance goals. Now that a new Superintendent is in place, the delays for this basic organizational assessment are inexcusable. The Committee directs the Secretary to submit to the House and

Senate Committees on Appropriations a comprehensive strategic plan for the Academy by April 30, 2012.

The Blue Ribbon Panel report emphasized the dire need for additional qualified staff to manage the maintenance of the Academy's buildings and infrastructure and to oversee new construction and renovation projects. The report states: "It is the opinion of the Panel that the USMMA is critically understaffed, so much so that it is unable to properly develop, control, and oversee the current Capital Improvement Plan, or the construction the campus so urgently needs." While the Committee is generally leery about increasing Federal staffing in the current budget environment, it lacks confidence in the ability of MARAD and the Academy to effectively manage and execute basic necessary maintenance and projects identified in the CIP at present staffing levels. Therefore, the Committee provides \$500,000 above the budget request for the Academy to support up to five additional staff to manage facility maintenance and the CIP consistent with the recommendations of the Blue Ribbon Panel. Furthermore, the Academy shall provide to the House and Senate Committees on Appropriations an organizational chart for the Academy, a detailed accounting of all authorized staff positions, the number of vacancies, and the job description of each position, no later than January 30, 2012.

In November 2010, MARAD issued a revised USMMA Capital Improvements Implementation Plan in response to Blue Ribbon panel recommendations. Many of the top 20 proposed projects identified in the CIP are only in the conceptual phase. As with any major capital reinvestment plan, cost estimates will change as projects mature and the scope of work is refined. The Committee directs MARAD to consult with the Government Accountability Office [GAO] to assist the Academy in the development and institutionalization of best practices for project planning and cost estimation. GAO is directed to report its recommendations to the House and Senate Committees on Appropriations. Additionally, MARAD shall provide to the House and Senate Committees on Appropriations an annual report on the status of the CIP on April 1 of each year. The report should include current information on the status of the CIP, including, but not limited to, the following: a list of all projects in order of priority; an update on the status of each project that has received funding; cost overruns and cost savings for each active project and specific goals for project completion; delays and the cause of delays; schedule changes; up-to-date cost projections for each project, highlighted changes in estimates; and any other deviations from the CIP. MARAD is directed to include in its reports relevant information relating to the management, funding, and implementation of the CIP as deemed appropriate by the Administrator or Superintendent.

The request for additional funds for a recruitment diversity initiative and the elimination of midshipmen fees is denied. While worthwhile proposals, the subcommittee regrets that due to severe budget constraints, it is not able to fund these requests.

It is clear the internal processes and organizational changes that are needed to restore the Academy will take time to be fully implemented. Therefore, the Committee has once again included language requiring that all funding for the Academy be given directly

to the Secretary, and that 50 percent of the funding will not be available until MARAD submits a plan detailing how the funding will be spent. The Committee believes this process will ensure the Secretary's continued engagement, as well as sustain the newly developed system of funds control and accountability.

*Staffing.*—The Committee is concerned about the large number of vacancies in MARAD and the agency's inability to fill job announcements with qualified applicants. The absence of staff is impacting major programs that are critical to the agency's core mission, such as cargo preference and the title XI loan guarantee program. The Committee directs MARAD to provide a quarterly report to the House and Senate Committees on Appropriations on the number of vacancies and the duties associated with each vacant position for MARAD headquarters and regional staff. This reporting requirement does not include positions at the USMMA, which has a separate staff reporting requirement.

*Environment and Compliance.*—The Committee commends MARAD's initiative to support the domestic maritime industry's efforts to comply with emerging international and domestic environmental regulatory requirements. Funds provided in fiscal year 2012 should be used to continue independent testing of ballast water technologies to meet domestic and international regulatory requirements, as well as to assist in the testing and certification of air emissions reduction technology in conjunction with the Environmental Protection Agency.

SHIP DISPOSAL

Appropriations, 2011 .....	\$14,970,000
Budget estimate, 2012 .....	18,500,000
Committee Recommendation .....	10,000,000

PROGRAM DESCRIPTION

The Ship Disposal account provides resources to dispose of obsolete merchant-type vessels of 150,000 gross tons or more in the National Defense Reserve Fleet [NDRF], which MARAD was required by law to dispose of by the end of 2006. Currently there is a backlog of more than 66 ships awaiting disposal. Many of these vessels are 50 or more years old and have the potential to pose a significant environmental threat due to the presence of hazardous substances, such as asbestos and solid and liquid polychlorinated biphenyls [PCBs].

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$10,000,000 for MARAD's Ship Disposal program. This level of funding is \$4,970,000 less than the fiscal year 2011 enacted level and \$8,500,000 less than the budget request. This level of funding, in addition to the anticipated carry over from previous appropriations, is sufficient to meet the terms and conditions of the Suisun Bay Reserve Fleet settlement, MARAD's proposed fleet environmental initiative, and continued activities related to *NS Savannah*. The Committee directs MARAD to take all actions practicable and reasonable to align the scope of vessels listed for inspection in the notice of vessel visitation to the subsequent notice of vessels available

for sale. Further, MARAD shall make best value determinations and award ship recycling contracts no later than 90 days from the close of the ship specific solicitation period for sales offers and/or price revisions for vessel dismantlement/recycling services.

#### ASSISTANCE TO SMALL SHIPYARDS

Appropriations, 2011 .....	\$9,980,000
Budget estimate, 2012 .....	
Committee recommendation .....	10,000,000

#### PROGRAM DESCRIPTION

The Assistance to Small Shipyards program provides assistance in the form of grants, loans, and loan guarantees to small shipyards for capital improvements and training programs, as authorized by section 3506 of the National Defense Authorization Act for Fiscal Year 2006, 46 U.S.C. 54101.

#### COMMITTEE RECOMMENDATION

The Committee provides an appropriation of \$10,000,000 for assistance to small shipyards. This level of funding is \$20,000 more than the fiscal year 2011 enacted level. The President did not request funding for this program in fiscal year 2012.

The Committee began funding this program in fiscal year 2008 to assist small shipyards in maritime dependent communities to improve the efficiency of their operations by providing funding for equipment and other facility upgrades, as well as workforce training and apprenticeship programs. A total of 118 qualified applicants submitted requests totaling \$105,000,000 in fiscal year 2011, far exceeding available resources. The funding recommended by the Committee will help improve the competitiveness of our Nation's shipyard industry.

#### MARITIME GUARANTEED LOAN PROGRAM [TITLE XI]

Appropriations, 2011 .....	\$8,982,000
Budget estimate, 2012 .....	3,750,000
Committee recommendation .....	4,000,000
Rescission .....	- 35,000,000

#### PROGRAM DESCRIPTION

The Maritime Guaranteed Loan program was established pursuant to title XI of the Merchant Marine Act of 1936, as amended. The program provides for a full faith and credit guarantee by the U.S. Government of debt obligations issued by: (1) U.S. or foreign ship-owners for the purposes of financing or refinancing either U.S.-flag vessels or eligible export vessels constructed, reconstructed, or reconditioned in U.S. shipyards; and (2) U.S. shipyards, for the purpose of financing advanced shipbuilding technology of privately owned general shipyard facilities located in the United States. Under the Federal Credit Reform Act of 1990, appropriations to cover the estimated costs of a project must be obtained prior to the issuance of any approvals for title XI financing.

## COMMITTEE RECOMMENDATION

The Committee provides an appropriation of \$4,000,000 for the administrative expenses necessary to carry out the title XI loan guarantee program. This level of funding is \$250,000 more than the President's budget request and \$4,982,000 less than the fiscal year 2011 enacted level. The Committee does not support the administration's proposal to rescind \$54,100,000 from the title XI program. The Committee instead recommends a rescission of \$35,000,000 as a one-time action to align program resources with anticipated demand in fiscal year 2012. This would leave \$27,000,000 in offsetting subsidies for fiscal year 2012 capable of supporting a loan volume of up to \$500,000,000. The Committee recognizes the importance that the title XI program provides for the advancement of shipbuilding, aiding the U.S.-flag fleet, and sustainment of jobs for this critical sector of our national defense. Furthermore, to improve the processing and coordination of title XI applications, the MARAD Administrator shall establish the capacity to manage the contracting of external, independent reviews of title XI applications during fiscal year 2012.

## ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

Section 170 authorizes the Maritime Administration to furnish utilities and to service and make repairs to any lease, contract, or occupancy involving Government property under the control of MARAD. Rental payments received pursuant to this provision shall be credited to the Treasury as miscellaneous receipts.

Section 171. The Committee finds that the Administration has not properly handled Jones Act waivers for the Strategic Petroleum Reserve drawdown by failing to consider U.S.-flag vessels with collective capacity to meet drawdown requirements. As of August 16, 2011, MARAD had identified approximately 30 U.S.-flag vessels with more than 4 million barrels of capacity available to carry SPR cargoes, yet only one U.S.-flag vessel has been utilized in the drawdown. To ensure that all reasonable efforts are made to utilize U.S.-flag vessels, the Committee directs MARAD to (i) consider as suitable a vessel or vessels with single or collective capacity and (ii) identify in writing to CBP all U.S.-flag vessels capable of providing transportation of oil from the SPR that have responded to its requests for availability.

## PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

The Pipeline and Hazardous Material Safety Administration [PHMSA] was established in the Department of Transportation on November 30, 2004, pursuant to the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-246). PHMSA is responsible for the Department's pipeline safety program as well as oversight of hazardous materials transportation safety operations. The administration is dedicated to safety, including the elimination of transportation-related deaths and injuries associated with hazardous materials and pipeline transportation, and to promoting transportation solutions that enhance communities and protect the environment.

OPERATIONAL EXPENSES  
(PIPELINE SAFETY FUND)

Appropriations, 2011 .....	\$21,454,000
Budget estimate, 2012 .....	22,158,000
Committee recommendation .....	22,158,000

PROGRAM DESCRIPTION

This account funds program support costs for PHMSA, including policy development, civil rights, management, administration, and agency-wide expenses.

COMMITTEE RECOMMENDATION

The Committee recommends \$22,158,000 for this account, of which \$639,000 is to be derived from the Pipeline Safety Fund, and of which \$1,000,000 may be transferred to the Office of Pipeline Safety for Information Grants to Communities. This level of funding is equal to the budget request and \$704,000 more than the fiscal year 2011 enacted level. The committee approves an additional three positions to accommodate the need for more accountability and control in the Office of Administration’s Human Resources program. The cost associated with these positions is offset by saving \$287,000 in contractual services.

HAZARDOUS MATERIALS SAFETY

Appropriations, 2011 .....	\$39,020,000
Budget estimate, 2012 <sup>1</sup> .....	50,089,000
Committee recommendation .....	41,520,000

<sup>1</sup> Includes a user fee as offsetting collections.

PROGRAM DESCRIPTION

PHMSA oversees the safety of more than 800,000 daily shipments of hazardous materials in the United States, using risk management principles and security threat assessments to fully assess and reduce the risks inherent in hazardous materials transportation.

HAZARDOUS MATERIALS SAFETY

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$41,520,000 for hazardous materials safety, of which \$1,716,000 shall remain available until September 30, 2014. Of the total amount provided, up to \$2,500,000 collected from special permit and approval fees shall remain available until expended. The amount provided is \$8,569,000 less than the budget request and \$2,500,000 more than the fiscal year 2011 enacted level.

*Special Permits and Approvals.*—In 2010, the OIG conducted an investigation into PHMSA’s special permit and approvals program. The OIG found such egregious mismanagement affecting the safe transportation of hazardous materials that it was compelled to issue two special management advisories so that immediate action could be taken prior to issuance of a final report. As a result of these investigations, PHMSA developed action, data management,



and information technology [IT] modernization plans to address the OIG findings. The OIG agrees that the agency is making significant progress in addressing many of its recommendations; however, insufficient resources will limit the agency's ability to resolve pending recommendations and manage its responsibilities in accordance with statutory and regulatory obligations.

In the fiscal year 2012 budget proposal, PHMSA proposed the creation of a user fee to reduce the burden on the Federal taxpayer for financing special permit and approvals activities. The Committee finds that the program provides benefits to identifiable users above and beyond what is provided normally to the public, and the establishment of a user fee is justified under GAO guidelines and authorities granted by 31 U.S.C. 9701. However, due to concerns from some members of the Committee and industry partners, the subcommittee cannot accept the user fee proposal at this time.

PIPELINE SAFETY

(PIPELINE SAFETY FUND)

(OIL SPILL LIABILITY TRUST FUND)

Appropriations, 2011 .....	\$106,705,000
Budget estimate, 2012 .....	119,864,000
Committee recommendation .....	118,364,000

PROGRAM DESCRIPTION

The Office of Pipeline Safety [OPS] is designed to promote the safe, reliable, and sound transportation of natural gas and hazardous liquids by pipelines.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$118,364,000 for the Office of Pipeline Safety. The amount is \$11,659,000 more than the fiscal year 2011 enacted level and equal to the budget request. Of the funding provided, \$21,510,000 shall be derived from the Oil Spill Liability Trust Fund, \$93,854,000 shall be derived from the Pipeline Safety Funds, and \$3,000,000 shall be derived from Design Review Fees.

The Pipeline Safety Office has the important responsibility of ensuring the safety and integrity of the pipelines that run through every community in our Nation. Following the passage of the Pipeline Safety Improvement Act of 2002, the Office of Pipeline Safety has taken important steps to improve the integrity of pipelines in order to protect our communities from pipeline incidents. Efforts by Congress and the OPS to push for further advancements in safety technologies, increase civil penalties, and educate communities about the dangers of pipelines have resulted in a reduction in serious pipeline incidents. However, it is critical that the agency continue to make strides in protecting communities from pipeline failures and incidents.

*Technical Assistance Grants.*—In fiscal year 2009, the Committee provided funding for the first time for pipeline safety information grants to communities, or technical assistance grants [TAG]. Communities are able to obtain technical assistance through these

grants in the form of engineering or other scientific analysis of pipeline safety issues. The funding will also help promote public participation in official proceedings. The Committee strongly believes that providing communities with resources to obtain expertise and assistance will help them protect their communities from future pipeline incidents.

#### EMERGENCY PREPAREDNESS GRANTS

##### (EMERGENCY PREPAREDNESS FUND)

Appropriations, 2011 .....	\$28,318,000
Budget estimate, 2012 .....	28,318,000
Committee recommendation .....	28,318,000

##### PROGRAM DESCRIPTION

The Hazardous Materials Transportation Uniform Safety Act of 1990 [HMTUSA] requires PHMSA to (1) develop and implement a reimbursable emergency preparedness grant program; (2) monitor public sector emergency response training and planning, and provide technical assistance to States, political subdivisions and Indian tribes; and (3) develop and periodically update a mandatory training curriculum for emergency responders.

##### COMMITTEE RECOMMENDATION

The Committee recommends \$28,318,000 and an equal obligation limitation for the emergency preparedness grant program.

##### ADMINISTRATIVE PROVISION—PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

Section 180 establishes a cost recovery for design reviews as requested in the President's budget. However, the Committee directs PHMSA to implement the fee within the parameters of section 18 of S. 275, The Pipeline Transportation Safety Improvement Act of 2011 as reported by the Senate Committee on Commerce, Science and Transportation on July 7, 2011.

#### RESEARCH AND INNOVATIVE TECHNOLOGY ADMINISTRATION

##### RESEARCH AND DEVELOPMENT

Appropriations, 2011 .....	\$12,981,000
Budget estimate, 2012 .....	17,600,000
Committee recommendation .....	15,981,000

##### PROGRAM DESCRIPTION

The Research and Innovative Technology Administration [RITA] was established in the Department of Transportation, effective November 24, 2004, pursuant to the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-246). The mission of RITA is to strengthen and facilitate the Department's multi-modal and inter-modal research efforts, leverage and enhance intra-modal research efforts, and coordinate and sharpen the multi-faceted research agenda of the Department.

RITA includes the University Transportation Centers, the Volpe National Transportation Center and the Bureau of Transportation

Statistics [BTS], which is funded by an allocation from the Federal Highway Administration's Federal-aid highway account.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$15,981,000 for Research and Innovative Technology Administration for fiscal year 2012. The amount provided is \$1,619,000 less than the budget estimate and \$3,000,000 more than the fiscal year 2011 level.

The following table summarizes the Committee's recommendation in comparison to the fiscal year 2011 enacted level and the budget estimate:

	Fiscal year—		Committee recommendation
	2011 enacted	2012 estimate	
Salaries and administrative expenses .....	\$6,957,000	\$7,600,000	\$6,974,000
Alternative fuels research and development .....	499,000	500,000	499,000
RD&T coordination .....	535,000	900,000	509,000
Nationwide differential global positioning system .....	4,591,000	7,600,000	7,600,000
Positioning, navigation and timing .....	399,000	1,000,000	399,000
Total .....	12,981,000	17,600,000	15,981,000

*National Differential Global Positioning System.*—The Committee recommendation includes an increase of \$3,000,000 requested by the administration for the recapitalization of the Nationwide Differential Global Positioning System [NDGPS].

The Committee recognizes that both RITA and the Coast Guard consider timely NDGPS recapitalization to be essential for preserving the system and maintaining service availability in the most cost-effective manner. The existing in-land NDGPS suffers from aging components, many of which now exceed their serviceable lifespan. Because of the system's age, hardware is obsolete, and replacement parts are increasingly expensive and difficult to obtain. Many in-land receivers are being serviced with parts salvaged during the Coast Guard's 2009 recapitalization of the Maritime DGPS system, or through costly special orders. Moreover, according to estimates provided by RITA, future O&M costs are expected to increase between 15 and 20 percent annually should recapitalization of the existing system be delayed.

#### BUREAU OF TRANSPORTATION STATISTICS

##### (LIMITATION ON OBLIGATIONS)

Limitation on obligations, 2011 .....	\$27,000,000
Budget estimate, 2012 .....	35,000,000
Committee recommendation .....	32,000,000

#### PROGRAM DESCRIPTION

The Bureau of Transportation Statistics [BTS] is funded by an allocation from the limitation on obligations for Federal-aid highways. The Bureau compiles, analyzes, and makes accessible information on the Nation's transportation systems; collects information on intermodal transportation and other areas as needed; and enhances the quality and effectiveness of the statistical programs of the Department of Transportation through research, the develop-

ment of guidelines, and the promotion of improvements in data acquisition and use.

COMMITTEE RECOMMENDATION

Under the appropriation of the Federal Highway Administration, the bill provides \$27,000,000 for BTS. This funding is consistent with the authorization for BTS under SAFETEA-LU as discussed earlier in this report. In addition, the bill provides \$5,000,000 to BTS from the Federal Highway Administration’s research program for a total program level of \$32,000,000. This total funding level is \$3,000,000 less than budget estimate, which is based on the administration’s legislative proposal for a long-term authorization of the surface transportation programs. The total funding level is also \$5,000,000 more than the fiscal year 2011 enacted level.

The Committee includes the additional \$5,000,000 for several efforts to improve transportation data. Of this total, the Committee provides \$2,500,000 to establish the Safety Data and Analysis Program, which will provide access to safety data across a wide array of transportation modes, fill gaps in the Department’s collection of safety-related data, and identify areas of risk in the transportation system; \$1,700,000 to make improvements to the Commodity Flow Survey so that the Department can continue to provide comprehensive data on commodity movements; and \$800,000 to develop an automated system for obtaining data on international cargo movement.

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

Appropriations, 2011 .....	\$74,964,000
Budget estimate, 2012 .....	89,185,000
Committee recommendation .....	82,409,000

PROGRAM DESCRIPTION

The Inspector General Act of 1978 established the Office of Inspector General [OIG] as an independent and objective organization, with a mission to:

- conduct and supervise audits and investigations relating to the programs and operations of the Department;
- provide leadership and recommend policies designed to promote economy, efficiency, and effectiveness in the administration of programs and operations;
- prevent and detect fraud, waste, and abuse; and
- keep the Secretary and Congress currently informed regarding problems and deficiencies.

COMMITTEE RECOMMENDATION

The Committee recommendation provides \$82,409,000 for activities of the Office of the Inspector General, which is \$6,776,000 less than the President’s budget request and \$7,445,000 more than the fiscal year 2011 enacted level.

*Transfers and Reimbursements from Other Agencies.*—For the past several years, the FAA, FHWA, FTA, and NTSB have provided funds to the OIG to cover the cost of audits and investiga-

tions of their programs and financial statements. These agencies have either transferred funds directly to the OIG or provided the funding on a reimbursable basis. This year, however, the Committee recommendation provides this funding directly to the OIG, as requested by the administration. The recommended funding level for the OIG therefore includes an additional \$6,434,000 that in previous years would have been included in the budgets of other agencies.

Providing direct appropriations to the OIG will give greater transparency to the OIG budget, provide the funding in a more efficient manner, and simplify the relationship between the OIG and the agencies it oversees.

*Protecting the Current Workforce.*—The Committee values the high-quality work produced by the OIG. This work is made possible because the OIG maintains a highly skilled workforce that is able to address a wide variety of technical issues. For several years leading up to fiscal year 2011, the Committee invested significant resources in the OIG workforce, and the Committee is disappointed to see that the full-year continuing resolution has forced the OIG to attrit a large portion of its staff.

The Committee appreciates the administration's request for \$5,389,000 to support a dramatic increase to the OIG workforce and additional contractor support. Unfortunately, the Committee cannot provide this additional funding because it may be impossible to sustain such a large increase in staff as fiscal constraints increase in future years. The Committee, however, has included adjustments to the OIG funding level to cover the cost of inflation and increased rental payments in order to prevent these costs from further eroding the OIG workforce during the coming year.

*IT Modernization.*—The Committee recommendation includes \$500,000 for the OIG to complete the modernization of its information technology. This modernization effort includes improvements that will allow the OIG to more effectively track and report on its audit recommendations. The Committee notes that monitoring these recommendations over an extended period of time will greatly improve the ability of the OIG and this Committee to oversee the Department and its programs.

*Audit Reports.*—The Committee requests the Inspector General to continue to forward copies of all audit reports to the Committee immediately after they are issued, and to continue to make the Committee aware immediately of any review that recommends cancellation or modifications to any major acquisition project or grant, or which recommends significant budgetary savings. The OIG is also directed to withhold from public distribution for a period of 15 days any final audit or investigative report which was requested by the House or Senate Committees on Appropriations.

*Sole-source Contracts.*—The Committee has included a provision in section 407 that requires all departments and agencies in this act to report to the House and Senate Committees on Appropriations on all sole source contracts, including the contractor, the amount of the contract, and the rationale for a sole-source procurement as opposed to a market-based procurement. The Committee directs the IG to assess any conflicts of interest with regard to these contracts and DOT.

*Unfair Business Practices.*—The bill maintains language which authorizes the OIG to investigate allegations of fraud and unfair or deceptive practices and unfair methods of competition by air carriers and ticket agents.

SURFACE TRANSPORTATION BOARD  
SALARIES AND EXPENSES

	Appropriation	Crediting offsetting collections
Appropriations, 2011 .....	\$29,010,000	\$1,250,000
Budget estimate, 2012 .....	31,250,000	1,250,000
Committee recommendation .....	29,310,000	1,250,000

PROGRAM DESCRIPTION

The Surface Transportation Board [STB] was created on January 1, 1996, by the Interstate Commerce Commission Termination Act of 1995 [ICCTA] (Public Law 104–88). The Board is a three-member, bipartisan, decisionally independent adjudicatory body organizationally housed within DOT, and is responsible for the regulation of the rail and pipeline industries and certain non-licensing regulation of motor carriers and water carriers.

STB's rail oversight activities include rate reasonableness, car service and interchange, mergers, line acquisitions, line constructions, and abandonments. STB's jurisdiction also includes certain oversight of the intercity bus industry, pipeline carriers, intercity passenger train service, rate regulation involving noncontiguous domestic water transportation, household goods carriers, and collectively determined motor carrier rates.

COMMITTEE RECOMMENDATION

The Committee recommends a total appropriation of \$29,310,000. This funding level is \$1,940,000 less than the President's request \$300,000 more than fiscal year 2011 enacted level. Included in the recommendation is \$1,250,000 in fees, which will offset the appropriated funding, and \$300,000 for the moderate Uniform Rail Costing System modernization initiative.

GENERAL PROVISIONS—DEPARTMENT OF TRANSPORTATION

Section 190 allows funds for maintenance and operation of aircraft; motor vehicles; liability insurance; uniforms; or allowances, as authorized by law.

Section 191 limits appropriations for services authorized by 5 U.S.C. 3109 not to exceed the rate for an Executive Level IV.

Section 192 prohibits funds in this act for salaries and expenses of more than 110 political and presidential appointees in the Department of Transportation.

Section 193 allows funds received by the Federal Highway Administration, Federal Transit Administration, and the Federal Railroad Administration from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training may be credited to each agency's respective accounts.

Section 194 prohibits the use of funds in this act to make a grant or announce the intention to make a grant unless the Secretary of Transportation notifies the House and Senate Committees on Appropriations at least 3 full business days before making the grant or the announcement.

Section 195 allows rebates, refunds, incentive payments, minor fees, and other funds received by the Department of Transportation from travel management center, charge card programs, subleasing of building space and miscellaneous sources are to be credited to appropriations of the Department of Transportation.

Section 196 requires amounts from improper payments to a third-party contractor that are lawfully recovered by the Department of Transportation be available to cover expenses incurred in recovery of such payments.

Section 197 establishes requirements for reprogramming actions by the House and Senate Committees on Appropriations.

Section 198 prohibits the Surface Transportation Board from charging filing fees for rate or practice complaints that are greater than the fees authorized for district court civil suits.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Appropriations, 2011 .....	\$40,873,976,000
Budget estimate, 2012 .....	43,451,592,000
Committee recommendation .....	39,532,368,000

PROGRAM DESCRIPTION

The Department of Housing and Urban Development [HUD] was established by the Housing and Urban Development Act (Public Law 89-174), effective November 9, 1965. This Department is the principal Federal agency responsible for programs concerned with the Nation's housing needs, fair housing opportunities, and improving and developing the Nation's communities.

In carrying out the mission of serving the needs and interests of the Nation's communities and of the people who live and work in them, HUD administers mortgage and loan insurance programs that help families become homeowners and facilitate the construction of rental housing; rental and homeownership subsidy programs for low-income families who otherwise could not afford decent housing; programs to combat discrimination in housing and affirmatively further fair housing opportunities; programs aimed at ensuring an adequate supply of mortgage credit; and programs that aid neighborhood rehabilitation, community development, and the preservation of our urban centers from blight and decay.

HUD administers programs to protect the homebuyer in the marketplace, and fosters programs and research that stimulate and guide the housing industry to provide not only housing, but better communities and living environments.

COMMITTEE RECOMMENDATION

The Committee recommends for fiscal year 2012 an appropriation of \$39,532,368,000 for the Department of Housing and Urban Development. This is \$1,341,236,000 less than the fiscal year 2011 enacted level and \$3,918,852,000 less than the budget request.

The Committee reiterates that the Department must limit the reprogramming of funds between the programs, projects, and activities within each account without prior approval of the Committees on Appropriations. Unless otherwise identified in the bill or report, the most detailed allocation of funds presented in the budget justifications is approved, with any deviation from such approved allocation subject to the normal reprogramming requirements. Except as specifically provided otherwise, it is the intent of the Committee that all carryover funds in the various accounts, including recapitulations and de-obligations, are subject to the normal reprogramming requirements outlined above. No change may be made to any program, project, or activity if it is construed to be new policy or a



change in policy, without prior approval of the Committees on Appropriations. Finally, the Committee expects to be notified regarding reorganizations of offices, programs or activities prior to the implementation of such reorganizations, as well as be notified, on a monthly basis, of all ongoing litigation, including any negotiations or discussions, planned or ongoing, regarding a consent decree between the Department and any other entity, including the estimated costs of such decrees.

#### EXECUTIVE DIRECTION

Appropriations, 2011 .....	\$26,801,000
Budget estimate, 2012 .....	30,408,000
Committee recommendation .....	

#### PROGRAM DESCRIPTION

In previous years, this account provided all Personnel Compensation and Benefits and Non-Personnel Services funding for the Office of the Secretary, the Deputy Secretary, the Office of the Chief Operating Officer, the Office of Congressional and Intergovernmental Affairs, the Office of Public Affairs, and the Office of Small and Disadvantaged Business Utilization. Additionally, funding was included for the executive management in the offices of the Chief Financial Officer, the General Counsel, the Office of Public and Indian Housing, the Office of Community Planning and Development, the Office of Housing, the Office of Policy Development and Research, and the Office of Fair Housing and Equal Opportunity. These individuals are responsible for developing policy and managing the resources necessary to carry out HUD's mission. The core mission of the Department of Housing and Urban Development is to support community development, increase access to affordable housing free from discrimination and help Americans achieve the dream of home ownership.

#### COMMITTEE RECOMMENDATION

The Committee is altering the "Management and Administration" accounts of the Department. As such, positions previously funded under this heading are funded under the "Administration, Operations and Management" heading or under one of the accounts under the "Program Office Salaries and Expenses" heading.

#### ADMINISTRATION, OPERATIONS, AND MANAGEMENT

Appropriations, 2011 .....	<sup>1</sup> \$523,990,000
Budget estimate, 2012 .....	<sup>2</sup> 530,117,000
Committee recommendation .....	549,499,000

<sup>1</sup> Does not include \$57,435,146 previously provided under the headings "Executive Direction" and "Working Capital Fund" and includes \$28,436,150 in non-personnel expenses now funded in one of the accounts under the heading "Program Offices Salaries and Expenses".

<sup>2</sup> Does not include \$64,926,000 requested under the headings "Executive Direction" and "Working Capital Fund" and includes \$28,070,000 requested under this heading for non-personnel, which the Committee has recommended be funded in one of the accounts under the heading "Program Offices Salaries and Expenses".

The Administration, Operations, and Management [AOM] account is the backbone of HUD's operations, and consists of several offices that are supposed to work seamlessly to provide the leadership and support services to ensure the Department performs its

core mission and is compliant with all legal, operational, and financial guidelines. The AOM account funds the salaries and expenses of the Immediate Office of the Secretary and Deputy Secretary, the Office of Hearings and Appeals, the Office of Small and Disadvantaged Business Utilization, the Office of Congressional and Intergovernmental Relations, the Office of General Counsel, the Office of the Chief Financial Officer, the Office of Public Affairs, the Office of the Chief Procurement Officer, the Office of Departmental Equal Employment Opportunity, the Office of Field Policy and Management, the Office of Departmental Operations and Coordination, the Office of Sustainable Housing and Communities, the Office of Strategic Planning and Management, the Office of the Chief Disaster and Emergency Management Officer, the Chief Operating Officer, the Office of the Chief Human Capital Officer and the Office of the Chief Information Officer, and the Center for Faith-Based and Community Initiatives.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$549,499,000 for this account, which is \$19,382,000 more than the budget request and \$25,509,080 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for activities previously supported with amounts provided under the headings “Executive Direction” and “Working Capital Fund”, and excludes non-personnel funding for program offices that has been moved to various accounts under the heading “Program Offices Salaries and Expenses”. Therefore, when making a comparison that adjusts for these changes, the Committee recommendation for “Administration, Operations and Management” is \$3,489,917 below the amount provided for the same activities in fiscal year 2011, and \$20,268,000 below the President’s 2012 request.

Funds are made available as follows:

	Amount
Immediate Office of the Secretary and Deputy Secretary <sup>1</sup> .....	\$4,610,000
Office of Hearings and Appeals <sup>1</sup> .....	1,700,000
Office of Small and Disadvantaged Business Utilization <sup>1</sup> .....	741,000
Office of the Chief Financial Officer <sup>2</sup> .....	47,984,000
Office of the General Counsel <sup>2</sup> .....	94,380,000
Office of Congressional and Intergovernmental Relations <sup>1</sup> .....	2,695,000
Office of Public Affairs <sup>1</sup> .....	3,988,000
Office of the Chief Operating Officer <sup>3</sup> .....	546,000
Office of the Chief Human Capital Officer .....	256,744,000
Office of Departmental Operations and Coordination .....	10,476,000
Office of Field Policy and Management .....	47,543,000
Office of the Chief Procurement Officer .....	14,654,000
Office of Departmental Equal Employment Opportunity .....	3,708,000
Center for Faith-based and Community Initiatives .....	1,448,000
Office of Sustainable Housing and Communities .....	2,627,000
Office of Strategic Planning and Management .....	5,605,000
Office of the Chief Disaster and Emergency Management Officer .....	7,415,000
Office of the Chief Information Officer <sup>4</sup> .....	42,635,000

<sup>1</sup> Previously funded under the heading “Executive Direction”.

<sup>2</sup> Includes funding previously provided under the heading “Executive Direction” for the immediate office of senior management.

<sup>3</sup> Previously called the Office of the Assistant Secretary for Administration.

<sup>4</sup> Previously funded under the heading “Working Capital Fund”.

For many years, the Committee appropriated funding for the salaries and expenses of the entire Department in one account. This

provided little transparency, and made it difficult for Congress to determine if funding was being used to meet the most pressing needs facing the Department and the country. In fiscal year 2008, the Committee created a new salaries and expenses structure to increase transparency of the Department's spending and improve Congressional oversight.

It was a challenge for HUD to adapt to the new structure. As intended, it required HUD to increase its focus on the management and performance of each office. It also enabled Congress to hold the Department, as well as individual offices, accountable for its performance. The Committee continues to believe that the increased transparency and oversight afforded through a salaries and expenses structure serves the Department's and the taxpayers' interest.

While HUD still faces challenges, the Committee recognizes that it has improved its resource management. In recent years, HUD management has increased the fiscal discipline in program offices throughout the Department. As part of the on-going effort to improve operations, the Chief Operating Officer instituted quarterly reporting and meetings with each office to evaluate their performance. This has improved HUD's ability to understand challenges and prioritize funding.

As a result of its increased oversight, HUD has identified aspects of the existing structure that impede effective management. For example, if an office needs to improve the capacity of its workforce, it cannot currently spend personnel funding on training since non-personnel expenses are budgeted separately. The Committee agrees that some elements of the structure limit HUD's ability to effectively manage resources. In the current fiscal environment, it is critical that the Department have the tools necessary to increase efficiency and performance. To make that possible, while maintaining transparency and accountability, the Committee is recommending modifications to the salaries and expenses structure. The Committee hopes that these changes will allow HUD to achieve better outcomes for its programs and taxpayers.

*Explanation of Changes in Structure.*—As the Committee considered the structural changes, it looked to the management structure of the Department of Transportation and other Departments. The Committee has eliminated the "Executive Direction" account, and instead includes the Immediate Office of the Secretary and Deputy Secretary, Office of Hearings and Appeals, Office of Small and Disadvantaged Business Utilization, Office of Congressional and Intergovernmental Relations, and Office of Public Affairs within the "Administration, Operations and Management" account. In addition, there is no longer a separation between senior management of an office and the rest of its staff. For example, the funding for the Immediate Office of Chief Financial Officer [CFO] is now included within the budget for the Office of the CFO. The Committee has found budgeting for these offices separately provided minimal value, and they were often difficult to manage given their size.

The account now also includes the Office of the Chief Operating Officer, which replaces the Office of the Assistant Secretary for Administration. The revised structure includes the Office of the Chief Disaster and Emergency Management Office. This addition does

not include new FTEs, rather it moves current staff to better align staff responsibilities and management. The recommendation also includes a transfer of staff from Field Policy and Management to the U.S. Interagency Council on Homelessness [ICH]. Currently, HUD staff are detailed to ICH.

The Committee has also placed the Office of the Chief Information Officer [OCIO] within the "Administration, Operations and Management" account. In prior years, OCIO was funded within the Department's "Working Capital Fund" account. This provided a limited view of both the personnel for the office and the amount of funding directly related to technology. In light of the major information technology changes occurring at HUD, the Committee has become increasingly focused on the capacity of the OCIO. The Committee believes that by separately funding the OCIO, it will be able to better monitor the OCIO's workforce needs and performance.

Finally, the budget no longer includes a line item for the non-personnel expenses of the Department. Instead, funding for these expenses is provided directly to each office. This provides greater transparency into the true cost of each office, and also provides additional flexibility for managers to allocate funding between personnel and expenses. The Committee notes that as a result of this merging of budget categories, it appears that the Office of the Chief Human Capital Officer has increased significantly; this is not the case, but instead reflects that significant departmental expenses such as rent are funded out of this office.

*Budget Documents.*—The Committee has been careful to ensure that these modifications still provide Congress with the transparency necessary to hold HUD accountable for its performance. Therefore, the Committee directs the Department to include more detailed information on its salaries and expenses costs in the fiscal year 2013 congressional justification. This information is critical to ensuring that Congress has the necessary information to make decisions about how funding is allocated. Therefore the justification for the salaries and expenses requests across the Department should include an explanation of proposed changes in full-time equivalent [FTE] personnel, as well as the program areas for which any increase or decrease in FTEs being sought. All information should be presented by office in a format consistent with the structure in the bill. The Committee expects the documents to include detailed information on non-personnel related expenses, including travel by program office, and that any significant deviations from prior budgets will be fully explained and justified.

*Travel.*—The Committee has revised the structure to provide greater flexibility between personnel and non-personnel expenses. However, the Committee wants to ensure that this additional flexibility does not lead to increased travel and conference participation. The Committee directs that travel for all offices funded under the heading management and administration shall not exceed \$18,000,000, a decrease of \$1,500,000 below the fiscal year 2011 amount.

*Procurement.*—The Office of the Chief Procurement Officer is responsible for obtaining all contracted goods and services for the Department. As such, this office is involved in everything from research projects to information technology investments. The Com-

mittee understands that the office is undergoing changes to increase its effectiveness. To monitor the impact of these efforts, the Committee directs HUD to provide bi-annual updates to the Committees on Appropriations on the average time it takes for the office to execute contracts and its use of sole-source contracts, including comparisons with prior years.

PROGRAM OFFICES SALARIES AND EXPENSES

PUBLIC AND INDIAN HOUSING

Appropriations, 2011 .....	<sup>1</sup> \$188,695,852
Budget estimate, 2012 .....	<sup>2</sup> 189,610,000
Committee recommendation .....	201,233,000

<sup>1</sup> Does not include \$2,210,750 provided for the Immediate Office of the Assistant Secretary for Public and Indian Housing under the heading “Executive Direction” and \$12,797,000 for non-personnel expenses funded under the heading “Administration, Operations and Management”.

<sup>2</sup> Does not include \$1,936,000 requested for the Immediate Office of the Assistant Secretary for Public and Indian Housing under the heading “Executive Direction” and \$9,687,000 for non-personnel expenses requested under the heading “Administration, Operations and Management”.

This account provides salary and benefits funding to support staff in headquarters and in 46 field offices in the Office of Public and Indian Housing [PIH]. PIH is charged with ensuring the availability of safe, decent, and affordable housing, creating opportunities for residents’ self sufficiency and economic independence, and assuring the fiscal integrity of all public housing agencies. The Office ensures that safe, decent and affordable housing is available to Native American families, creates economic opportunities for tribes and Indian housing residents, assists tribes in the formulation of plans and strategies for community development, and assures fiscal integrity in the operation of the programs. The Office also administers programs authorized in the Native American Housing Assistance and Self Determination Act of 1996 [NAHASDA], which provides housing assistance to Native Americans and Native Hawaiians. PIH also manages the Housing Choice Voucher program, in which tenant-based vouchers increase affordable housing choices for low-income families. Tenant-based vouchers enable families to lease safe, decent, and affordable privately owned rental housing.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$201,233,000 for this account, which is \$11,623,000 more than the budget request and \$12,537,148 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for the Immediate Office of the Assistant Secretary for PIH, which was funded in fiscal year 2011 and requested for fiscal year 2012 under the heading “Executive Direction”. It also includes funding for nonpersonnel expenses previously provided and requested for fiscal year 2012 under the heading “Administration, Operations and Management”. When making a comparison that adjusts for these changes, the Committee recommendation is \$2,380,602 below the amount provided for the same activities in fiscal year 2011, and equal to the President’s 2012 request.

PIH’s responsibilities include the oversight of public housing agencies [PHAs] across the country that manage public housing

and participate in the section 8 tenant-based rental assistance program. These programs serve more than 3 million low-income individuals and families across the country. Section 8 also represents the largest single item in HUD’s budget. The oversight of these programs is therefore critical to protecting both residents and taxpayers.

Given the task that HUD, and PIH in particular, has in overseeing this significant Federal investment in affordable housing, it is critical that PIH staff have the ability to identify and mitigate risks in its programs. The Committee is concerned by recent reports of misuse of funds by PHAs. While these PHAs represent a small fraction of the thousands of PHAs across the country, they raise questions about the adequacy of HUD’s oversight.

The Committee notes that HUD has taken steps to improve its oversight capacity. This includes putting greater focus on financial management practices of PHAs, updating the skills of its workforce to better align them with the current practices of PHAs, and deploying a new strategy for addressing troubled housing agencies. This additional focus is warranted, and the Committee encourages HUD to work with the HUD Office of Inspector General to identify additional ways to mitigate risk in its programs.

The Committee is focused on the steps HUD is taking to increase its capacity to hold PHAs accountable. As such, the Committee requests detailed information on these efforts to understand the strategies being used to guide implementation. The Committee expects that the strategies HUD is using are based on an assessment of systemic weaknesses in its oversight, as well as an evaluation of areas of the country that seem to have greater challenges. The Committee directs HUD to provide the Committees on Appropriations with a report within 180 days of enactment of this act describing this risk assessment and the specific steps being taken to mitigate those identified. The report should include a timeline for implementing any reforms, efforts to incorporate HUD field staff, and measures to assess performance. The report should also include information on the strategies to address troubled PHAs, as well as steps that HUD will take to hold PHAs accountable for mismanagement.

COMMUNITY PLANNING AND DEVELOPMENT

Appropriations, 2011 .....	<sup>1</sup> \$96,795,022
Budget estimate, 2012 .....	<sup>2</sup> 99,815,000
Committee recommendation .....	101,076,000

<sup>1</sup>Does not include \$1,777,438 provided for the Immediate Office of the Assistant Secretary for Community Planning and Development under the heading “Executive Direction” and \$3,105,000 for nonpersonnel expenses funded under the heading “Administration, Operations and Management”.

<sup>2</sup>Does not include \$2,026,000 requested for the Immediate Office of the Assistant Secretary for Community Planning and Development under the heading “Executive Direction” and \$2,891,000 for nonpersonnel expenses requested under the heading “Administration, Operations and Management”.

This account provides salary and benefits funding for Community Planning and Development [CPD] staff in headquarters and in 43 field offices. CPD’s mission is to support successful urban, suburban and rural communities by promoting integrated approaches to community and economic development. CPD programs also assist in the expansion of opportunities for low- and moderate-income in-

dividuals and families in moving towards home ownership. The Assistant Secretary for CPD administers formula and competitive grant programs as well as guaranteed loan programs that help communities plan and finance their growth and development. These programs also help communities increase their capacity to govern and provide shelter and services for homeless persons and other persons with special needs, including person with HIV/AIDS.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$101,076,000 for the staffing within this office, which is \$1,261,000 more than the budget request and \$4,280,978 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for the Immediate Office of the Assistant Secretary for Community Planning and Development, which was funded in fiscal year 2011 and requested for fiscal year 2012 under the heading “Executive Direction”. It also includes funding for nonpersonnel expenses previously provided and requested for fiscal year 2012 under the heading “Administration, Operations and Management”. Therefore, when making a comparison that adjusts for these changes, the Committee recommendation is \$602,460 below the amount provided for the same activities in fiscal year 2011, and \$3,657,000 below the President’s 2012 request. This office is being reduced by five FTE to reflect a transfer of staff to the U.S. Interagency Council on Homelessness [ICH]. These staff had previously been detailed to ICH.

The Committee notes the concerns that have been raised in recent months about the oversight of the HOME Investment Partnership Program. In providing new funding for this program, the Committee has included additional requirements to mitigate identified program risks. In order to ensure that these funds are used appropriately and grantees are held accountable, HUD must provide adequate training to its staff on both new and existing requirements. The Committee also wants to ensure that staff are utilizing the information that grantees are providing through its systems to identify risks. Finally, HUD must work to ensure that the staff responsible for monitoring grantees are focused not simply on the obligation and expenditure of funds, but on assessing the outcomes of HOME investments.

HOUSING

Appropriations, 2011 .....	<sup>1</sup> \$381,123,226
Budget estimate, 2012 .....	<sup>2</sup> 397,660,000
Committee recommendation .....	392,796,000

<sup>1</sup>Does not include \$3,490,006 provided for the Immediate Office of the Assistant Secretary for Housing, Federal Housing Commissioner under the heading “Executive Direction” and \$8,183,000 in nonpersonnel expenses provided under the heading “Administration, Operations and Management”.

<sup>2</sup>Does not include \$3,500,000 requested for the Immediate Office of the Assistant Secretary for Housing, Federal Housing Commissioner under the heading “Executive Direction” and \$9,092,000 requested for nonpersonnel expenses under the heading “Administration, Operations and Management”.

This account provides salary and benefits funding to support staff in headquarters and in 52 field locations in the Office of Housing. The Office of Housing is responsible for implementing programs to assist projects for occupancy by very low-and moderate-

income households, to provide capital grants to nonprofit sponsors for the development of housing for the elderly and handicapped, and to conduct several regulatory functions. The Office also administers Federal Housing Administration [FHA] programs. FHA administers HUD's mortgage and loan insurance programs which facilitate the financing of new construction, rehabilitation or the purchase of existing dwelling units. The Office also provides services to maintain and preserve homeownership, especially for underserved populations. This assistance allows lenders to make lower-cost financing available to more borrowers for home and home improvement loans, and apartment, hospital, and nursing home loans. FHA provides a vital link in addressing America's homeownership and affordable housing needs.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$392,796,000 for staffing in the Office of Housing, which is \$4,864,000 less than the budget request and \$11,672,774 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for the Immediate Office of the Assistant Secretary for Housing, Federal Housing Commission, which was funded in fiscal year 2011 and requested for fiscal year 2012 under the heading "Executive Direction". It also includes funding for nonpersonnel expenses previously provided and requested for fiscal year 2012 under the heading "Administration, Operations and Management". Therefore, when making a comparison that adjusts for these changes, the Committee recommendation is \$232 below the amount provided for the same activities in fiscal year 2011, and \$17,456,000 below the President's 2012 request.

The Office of Housing includes the Federal Housing Administration [FHA], which as a result of the housing crisis is currently playing an outsized role in the market. FHA's ability to provide continued access to liquidity has helped provide some stability to the housing market, but its increased role does not come without risk. Sufficient staff with the appropriate expertise is critical to mitigating this risk through strong oversight. To highlight the importance of this work, the Committee has set-aside at least \$8,200,000 for the Office of Risk Management and Regulatory Affairs.

The Committee has supported HUD's efforts to bolster FHA staff, and has worked to provide sufficient resources for HUD to fulfill the staffing plan required by the Committee. The Committee is concerned that the pressure to reduce Federal spending will affect FHA's ability to monitor its portfolio. Given the budget constraints, it is critical that the Office of Housing evaluate the allocation of current staff across all of its programs. In particular, the Committee notes that the reductions in the size of programs within the Office of Housing, such as the Housing Counseling, may provide an opportunity to reallocate staff to areas of greater risk and need. The Committee directs HUD to provide quarterly updates to the Committees on Appropriations on its staffing, including any FTE reallocations.



OFFICE OF THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Appropriations, 2011 .....	\$11,073,000
Budget estimate, 2012 .....	
Committee recommendation .....	

This account provides all salary and benefits funding to support the Government National Mortgage Association [Ginnie Mae] headquarters staff. Ginnie Mae programs help expand the supply of affordable housing in the United States by linking the capital markets to the Nation’s housing markets. Ginnie Mae accomplishes this by facilitating the financing of residential mortgage loans insured or guaranteed by the FHA, the Department of Veteran Affairs [VA], and additional entities.

COMMITTEE RECOMMENDATION

The Committee is not recommending an appropriation for the staff of the Office of the Government National Mortgage Association. Instead, the Committee recommends funding the salaries and expenses of Ginnie Mae employees out of fees it collects, consistent with the President’s budget request for fiscal year 2012. While the funding structure for Ginnie Mae is changing, the Committee will continue to maintain oversight of Ginnie Mae salaries and expenses through the annual appropriations process.

POLICY DEVELOPMENT AND RESEARCH

Appropriations, 2011 .....	<sup>1</sup> \$19,099,724
Budget estimate, 2012 .....	<sup>2</sup> 21,390,000
Committee recommendation .....	23,016,000

<sup>1</sup> Does not include \$1,094,806 provided for the Immediate Office of the Assistant Secretary for Policy Development and Research under the heading “Executive Direction” and \$2,821,000 provided for nonpersonnel expenses provided under the heading “Administration, Operations and Management”.

<sup>2</sup> Does not include \$1,154,000 requested for the Immediate Office of the Assistant Secretary for Policy Development and Research under the heading “Executive Direction” and \$2,685,000 requested for nonpersonnel expenses requested under the heading “Administration, Operations and Management”.

This account provides salary and benefits funding to support staff in headquarters and in 16 field locations in the Office of Policy Development and Research [PD&R]. PD&R supports the Department’s efforts to help create cohesive, economically healthy communities. PD&R is responsible for maintaining current information on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. The Office provides reliable and objective data and analysis to help inform policy decisions.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$23,016,000 for this account, which is \$1,626,000 more than the budget request and \$3,916,276 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for the Immediate Office of the Assistant Secretary for Policy Development and Research, which was funded in fiscal year 2011 and requested for fiscal year 2012 under the heading “Executive Direction”. It also includes funding for nonpersonnel expenses previously provided and requested for fiscal year 2012 under the heading “Administration,

Operations and Management”. Therefore, when making a comparison that adjusts for these changes, the Committee recommendation is \$470 below the amount provided for the same activities in fiscal year 2011, and \$2,213,000 below the President’s 2012 request.

The Committee expects that as fewer research dollars are available, HUD will more effectively use the existing staff in PD&R to conduct housing research instead of relying on outside research contracts.

FAIR HOUSING AND EQUAL OPPORTUNITY

Appropriations, 2011 .....	<sup>1</sup> \$71,656,400
Budget estimate, 2012 .....	<sup>2</sup> 70,733,000
Committee recommendation .....	74,766,000

<sup>1</sup> Does not include \$926,144 provided for the Immediate Office of the Assistant Secretary for Fair Housing and Equal Opportunity under the heading “Executive Direction” and \$3,281,000 provided for nonpersonnel expenses provided under the heading “Administration, Operations and Management”.

<sup>2</sup> Does not include \$852,000 requested for the Immediate Office of the Assistant Secretary for Fair Housing and Equal Opportunity under the heading “Executive Direction” and \$3,350,000 requested for nonpersonnel expenses requested under the heading “Administration, Operations and Management”.

This account provides salary and benefits funding to support staff in headquarters and in 42 field locations in the Office of Fair Housing and Equal Opportunity [FHEO]. FHEO is responsible for investigating, resolving, and prosecuting complaints of housing discrimination, as well as conducting education and outreach activities to increase awareness of the requirements of the Fair Housing Act. The Office also develops and interprets fair housing policy, processes complaints, performs compliance reviews and provides oversight and technical assistance to local housing authorities and community development agencies regarding section 3 of the Housing and Urban Development Act of 1968.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$74,766,000, which is \$4,033,000 more than the budget request and \$3,109,600 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for the Immediate Office of the Assistant Secretary for Fair Housing and Equal Opportunity, which was funded in fiscal year 2011 and requested for fiscal year 2012 under the heading “Executive Direction”. It also includes funding for nonpersonnel expenses previously provided and requested for fiscal year 2012 under the heading “Administration, Operations and Management”. Therefore, when making a comparison that adjusts for these changes, the Committee recommendation is \$928,544 below the amount provided for the same activities in fiscal year 2011 and equal to the President’s 2012 request.

OFFICE OF HEALTHY HOMES AND LEAD HAZARD CONTROL

Appropriations, 2011 .....	<sup>1</sup> \$7,136,698
Budget estimate, 2012 .....	<sup>2</sup> 7,167,000
Committee recommendation .....	7,502,000

<sup>1</sup> This amount does not include \$365,000 provided for nonpersonnel expenses funded under the heading “Administration, Operations and Management”.

<sup>2</sup> This amount does not include \$365,000 requested for nonpersonnel expenses requested under the heading “Administration, Operations and Management”.

This account provides salary and benefits funding to support the Office of Healthy Homes and Lead Hazard Control [OHHLHC] headquarters staff. OHHLHC administers and manages the lead-based paint and healthy homes activities of the Department, and is directly responsible for the administration of the Lead-Based Paint Hazard Reduction program. The Office also develops lead-based paint regulations, guidelines, and policies applicable to HUD programs, designs lead-based paint and healthy homes training programs, administers lead-hazard control and healthy homes grant programs, and implements the lead and healthy homes research program.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$7,502,000 for this account, which is \$335,000 more than the budget request and \$365,302 more than the fiscal year 2011 enacted level. The Committee recommendation includes funding for nonpersonnel expenses previously provided and requested for fiscal year 2012 under the heading “Administration, Operations and Management”. Therefore, when making a comparison that adjusts for these changes, the Committee recommendation is \$312 below the amount provided for the same activities in fiscal year 2011, and \$30,000 below the President’s 2012 request.

RENTAL ASSISTANCE DEMONSTRATION

Appropriations, 2011 .....	.....
Budget estimate, 2012 .....	\$200,000,000
Committee recommendation .....	.....

PROGRAM DESCRIPTION

Rental Assistance Demonstration [RAD] is intended to test a model to preserve public housing. Participation in the program by public housing agencies would be voluntary and involve the conversion to an improved form of property-based rental assistance. This form of rental assistance would enable public housing agencies to leverage private sector resources in order to recapitalize this housing stock and maintain these units of affordable housing.

COMMITTEE RECOMMENDATION

The Committee has not included \$200,000,000 as requested by the administration for Transforming Rental Assistance. In the current budget environment, maintaining adequate funding for existing programs is a greater priority, and the Committee cannot divert the significant resources requested from core programs to fund this new initiative. However, the Committee sees value in the administration’s efforts to look for new ways to recapitalize public housing. Therefore, the Committee has included authority for HUD to conduct a Rental Assistance Demonstration [RAD], which will allow the Secretary to use existing resources to test conversion as an approach to recapitalizing public housing.

Public housing provides over 1.1 million low-income Americans with a safe and affordable place to live. Thousands of public housing agencies [PHAs] across the country work to manage and pre-

serve this valuable asset. This task has become increasingly difficult as the portfolio continues to age, and Federal resources are unable to keep up with need. According to the Capital Needs in Public Housing Program report released by HUD in November 2010, the capital needs backlog in public housing is \$25,600,000,000. The Committee is concerned that without an infusion of new resources to bring public housing stock into a state of good repair, irreplaceable affordable housing will be permanently lost. Given the constraints on the Federal budget, leveraging non-Federal sources of funding is increasingly important to meeting this need.

Under the proposed demonstration, PHAs can voluntarily convert public housing units to section 8 project-based vouchers or contracts. Currently, PHAs have a limited ability to leverage other resources, such as low-income tax credits or private financing, under the public housing model. PHAs that volunteer to participate in this demonstration will not receive additional subsidies, but will instead convert their existing subsidy into a more flexible one. Specifically, the language gives the Secretary the authority to move the funding provided to participating PHAs under the "Public Housing Capital Fund" and "Public Housing Operating Fund" into either the "Section 8 Tenant-based Rental Assistance" or "Project-based Rental Assistance" accounts. The result of these transfers will be cost neutral, since any increase to the rental assistance programs will be offset by reductions to the public housing programs. Importantly, increases and decreases will be directly related to the units of housing that are part of the demonstration. As a result, the changes should not adversely impact PHAs that continue to rely on the public housing programs.

When the administration first proposed this type of initiative in fiscal year 2011, it was met with questions and concerns. PHAs were concerned that this initiative would further undermine their efforts to preserve public housing, and the Committee was concerned about the long-term costs associated with the proposal. Since that time, the administration has developed better data and refined its proposal to address many of these concerns. Despite these improvements, questions remain that the Committee believes can only be answered by testing this concept.

The Committee sees RAD as an opportunity to understand how this model would work in practice, and has crafted a demonstration that is limited in scope, but can answer some of the critical questions related to the proposal. In particular, the Committee asks HUD to test if section 8 vouchers or contracts create new opportunities for PHAs to leverage resources to recapitalize their portfolios. It will also require HUD to establish criteria designed to test the effectiveness of this model in different geographic areas and housing markets, but only to the extent that PHAs representing different areas and markets apply to participate in the demonstration. The language also requests that HUD aim to include PHAs of varying sizes.

The Committee has also worked to ensure that the demonstration does not adversely impact tenants, and stipulates that all residents living in converted properties will maintain their existing rights. In addition, the Committee supports the objective of offering

public housing choice mobility as an important component of this demonstration in a manner that serves residents and provides flexibility for PHAs to work with HUD, to determine how to meet this objective. The Committee has included language to establish procedures that will ensure that public housing remains a public asset in the that event that the project experiences problems, such as default or foreclosure.

Finally, the Committee requires that HUD conduct an evaluation of this demonstration. Until HUD and Congress have a better sense of the benefits and costs of this model, it cannot develop or implement an effective strategy for public housing preservation.

PUBLIC AND INDIAN HOUSING

TENANT-BASED RENTAL ASSISTANCE

(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2011 .....	<sup>1</sup> \$18,362,873,000
Budget estimate, 2012 .....	<sup>2</sup> 19,222,569,000
Committee recommendation .....	<sup>2</sup> 18,872,357,000

<sup>1</sup>Includes an advance appropriation of \$3,992,000,000.

<sup>2</sup>Includes an advance appropriation of \$4,000,000,000.

PROGRAM DESCRIPTION

This account provides funding for the section 8 tenant-based (voucher) program. Section 8 tenant-based housing assistance is one of the principle appropriations for Federal housing assistance and provides rental housing assistance to approximately 2 million families. The program also funds incremental vouchers to assist nonelderly disabled families and vouchers for tenants who live in projects where the owner of the project has decided to leave the section 8 program. The program also provides for the replacement of units lost from the assisted housing inventory through its tenant protection vouchers. Under these programs, eligible low-income families pay 30 percent of their adjusted income for rent, and the Federal Government is responsible for the remainder of the rent, up to the fair market rent or some other payment standard. This account also provides funding for the Family Self-Sufficiency [FSS] and Housing and Urban Development Veterans Supportive Housing [HUD-VASH] programs. Under FSS, families receive job training and employment that should lead to a decrease in their dependency on government assistance and help them move toward economic self-sufficiency.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$18,872,357,000 for fiscal year 2012; including \$4,000,000,000 as an advance appropriation to be made available on October 1, 2012. This amount is \$350,212,000 less than the budget request and \$509,484,000 more than the fiscal year 2011 enacted level.

The Committee recommends \$17,143,905,000 for the renewal costs of section 8 vouchers, which is equal to the budget request and \$474,622,000 more than the fiscal year 2011 enacted level. The Committee is continuing to review estimates of renewal need in order to protect current voucher holders.

The section 8 rental assistance program is a critical tool that enables over 2 million low-income individuals and families to access safe, stable and affordable housing in the private market.

In recognition of the section 8 program's central role in ensuring housing for vulnerable Americans, the Committee has worked to provide sufficient resources so that no current voucher holders are put at risk of losing their housing. As part of its recommendation, the Committee is reducing the amount of new budget authority available, and instead requiring public housing agencies [PHAs] to use available reserves to meet program costs. HUD is directed to evaluate the level of reserves or net restricted assets [NRA] that PHAs have available when determining allocations of new resources. The Committee expects that as HUD makes these determinations, it will ensure that PHAs have sufficient NRA to address any unexpected costs that may arise during 2012.

The costs in the section 8 program are dictated in large part by market conditions and demands of the private market, as well as the behavior of the individuals in the program. Unfortunately, HUD has little control over these factors. However, given the budget reductions expected in future years, HUD must work to find ways to better control program costs, while protecting vulnerable tenants. In addition, HUD must improve its ability to monitor and predict program costs. While revisions to estimates are expected, large variations in estimates undermine the Committee's ability to protect vulnerable tenants.

The Committee is pleased that HUD has begun to assess opportunities to pare costs, and has requested language to make program changes that should reduce expenses. The Committee has included this language, as requested, within the HUD administrative provisions. These provisions include increasing the medical expense allowance that is used to calculate rental contributions. Taken together these provisions should provide program savings in both this and future years.

*Formula Adjustment.*—In 2007, the Committee modified the formula for allocating resources among PHAs. This modified formula based allocations primarily on resource utilization during the course of the most recent Federal fiscal year while accounting for inflation. Since that time, the formula has remained fairly constant in order to provide consistency and stability to PHAs managing voucher programs. This year, the Committee is recommending a modification that would change the period of re-benchmarking for the formula allocation from the Federal fiscal year to the calendar year. This would align the period on which funding is based with how PHAs manage their programs.

The Committee used the Federal fiscal year so that the time it takes for HUD to verify PHA data would not delay program allocations as PHAs begin their programs. However, this misalignment created other challenges to managing the program. Now that HUD is receiving more timely data, this delay should be minimized.

*Set-asides for Special Circumstances.*—The Committee has provided a set-aside of \$103,000,000 to allow the Secretary to adjust allocations to PHAs under certain prescribed circumstances. Since the funds provided to PHAs through this set-aside result in increases in future costs, the Committee has reduced the amount re-

requested by the administration's request of \$135,000,000 by \$32,000,000 in fiscal year 2012. The Committee believes that this level of funding will still allow HUD to assist PHAs that would otherwise be unable to meet the needs of program participants. The Committee expects this will provide the Secretary with a means of assisting PHAs facing unexpectedly high unemployment and loss of income. Qualifying factors include: (1) public housing agencies that have experienced a significant increase, as determined by the Secretary, in renewal costs of tenant-based rental assistance resulting from unforeseen circumstances and voucher utilization or the impact from portability under section 8(r) of the act; (2) public housing agencies with vouchers that were not in use during the previous 12-month period in order to be available to meet a commitment pursuant to section 8(o)(13) of the act; (3) for adjustments or costs associated with HUD-VASH vouchers; and (4) to continue vouchers for disaster victims that currently receiving rental assistance through disaster recovery programs set to expire. A PHA should not receive an adjustment to its allocation from the funding provided under this section if the Secretary determines that such PHA, through negligence or intentional actions, would exceed its authorized level.

*HUD-Veterans Affairs Supported Housing [HUD-VASH].*—The Committee has included \$75,000,000 to support 11,000 additional HUD-VASH vouchers consistent with the budget request. As the only Federal permanent supportive housing program dedicated exclusively to veterans, HUD-VASH is critical to serving veterans with high needs that face severe barriers to housing, especially the chronically homeless. According to data released by HUD and the Department of Veterans Affairs [VA], over 75,000 veterans were homeless on a single night in 2009, 43 percent of whom were living on the street. Given the limited number of HUD-VASH vouchers available, it is imperative that they are targeted to veterans most in need.

Allocating vouchers to areas of greatest need is important to achieving the goals of ending veteran homelessness by 2015. In order to achieve this goal, vouchers are allocated based on the number of homeless veterans in an area. In conducting the analysis of need, the Committee directs HUD, in cooperation with the VA, to be mindful of the needs in rural areas. Rural areas can often present challenges in delivering case management services to areas that are far from VA Medical Centers. Moreover, the smaller number of veterans in need may make the hiring of a case manager to serve them impractical. However, the needs of these veterans must still be met. Therefore, the Committee encourages HUD, working with the VA, to explore ways to ensure that HUD-VASH can meet the needs of veterans in rural areas. For example, HUD could consider reducing the minimum allocation of vouchers a PHA could receive, which is often based on sufficient numbers to justify a case manager, by utilizing existing local providers to provide case management services.

The ability to achieve the goal of ending veteran homelessness requires more than simply providing vouchers to areas of need. The ultimate success of this program will be demonstrated by veterans remaining housed and off the street. The Committee therefore ex-

pects HUD to work with the VA to track the stability of participating veterans, so that if housing stability isn't being achieved program modifications can be made.

The Committee notes that the HUD and the VA have been involved in a demonstration in Washington, DC, which has achieved improved leasing rates. These improvements have resulted from efforts by the DC Public Housing Authority to streamline many of its processes, including screening of clients and inspection of units. In addition, the city has demonstrated the importance of partnerships among PHAs, the VA, and local providers. The Committee expects HUD to share and encourage these best practices with other PHAs.

*Homelessness Demonstrations.*—The administration's fiscal year 2012 budget request included \$56,906,000 for approximately 7,500 new vouchers as part of a demonstration to leverage funding for services from mainstream programs such as Temporary Assistance for Needy Families [TANF] and Substance Abuse and Mental Health Services Administration [SAMSA]. The demonstration was designed to assist homeless families as well as the chronically homeless. Given the budgetary constraints, the Committee is unable to provide funding for new vouchers for this purpose. However, the Committee is encouraged by the efforts of HUD, the Department of Health and Human Services, the Department of Education, and others to improve coordination as they considered the design of such a demonstration. To facilitate efforts to enhance coordination and leverage services from mainstream programs, the Committee has included \$5,000,000 to support the goals of the demonstration. The Committee expects that funding will be awarded to PHAs interested in the demonstration as a way to offset the additional costs of coordinating with various partners and providing case management services. The Committee expects that this demonstration will provide important lesson for how PHAs can leverage other service dollars to meet the needs of tenants.

*Administrative Fees and Family Self-sufficiency Coordinators.*—The Committee recommends \$1,400,000,000 for administrative fees, which is \$247,780,000 less than the budget request and \$47,100,000 less than the fiscal year 2011 enacted level. However, the Committee has included several provisions that are expected to streamline requirements and reduce the administrative burden on PHAs.

*Mainstream Vouchers.*—A total of \$113,452,000 is included under this heading to support the renewal of vouchers previously funded under the heading "Housing for Persons with Disabilities", but which have long been administered by the Housing Choice Voucher office. The Committee began the transition of program funding from the "Housing for Persons with Disabilities" account to the "Tenant-based Rental Assistance" account in fiscal year 2011. In the first transition year, the Committee realized a one-time savings since only partial funding was necessary for the contracts that expired at various points in the year. Now that all contracts are synced, the full yearly cost of funding existing mainstream vouchers is included under this heading. These vouchers are not included as part of the renewal base because the Committee wants to ensure that these vouchers remain dedicated to serving persons with disabilities as intended.



HOUSING CERTIFICATE FUND  
(RESCISSION)

Appropriations, 2011 .....	
Budget estimate, 2012 .....	
Committee recommendation .....	-\$200,000,000

PROGRAM DESCRIPTION

The Housing Certificate Fund until fiscal year 2005 provided funding for both the project-based and tenant-based components of the section 8 program. Project-based rental assistance and tenant-based rental assistance are now separately funded accounts. The Housing Certificate Fund retains balances from previous years' appropriations.

COMMITTEE RECOMMENDATION

The bill includes a rescission of \$200,000,000 from unobligated balances and recaptures from prior-year appropriations provided in the tenant-based rental assistance and the project-based rental assistance accounts or any other account within this title. This rescission is to be effected no later than September 30, 2012.

PUBLIC HOUSING CAPITAL FUND  
(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2011 .....	\$2,040,112,000
Budget estimate, 2012 .....	2,405,345,000
Committee recommendation .....	1,875,000,000

PROGRAM DESCRIPTION

This account provides funding for modernization and capital needs of public housing authorities (except Indian housing authorities), including management improvements, resident relocation, and homeownership activities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,875,000,000 for the Public Housing Capital Fund, which is \$530,345,000 less than the budget request and \$165,112,000 less than the fiscal year 2011 enacted level.

Of the amount made available under this section, \$50,000,000 is for supportive services for residents of public housing and up to \$5,000,000 is made available to pay the costs of administrative and judicial receiverships. The Committee recommends up to \$10,000,000 to support the ongoing financial and physical assessment activities primarily at the Real Estate Assessment Center [REAC]. This amount is \$5,345,000 below the budget request because of carryover available to cover these costs. The Committee has also set aside \$20,000,000 for emergency capital needs including safety and security measures necessary to address crime and drug-related activity, as well as needs resulting from unforeseen or unpreventable emergencies and natural disasters, excluding presidentially declared emergencies and natural disasters. The Committee reminds HUD that safety and security funding is an eligible

use of these funds and expects the Department to fund eligible projects.

The Public Housing Capital Fund supports the maintenance of critical affordable housing, which provides more than 1.1 million low-income households with safe and stable housing. Unfortunately, limited resources have affected the ability of public housing authorities to upgrade and preserve these facilities. The regular deferral of maintenance has resulted in a significant backlog of capital needs, which over the long-term, increase the cost of such maintenance, and can result in lost units. Congress recently received a report on the Capital Needs in the Public Housing Program. This study estimated the backlog of public housing capital improvements to be approximately \$25,600,000,000 as of June 2008, although this number does not include the \$4,000,000,000 provided through the American Recovery and Reinvestment Act for capital improvements. While some progress was noted since the last study was conducted in 1998, the backlog remains significant. Given the budget constraints, the Committee has included other provisions in the bill outside of this account to help PHAs address their capital needs. This language includes the Rental Assistance Demonstration to try and leverage non-Federal sources of funding, and provisions to encourage flexibility in allowing PHAs to use operating fund reserves for capital needs.

PUBLIC HOUSING OPERATING FUND

Appropriations, 2011 .....	\$4,616,748,000
Budget estimate, 2012 .....	3,961,850,000
Committee recommendation .....	3,961,850,000

PROGRAM DESCRIPTION

This account provides funding for the payment of operating subsidies to approximately 3,100 public housing authorities (except Indian housing authorities) with a total of approximately 1.2 million units under management in order to augment rent payments by residents in order to provide sufficient revenues to meet reasonable operating costs.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,961,850,000 for the public housing operating fund, which is equal to the budget request and \$654,898,000 less than the fiscal year 2011 enacted level. Consistent with the administration's request, the bill includes language giving the Secretary authority to offset public housing authorities' [PHAs] allocations of operating funds in fiscal year 2012 based on excess reserves they have available to meet their operating needs. The Committee has limited the amount of reserves HUD may use as an offset to \$750,000,000. The Committee has included this policy as a means of accommodating a difficult budget environment, and urges HUD to move cautiously to ensure that public housing authorities can continue to meet residents' needs.

Since this policy was first proposed by the administration, concerns have been raised about how it will affect the ability of PHAs to meet the needs of their properties and tenants. In evaluating

this proposal, the Committee placed a priority on protecting PHA residents, and has worked to mitigate any potential negative impacts. For example, the Committee has included language ensuring that no PHA will see its reserves reduced below \$100,000, which is particularly important for small PHAs. In addition, the Committee wants to ensure that PHAs have an adequate opportunity to appeal the offset HUD proposes. The appeals process is critical since a PHA may have more timely data, and the data HUD collects may not capture commitments a PHA has already made.

In recognition of the uncertainties that come with implementing a new policy, as well as the outcome of the appeals process, the Committee has limited the amount of funding that can be offset. The Committee believes that this will limit the potential negative impact of the offset, while continuing to protect all public housing residents.

Finally, the Committee is concerned about the lack of clarity on the eligible uses of operating fund reserves. In particular, there appears to be inconsistent guidance on how PHAs may use operating reserves to address capital needs. In proposing an offset, HUD felt compelled to send out guidance on eligible uses of operating fund reserves. However, in the process of distributing such guidance it became apparent that over the years, HUD has been inconsistent in determining eligible uses of these funds and PHAs felt like HUD was significantly changing the rules. The Committee agrees that clarity is needed, but encourages HUD to consider the impact of being too rigid in its application of this policy. Particularly in light of the budget challenges, and the level of funding available for the Public Housing Capital Fund, some flexibility is warranted so that capital needs can be addressed to preserve public housing and ensure the safety of residents.

The Committee directs HUD to submit a report to the Committees on Appropriations on its guidance to PHAs on eligible uses of operating fund reserves within 90 days of the enactment of this act. The Committee further directs HUD to include in its report a clear methodology for determining excessive reserves, as well as a strategy to better assist PHAs in assessing and managing reserves to the benefit of residents. To the extent HUD believes PHAs require technical assistance with better managing and deploying reserves, the Committee encourages HUD to include a proposal for such assistance in its 2012 Transformation Initiative proposal. The Committee also reminds HUD that PHAs with fewer than 250 units have unlimited flexibility in the use of reserves to address capital needs and that PHAs with greater than 250 units should be afforded adequate flexibility to enable the optimal use of limited resources to serve their residents' needs. When formulating its plan and guidance, the Committee also encourages HUD to consider that some capital expenditures, such as installing more energy efficient appliances, may directly result in reduced operating costs and should therefore be afforded the most flexibility with respect to operating fund eligibility. In the interim, as HUD develops guidance that will be applied going forward, the Committee has included language giving the Secretary the flexibility to allow the use of operating fund reserves for capital improvements.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING [HOPE VI]

Appropriations, 2011 .....	\$99,800,000
Budget estimate, 2012 .....	
Committee recommendation .....	

PROGRAM DESCRIPTION

The Revitalization of Severely Distressed Public Housing [HOPE VI] account makes awards to public housing authorities on a competitive basis to demolish obsolete or failed developments or to revitalize, where appropriate, sites upon which these developments exist. This is a focused effort to eliminate public housing which was, in many cases, poorly located, ill-designed, and not well constructed. Such unsuitable housing has been very expensive to operate, and difficult to manage effectively due to multiple deficiencies.

COMMITTEE RECOMMENDATION

The HOPE VI program has been a vital tool used to revitalize low-income neighborhoods and improve the lives of public housing residents. The Committee remains supportive of the goal of the HOPE VI program to replace severely distressed public housing with new housing and stronger communities. The Committee has included funding for the President’s proposed Choice Neighborhoods Initiative, which builds on the successes of HOPE VI and expands the program to other HUD-assisted housing. The Committee is therefore not recommending any additional funding for HOPE VI in fiscal year 2012.

CHOICE NEIGHBORHOODS

Appropriations, 2011 .....	
Budget estimate, 2012 .....	\$250,000,000
Committee recommendation .....	120,000,000

PROGRAM DESCRIPTION

The Choice Neighborhoods Initiative provides competitive grants to transform impoverished neighborhoods into functioning, sustainable, mixed-income neighborhoods with co-location of appropriate services, schools, public assets, transportation options, and access to jobs or job training. The goal of the program is to demonstrate that concentrated and coordinated neighborhood investments from multiple sources can transform a distressed neighborhood and improve the quality of life of residents.

Choice Neighborhoods grants will fund the preservation, rehabilitation, and transformation of public and HUD-assisted housing as well as their neighborhoods. The program builds on the successes of public housing transformation under HOPE VI with a broader approach to concentrated poverty. Grantees will include public housing authorities, local governments, and nonprofit organizations. For-profit developers may also apply in partnership with another eligible grantee. Grant funds can be used for resident and community services, community development and affordable housing activities in surrounding communities. Grantees will undertake comprehensive local planning with input from residents and the community. A strong emphasis will be placed on local community

planning for school and educational improvements, including early childhood initiatives.

The Department will place a strong emphasis on coordination with other Federal agencies, notably the Departments of Education, Labor, Transportation, and Health and Human Services and the Department of Justice, to leverage additional resources. Where possible, the program will be coordinated with the Department of Education’s Promise Neighborhoods proposal.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$120,000,000 for the Choice Neighborhoods Initiative. This amount is \$130,000,000 less than the amount requested by the President. The fiscal year 2011 appropriations bill included \$99,800,000 for the HOPE VI program, of which up to \$65,000,000 was set-aside for Choice Neighborhoods. Both HOPE VI and Choice Neighborhoods seek to address the needs of distressed housing and neighborhoods and create vibrant, mixed-income communities. Choice Neighborhoods seeks to build on the HOPE VI program by expanding the types of eligible grantees and allowing funding to be used on HUD-owned or assisted housing, as well as the surrounding community.

The Committee agrees that expanding HUD’s ability to direct funds to revitalization efforts that reach beyond public housing will broaden the impact of the Department’s community revitalization efforts. However, the Committee notes that the work to replace distressed public housing is not yet complete. Therefore the Committee has included language that stipulates that not less than \$80,000,000 of the funding provided shall be awarded to projects where public housing authorities are the lead applicant.

Choice Neighborhoods recognizes that community transformation requires more than replacing housing. The creation of vibrant, sustainable communities also requires greater access to services and increased opportunities for community residents. However, HUD funding cannot support all of these activities, so the Committee supports the emphasis Choice Neighborhoods places on both local and Federal partnerships.

In August 2011, HUD announced the first five Choice Neighborhood implementation grant recipients. The Committee was encouraged to see the partners associated with each of the selected projects, such as schools, workforce development agencies, and health clinics. In addition to local and philanthropic partners, Choice Neighborhoods also provides an opportunity to effectively leverage other Federal resources. The Committee notes that projects included resources from the Department of Education and the Department of Transportation. In light of the current and future budget constraints, coordination and leveraging is critical to ensuring the greatest return on Federal investment.

NATIVE AMERICAN HOUSING BLOCK GRANT

(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2011 .....	\$648,700,000
Budget estimate, 2012 .....	700,000,000
Committee recommendation .....	650,000,000

## PROGRAM DESCRIPTION

This account funds the Native American Housing Block Grants Program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 [NAHASDA]. This program provides a funding allocation on a formula basis to Indian tribes and their tribally designated housing entities in order to help address the housing needs within their communities. Under this block grant, Indian tribes will use performance measures and benchmarks that are consistent with the national goals of the program, but can base these measures on the needs and priorities established in their own Indian housing plan.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$650,000,000 for the Native American Housing Block Grants, of which \$2,000,000 is set aside for a credit subsidy to support a loan level not to exceed \$20,000,000 for the section 601 Loan Guarantee Program. The recommended level of funding is \$1,300,000 more than the level provided in fiscal year 2011 and \$51,300,000 less than the budget request.

As the Nation struggles with high unemployment and economic challenges, the Committee recognizes that these challenges have long plagued Native Americans. The most recent data suggests that Native Americans are twice as likely to live in poverty as the rest of the Nation. As a result, the housing challenges on tribal lands are daunting. For example, nearly three times as many Native Americans live in overcrowded housing as compared to the rest of the Nation.

*Consultation With Tribes on Housing Needs Assessment.*—In fiscal year 2010, Congress required HUD to conduct a housing needs assessment for Native Americans, including a review of how sustainable building practices can be used in Native American communities. The Committee intends for this assessment to take a comprehensive look at the housing needs and challenges facing Native American tribes. This document should provide a quantifiable assessment of need, but it should also look at both barriers and opportunities in addressing their housing needs. In order to ensure the most usable and informative document, the Committee expects HUD to consult with Native American tribes in conducting this evaluation, consistent with Executive Order 13175. In order to ensure a broad array of perspectives, the Committee also expects HUD to provide technical assistance that will enable tribes to participate, especially smaller tribes with limited access to data.

*Technical Assistance.*—The Committee continues to include \$3,500,000 for technical assistance through a national organization representing Native American housing interests, and \$4,250,000 for inspections of Indian housing units, contract expertise, training, technical assistance, oversight, and management.

The Committee noted GAO's determination that limited capacity hinders the ability of many tribes to effectively address their housing needs. The Committee expects HUD to use the technical assistance funding provided to aid tribes with capacity challenges, especially tribes receiving small grant awards. The funding should be

used for training, contract expertise, and other services necessary to improve data collection, increase leveraging, and address other needs identified by tribes. The Committee expects that any assistance provided by HUD will reflect the unique needs and culture of Native Americans.

As HUD works to address the needs of tribes, and especially smaller tribes, the Committee hopes that HUD will look to identify opportunities to coordinate with other agencies, including the U.S. Department of Agriculture and the Indian Health Service.

NATIVE HAWAIIAN HOUSING BLOCK GRANT

Appropriations, 2011 .....	\$12,974,000
Budget estimate, 2012 .....	10,000,000
Committee recommendation .....	13,000,000

PROGRAM DESCRIPTION

The Hawaiian Homelands Homeownership Act of 2000 created the Native Hawaiian Housing Block Grant program to provide grants to the State of Hawaii Department of Hawaiian Home Lands for housing and housing-related assistance, in order to develop, maintain, and operate affordable housing for eligible low-income Native Hawaiian families.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$13,000,000 for the Native Hawaiian Housing Block Grant Program, which is \$3,000,000 more than the budget request and equal to the fiscal year 2011 enacted level. Of the amount provided, \$300,000 shall be for training and technical assistance activities, including up to \$100,000 for related travel for Hawaii-based HUD employees.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on guaranteed loans
Appropriations, 2011 .....	\$6,986,000	\$919,000,000
Budget estimate, 2012 .....	7,000,000	428,000,000
Committee recommendation .....	7,000,000	428,000,000

PROGRAM DESCRIPTION

This program provides access to private financing for Indian families, Indian tribes, and their tribally designated housing entities that otherwise could not acquire housing financing because of the unique status of Indian trust land. As required by the Federal Credit Reform Act of 1990, this account includes the subsidy costs associated with the loan guarantees authorized under this program.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$7,000,000 in program subsidies to support a loan level of \$428,000,000. This

subsidy amount is equal to the budget request and the fiscal year 2011 enacted level.

NATIVE HAWAIIAN HOUSING LOAN GUARANTEE FUND PROGRAM  
ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Program account	Limitation on guaranteed loans
Appropriations, 2011 .....	\$1,042,000	\$41,504,255
Budget estimate, 2012 .....		
Committee recommendation .....	386,000	41,504,000

PROGRAM DESCRIPTION

This program provides access to private financing for Native Hawaiians who otherwise could not acquire housing finance because of the unique status of the Hawaiian Home Lands as trust land. As required by the Federal Credit Reform Act of 1990, this account includes the subsidy costs associated with the loan guarantees authorized under this program.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$386,000 in program subsidies to support a loan level of \$41,504,000, which is equal to the subsidy and loan levels provided in fiscal year 2011. The budget request did not include any subsidy to support this program.

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS [HOPWA]

Appropriations, 2011 .....	\$334,330,000
Budget estimate, 2012 .....	335,000,000
Committee recommendation .....	330,000,000

PROGRAM DESCRIPTION

The Housing Opportunities for Persons With AIDS [HOPWA] program provides States and localities with resources and incentives to devise long-term, comprehensive strategies for meeting the housing and supportive service needs of persons living with HIV/AIDS and their families.

Statutorily, 90 percent of formula-appropriated funds are distributed to qualifying States and metropolitan areas on the basis of the number of AIDS cases reported to the Centers for Disease Control and Prevention by March 31 of the year preceding the appropriation year. The remaining 10 percent of funds are distributed through a national competition.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$330,000,000 for the Housing Opportunities for Persons with AIDS [HOPWA] program. This level of funding is \$5,000,000 less than the President's budget request and \$4,330,000 less than the fiscal year 2011 en-



acted level. The Committee continues to include language requiring HUD to allocate these funds in a manner that preserves existing HOPWA programs, to the extent that those programs are determined to be meeting the needs of persons with AIDS.

The HOPWA program currently provides short-term and permanent housing assistance and stabilizing supportive services to more than 60,600 households in 134 eligible areas nationwide. Of the households receiving assistance, over 90 percent have extremely low or very low incomes. According to grantee annual reports from 2010, 13 percent of new clients, representing 2,305 households, were homeless at program entry.

The HOPWA program has proven effective at helping individuals with HIV/AIDS avoid homelessness and achieve housing stability. Research has demonstrated that stable housing provides a foundation for recipients to improve health, increase economic security, and move toward self-sufficiency. Grantees report that 94 percent of households receiving assistance in 2010 achieved housing stability and 73 percent of households receiving supportive services successfully accessed or maintained sources of income.

Research also demonstrates that housing assistance and support services are a cost effective alternative to hospitalization, emergency room services, and other higher levels of care. A Chicago Housing for Health Partnership study reports that supportive housing efforts cost an average of \$34 per day, compared to hospitalization costs of \$2,168 per day or nursing care at \$108 per day. Furthermore, research indicates that housing is a primary factor in promoting HIV prevention and in helping to avoid the lifetime costs of infection, estimated at over \$600,000. These costs would largely fall on public systems for low-income/HOPWA eligible households.

While the HOPWA program has demonstrated success, there is still substantial work to be done to meet the housing demand of low-income persons with HIV/AIDS. HOPWA grantees report they are only able to directly address about 29 percent of the identified eligible housing need at program's current funding level.

COMMUNITY DEVELOPMENT FUND  
(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2011 .....	\$3,500,984,000
Budget estimate, 2012 .....	3,781,368,000
Committee recommendation .....	3,001,027,000

PROGRAM DESCRIPTION

Under title I of the Housing and Community Development Act of 1974, as amended, the Department is authorized to award block grants to units of general local government and States for the funding of local community development programs. A wide range of physical, economic, and social development activities are eligible with spending priorities determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. Grant recipients are required to use

at least 70 percent of their block grant funds for activities that benefit low- and moderate-income persons.

Funds are distributed to eligible recipients for community development purposes utilizing the higher of two objective formulas, one of which gives somewhat greater weight to the age of housing stock. Of the funds appropriated, 70 percent are distributed to entitlement communities and 30 percent are distributed to nonentitlement communities after deducting designated amounts for set-asides.

The resources provided as part of this program will also fund the Sustainable Communities Initiative, a joint HUD-Department of Transportation [DOT] effort to improve coordination of transportation and housing investments that result in more regional and local sustainable development patterns, reduced greenhouse gas emissions, and more transit accessible housing choices for residents. These funds will stimulate more integrated regional planning to guide State, metropolitan, and local decisions, investments, and reforms in land use, transportation, and housing.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,001,027,000 for the Community Development Fund in fiscal year 2012. This level is \$780,341,000 less than the budget request and \$499,957,000 less than the fiscal year 2011 enacted level.

The Committee has provided \$2,851,027,000 for Community Development Block Grants. This funding provides States and entitlement communities across the Nation with resources that allow them to undertake a wide range of community development activities, including public infrastructure improvements, housing rehabilitation and construction, job creation and retention, and public services that primarily benefit low and moderate income persons.

The Committee includes \$60,000,000 for grants to Indian tribes for essential economic and community development activities which is \$5,000,000 below the budget request and the fiscal year 2011 enacted level.

*Sustainable Communities Initiative.*—The Committee has recommended \$90,000,000 to support the President’s Sustainable Communities Initiative. The funding provided will support an interagency collaboration among HUD, DOT, and the Environmental Protection Agency [EPA]. The resources provided include: \$63,000,000 for Regional Integrated Planning grants and \$27,000,000 for Community Challenge Planning grants.

*Sustainability in Rural Communities.*—The Committee continues a set-aside of at least \$15,750,000 within the Regional Integrated Planning Grants funding for smaller communities to ensure that planning assistance will be provided to all types of communities. The Committee supports HUD’s recognition of the needs of smaller communities, including the additional set-aside it has created for communities with a population of less than 200,000. The Committee expects HUD to continue to pay special attention to the unique needs of small and rural communities that would also benefit from coordinated transportation and housing planning.

COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER FUNDING

Appropriations, 2011 .....	
Appropriations, 2012 .....	
Committee recommendation .....	\$400,000,000

COMMITTEE RECOMMENDATION

The Committee recommendation includes \$400,000,000 in Disaster Relief funding for the Community Development Block Grant [CDBG] program to assist communities impacted by major disasters in 2011 with long-term recovery. The funding may be used by communities to address recovery needs including those related to infrastructure, housing and economic development. The funding will be provided directly to States or local units of government, who will submit a plan for the use of such funds.

COMMUNITY DEVELOPMENT LOAN GUARANTEES PROGRAM ACCOUNT

	Program account	Limitation on guaranteed loans
Appropriations, 2011 .....	\$5,988,000	\$275,000,000
Budget estimate, 2012 .....		500,000,000
Committee recommendation .....	4,960,000	200,000,000

PROGRAM DESCRIPTION

Section 108 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to issue Federal loan guarantees of private market loans used by entitlement and non-entitlement communities to cover the costs of acquiring real property, rehabilitation of publicly owned real property, housing rehabilitation, and other economic development activities.

COMMITTEE RECOMMENDATION

The Committee has recommended an appropriation of \$4,960,000 to support a loan level guarantee of \$200,000,000 for the section 108 loan guarantees account for fiscal year 2012. This guaranteed loan level is \$75,000,000 less than the fiscal year 2011 level.

This loan level is \$225,000,000 less than the President's request. However, the President proposed to charge fees for this program, which the Committee has not approved.

This program enables Community Development Block Grant [CDBG] recipients to use their CDBG dollars as leverage as part of economic development projects and housing rehabilitation programs. Communities are allowed to borrow up to five times their most recent CDBG allocation.

HOME INVESTMENT PARTNERSHIPS PROGRAM

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2011 .....	\$1,606,780,000
Budget estimate, 2012 .....	1,650,000,000
Committee recommendation .....	1,000,000,000

## PROGRAM DESCRIPTION

Title II of the National Affordable Housing Act, as amended, authorizes the HOME Investment Partnerships Program. This program provides assistance to States and local governments for the purpose of expanding the supply and affordability of housing to low-income and very low-income people. Eligible activities include tenant-based rental assistance, acquisition and rehabilitation of affordable rental and ownership housing, and housing construction. To participate in the HOME program, State and local governments must develop a comprehensive housing affordability strategy. There is a 25 percent matching requirement for participating jurisdictions, which can be reduced or eliminated if they are experiencing fiscal distress.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,000,000,000 for the HOME Investment Partnership Program. This amount is \$606,780,000 below the funding level provided in fiscal year 2011, and \$650,000,000 below the budget request.

Earlier this year, the Washington Post did an investigative report on the HOME program focusing on stalled and delayed projects. The series highlighted several egregious examples of misuse of Federal funding. The Committee is deeply concerned by the abuses outlined in the report. At the same time, the examples represent a tiny fraction of HOME program projects. The Committee recognizes that the HOME program is an important tool for increasing the access to and affordability of housing for low-income Americans, a program that has successfully created over 1 million units of housing.

There is a pressing need nationally for the support the HOME program provides to communities. HUD recently issued *The Worst Case Housing Needs 2009: A Report to Congress*, which highlighted the startling statistic that over 7 million people now spend more than 50 percent of their income on rent, live in substandard housing, or both. The report's findings underscore how critical it is that scarce Federal resources be used effectively to meet the increasing need for affordable housing.

In an effort to address the concerns raised by the Washington Post stories, the Committee requested the HUD Office of Inspector General [OIG] identify measures that would address program weaknesses. As part of its work, the OIG examined revisions to program rules that HUD is considering. The Committee has included several new requirements in the HOME program that the OIG has identified as a priority for mitigating program risk. These include discontinuing or recapturing funds for projects not completed within 4 years of commitment, instituting new requirements before program funds can be committed to a project to ensure that it is viable and has been properly underwritten, requiring adequate development capacity of community housing development organizations, and requiring that homeownership units that can't be sold will be available to rent to eligible tenants. HUD has already taken steps to improve program management and oversight, and the

Committee encourages it to continue to work with the OIG to strengthen and improve the HOME program.

*Program Oversight.*—The Committee believes that the additional requirements it has included in the bill will strengthen the HOME program, but the oversight of grantees is critical. The Committee is encouraged that HUD is using Transformation Initiative funding to update the systems it relies on to monitor the activities and performance of grantees, which is consistent with recommendations by the OIG. The Committee expects that the system improvements will strengthen HUD’s ability to monitor the large number of HOME grantees. However, the Committee reminds HUD that adequate oversight of the program requires engagement by HUD staff, particularly those in the field. For example, HUD has instituted an auto-cancellation system designed to halt projects that are stalled. While these automated checks are an improvement, they are tools to help manage oversight, and their value comes in how effectively they are utilized by HUD staff. In addition, since the success of projects can be directly affected by market conditions, sufficient monitoring is necessary to distinguish between project delays that are a result of grant mismanagement versus those due to market conditions. To ensure that adequate oversight occurs, the Committee directs HUD to report to the Committees on Appropriations within 120 days of enactment of this act on how HUD is monitoring and evaluating grantee performance, including how participating jurisdictions can get approval to restart a stalled or cancelled project.

Finally, the Committee is concerned about project funds that were awarded over 10 years ago for projects that are still not complete. The Committee has included language in a separate part of the bill calling on HUD to rescind certain funds provided prior to 2011. The Committee expects that HUD will rescind these decade-old HOME balances. In addition, the Committee directs HUD to provide a report by March 16, 2012, and annually thereafter, on all HUD funds that are 5 years old or older.

#### SELF-HELP AND ASSISTED HOMEOWNERSHIP OPPORTUNITY PROGRAM

Appropriations, 2011 .....	\$81,836,000
Budget estimate, 2012 .....	
Committee recommendation .....	57,000,000

#### PROGRAM DESCRIPTION

The Self-Help and Assisted Homeownership Opportunity Program is comprised of the Self-Help Homeownership Program [SHOP], which assists low-income homebuyers willing to contribute “sweat equity” toward the construction of their houses. The funds will increase nonprofit organizations’ ability to leverage funds from other sources and produce approximately 2,000 new homeownership units. This account also includes funding for the Capacity Building for Community Development and Affordable Housing Program, as well as assistance to rural communities as authorized under sections 6301 through 6305 of Public Law 110–246. These programs help to develop the capacity of nonprofit community development entities to undertake community development and affordable housing projects.

COMMITTEE RECOMMENDATION

The Committee recommends \$57,000,000 for the Self-Help and Assisted Homeownership Program, which is \$57,000,000 more than the budget request and \$24,836,000 less than the fiscal year 2011 enacted level. The Committee has included \$17,000,000 for the Self-Help Homeownership Opportunity Program authorized under section 11 of the Housing Opportunity Extension Act of 1996.

The Committee recommends \$35,000,000 for capacity building as authorized by section 4 of the HUD Demonstration Act of 1993, and notes that funding provided under this section requires a statutory 3-to-1 match to further leverage resources to assist more communities. The Committee provides \$5,000,000 to carry out capacity building activities in rural communities.

During this economic crisis, the need for affordable housing has only increased. Congress has provided funding through programs such as the Neighborhood Stabilization Program to create additional affordable housing and support economic development in communities across the Nation, especially those hardest hit by the foreclosure crisis and recession. However, the success of these efforts relies in large part on the capacity of States, local governments, and organizations to develop and implement effective housing and community development plans. The funding recommended under this program is intended to ensure that these communities have the skills and technical capabilities necessary to undertake effective community development activities. In addition, resources have been targeted to rural communities to address their unique needs and challenges.

HOMELESS ASSISTANCE GRANTS

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2011 .....	\$1,901,190,000
Budget estimate, 2012 .....	2,372,000,000
Committee recommendation .....	1,901,190,000

PROGRAM DESCRIPTION

The Homeless Assistance Grants Program provides funding to break the cycle of homelessness and to move homeless persons and families to permanent housing. This is done by providing rental assistance, emergency shelter, transitional and permanent housing, prevention, rapid re-housing, and supportive services to homeless persons and families. The emergency solutions grant is a formula funded grant program, while the Continuum of Care and Rural Housing Stability Programs are competitive grants. Homeless assistance grants provide Federal support to one of the Nation's most vulnerable populations. These grants assist localities in addressing the housing and service needs of a wide variety of homeless populations while developing coordinated Continuum of Care [CoC] systems that ensure the support necessary to help those who are homeless to attain housing and move toward self-sufficiency.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$1,901,190,000 for Homeless Assistance Grants in fiscal year 2012. This amount

is \$470,810,000 less than the President's request, and equal to the fiscal year 2011 enacted level.

As part of the Committee recommendation, \$1,602,190,000 will support the Continuum of Care Program, including the renewal of existing projects, and the new Rural Housing Stability Assistance Program. The recommendation also includes at least \$286,000,000 for the emergency solutions grants program, representing an increase of \$61,000,000 over the level provided in fiscal year 2011. This increased funding will allow communities to take advantage of the additional flexibility provided under the Homeless Emergency and Rapid Transition to Housing [HEARTH] Act to do prevention and rapid re-housing. The Committee notes that this increase is possible within the current funding level because more updated renewal estimates are lower than anticipated in the budget request.

In June 2011, HUD released the 2010 Annual Homeless Assessment Report [AHAR] to Congress, which estimated that 1.6 million persons experienced homelessness in fiscal year 2010. The data show that as a result of targeted investments in permanent housing, the number of chronically homeless individuals has decreased 11 percent since 2007. The Committee continues to support efforts to create permanent supportive housing, and is encouraged by the use of existing programs such as section 8 to continue to address the needs of the chronically homeless.

Unfortunately, the data also show the impact of the recession on low-income families. Since 2007, family homelessness has increased 20 percent, and the number of people using homeless shelters in suburban and rural areas has increased 57 percent. According to the report, families now represent a larger share of the shelter population than ever before. This report provides an important guide for how federal resources can be more effectively targeted to meet current needs. Importantly, the HEARTH Act authorized new programs and activities, such as the Emergency Solutions Grant [ESG] program and the Rural Housing Stability Assistance Program that will make it possible to better address the needs of homeless families and rural communities. Based on the AHAR data, the Committee is recommending increased investments in these new programs to respond to current needs.

Increased funding for ESG is particularly important as communities run out of funding provided through the American Recovery and Reinvestment Act for the Homelessness Prevention and Rapid Re-Housing Program [HPRP]. According to data HUD has gathered from grantees, as of June 30, 2011, HPRP has served over 1,050,000 people, and 94 percent of those exited the program into permanent housing. Compared with many other interventions, prevention and rapid re-housing assistance is typically shorter in duration and less expensive. In addition, preventing or reducing time families spend in homelessness helps avoid the negative effects on children that are associated with prolonged time in the homeless system. Since ESG builds on HPRP, resources dedicated to ESG are able to better serve a greater number of people at less cost. At a time when millions of Americans are struggling with unemployment, but fewer federal resources are available to serve them, the Committee believes that ESG represents a sound investment.

For many communities, HPRP represented the first time that prevention or rapid re-housing strategies were deployed. The Committee notes that as compared with prevention activities, people receiving rapid re-housing assistance often had a shorter length of participation, despite the fact that people were moving from homelessness to housing. As HUD evaluates this and other outcomes of HPRP, the Committee encourages it to examine and compare the benefits of each intervention and share best practices with grantees so that communities can adjust their strategies to most effectively use ESG to serve those most in need.

*Annual Homeless Assessment Report [AHAR].*—The Annual Homeless Assessment Report stems from congressional directives begun in 2001 that charged the Department with collecting homeless data through the implementation of a new Homeless Management Information System [HMIS]. The AHAR report includes HMIS data, information provided by Continuums of Care, and a count of sheltered and unsheltered persons from one night in January of each year. The Committee is encouraged that federal agencies are sharing homeless data and working towards using HMIS as a platform for gathering homeless information in other Federal programs. As a result of these efforts, HUD and the VA released a joint report on veteran homelessness in February 2011. This was the first time that there has been a common national figure on veteran homelessness. To support continued data collection and the AHAR report, the Committee has included \$8,000,000 for data analysis and technical assistance.

The Committee requests that HUD submit the AHAR report by June 14, 2012. The Committee further hopes that HUD’s efforts to increase participation in the HMIS effort will lead to improved information about and understanding of the Nation’s homeless.

*Renewal Costs.*—The Committee directs HUD to continue to include 5-year projections of the costs of renewing existing projects as part of the fiscal year 2013 budget justification. This should include estimated costs of renewing permanent supportive housing.

HOUSING PROGRAMS

PROJECT-BASED RENTAL ASSISTANCE

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2011 <sup>1</sup> .....	\$9,264,563,000
Budget estimate, 2012 <sup>1</sup> .....	9,428,672,000
Committee recommendation <sup>1</sup> .....	9,418,672,000

<sup>1</sup> Includes an advance appropriation.

PROJECT DESCRIPTION

Section 8 project-based rental assistance provides a rental subsidy to a private landlord that is tied to a specific housing unit, as opposed to a voucher, which allows a recipient to seek a unit, subject primarily to certain rent caps. Amounts in this account include funding for the renewal of and amendments to expiring section 8 project-based contracts, including section 8, moderate rehabilitation, and single room occupancy [SRO] housing. This account also provides funds for contract administrators.



COMMITTEE RECOMMENDATION

The Committee recommends a total appropriation of \$9,418,672,000 for the annual renewal of project-based contracts, of which up to \$289,000,000 is for the cost of contract administrators. The recommended level of funding is \$154,109,000 more than the amount provided in fiscal year 2011 and \$10,000,000 less than the budget request.

The section 8 project-based rental assistance [PBRA] program provides more than 1,200,000 low-income Americans with safe, stable and sanitary housing. For many years, the program was plagued by inadequate budgets that threatened this supply of affordable housing. Moreover, the policy of short-funding contracts, devised to keep the program within its budget, jeopardized the Department's credibility. Congress provided significant resources through the American Recovery and Reinvestment Act to address this shortfall in order to enable HUD to fully fund contracts. Sufficient funding was then provided in fiscal years 2010 and 2011 to continue this practice. Now that the program is on sound footing, it is imperative for HUD to focus its attention on improving program management to preserve this housing while better controlling costs.

The annual growth in the cost of providing PBRA is driven by both the first-time renewal of expiring contracts and an operating cost adjustment factor [OCAF] intended to account for increased costs in operating housing units. The Committee supports HUD's revised methodology for determining the OFAC in order to utilize more recent data sources for the cost component categories. This ensures the OCAF more closely reflects actual operating expenses, minimizes upward bias, and prevents large fluctuations in the rate from year to year. The Committee directs HUD to include detailed information on OCAF, the number of contracts, and the required funding associated with the first-time renewal of expiring contracts and subsequent years in its fiscal year 2013 congressional justification. In addition, the Committee expects HUD to highlight the steps it is taking to curb PBRA's cost growth.

The Committee is concerned with the lack of transparency and communication in the recent award of contracts for project-based rental assistance contract administrators. HUD is directed to provide consistent information to all applicants in a timely manner.

HOUSING FOR THE ELDERLY

(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2011 .....	\$399,200,000
Budget estimate, 2012 .....	757,000,000
Committee recommendation .....	369,627,000

PROGRAM DESCRIPTION

This account funds housing for the elderly under section 202. Under this program, the Department provides capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing for seniors, and provides project-based rental assistance contracts [PRAC] to support operational costs for such units.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$369,627,000 for the section 202 program. This level is \$387,373,000 below the budget request and \$29,573,000 below the fiscal year 2011 enacted level. The Committee recommends \$91,000,000 for service coordinators and the continuation of existing congregate service grants and up to \$20,000,000 for the conversion of projects to assisted living housing, or for substantial rehabilitation for emergency capital repairs.

The section 202 program provides 385,749 federally assisted, privately owned affordable apartments for the elderly. An additional 15,739 housing units are expected to become available in future years as the construction of new developments is completed, using funding appropriated in prior years. However, the Committee recognizes that the supply of affordable housing to assist low-income elderly is insufficient to meet current demand. The shortage is expected to increase for the foreseeable future as the number of Americans aged 65 and older grows. The Seniors Commission projects that by 2020, there will be an estimated 1.3 million elderly with incomes at or below 150 percent of poverty. Unfortunately, due to severe budget constraints, the Committee is unable to continue to invest in the construction of new housing units. Assuming the current average per-unit rental assistance rate, the section 202 program will need at least an additional \$58,000,000 to fund rental assistance contracts in future years, as housing units under construction become available for occupancy. Knowing that budgets will only become more constrained over time, the construction of new units is not financially sustainable.

HOUSING FOR PERSONS WITH DISABILITIES

(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2011 .....	\$149,700,000
Budget estimate, 2012 .....	196,000,000
Committee recommendation .....	150,000,000

PROGRAM DESCRIPTION

This account provides funding for housing for the persons with disabilities under section 811. Under this program, the Department provides capital grants to eligible entities for the acquisition, rehabilitation, or construction of housing for persons with disabilities. Funding may be made available for project-based rental assistance contracts [PRAC] to support operational costs for such units. Funding for mainstream vouchers, formerly funded under this heading, has been moved to the Tenant-Based Rental Assistance account.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$150,000,000 for the section 811 program. This level is \$46,000,000 less than the budget request and \$300,000 more than the fiscal year 2011 enacted level. Due to severe discretionary budget constraints, no funds are provided for capital assistance to construct new affordable housing units for persons with disabilities. However, this level of funding supports Project Rental Assistance Contract renewals

and amendments, and allows the Secretary to conduct a demonstration program for project rental assistance to State housing finance agencies and other appropriate entities as authorized under section 811(b)(3) of the Cranston-Gonzalez National Affordable Housing Act.

HOUSING COUNSELING ASSISTANCE

Appropriations, 2011 .....	.....
Budget estimate, 2012 .....	\$88,000,000
Committee recommendation .....	60,000,000

PROGRAM DESCRIPTION

The Housing Counseling Assistance Program provides comprehensive housing counseling services to eligible homeowners and tenants through grants to nonprofit intermediaries, State government entities, and other local and national agencies. Eligible counseling activities include pre- and postpurchase education, personal financial management, reverse mortgage product education, foreclosure prevention, mitigation, and rental counseling.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$60,000,000 for the Housing Counseling Assistance program, which is \$28,000,000 less than the budget request and \$60,000,000 more than the fiscal year 2011 enacted level. The Committee has restored funding for housing counseling assistance, which was eliminated in fiscal year 2011. The funds provided will help individuals and families across the country make better-informed housing decisions. The Committee has included language requiring HUD to obligate counseling grants within 120 days of enactment of this act to ensure that funding is made quickly available to clients in need of services.

The Housing Counseling Assistance program serves a range of clients and needs. Those receiving counseling include distressed homeowners facing delinquency or foreclosure, seniors seeking a Home Equity Conversion Mortgage [HECM], low-income renters seeking affordable housing, as well as prospective homebuyers looking to purchase their first home. By design, this program allows local agencies to provide the type of counseling services their clients need.

As a result of the housing crisis, foreclosure prevention counseling is in great demand, especially as distressed homeowners try to navigate the loan modification process. The Committee notes that the National Foreclosure Mitigation Counseling [NFMC] program, funded through NeighborWorks, provides targeted, supplemental funding to help counselors respond to the current, elevated demand for foreclosure counseling. Therefore, there will be some instances that grantees will utilize both programs to meet client needs. However, the Committee encourages HUD to work with NeighborWorks to reduce duplication in the allocation of resources. In addition, the Committee encourages HUD to prioritize funding for counseling activities that aren't supported through NFMC without limiting the availability of counseling services to those in need.

*Program Reforms.*—The Committee is aware that HUD is working to address concerns that have been raised about the operation

and management of its housing counseling program. The Committee supports the reforms HUD is considering, which include streamlining the grant process, adopting a risk-based approach to conducting oversight, and collecting client level data to better measure the outcomes of HUD counseling expenditures. The Committee expects HUD to implement changes quickly, and directs it to submit a report to the House and Senate Committees on Appropriations on the reforms and their expected outcomes within 90 days of enactment of this act.

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

Appropriations, 2011 .....	\$39,920,000
Budget estimate, 2012 .....	15,733,000
Committee recommendation .....	1,300,000

PROGRAM DESCRIPTION

This account provides amendment funding for housing assisted under a variety of HUD housing programs.

COMMITTEE RECOMMENDATION

The Committee recommends \$1,300,000 for HUD-assisted, State-aided, noninsured rental housing projects, which is \$14,433,000 less than the budget request and \$38,620,000 less than the fiscal year 2011 enacted level. The Committee is reducing this amount based on carryover balances available to meet this need in fiscal year 2012.

RENT SUPPLEMENT

(RESCISSION)

The Committee recommends a rescission of \$231,600,000 for section 236 payments to State-aided, noninsured projects, which is \$225,000,000 more than the requested rescission and \$191,000,000 more than the rescission taken in fiscal year 2011.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

PROGRAM DESCRIPTION

The Housing and Urban Development Act of 1968 authorized HUD to establish a revolving fund for the collection of rents in excess of the established basic rents for section 236 projects. Subject to appropriations, HUD is authorized to transfer excess rent collection received after 1978 to the Flexible Subsidy Fund.

COMMITTEE RECOMMENDATION

The Committee recommends that the account continue to serve as the repository for the excess rental charges appropriated from the Rental Housing Assistance Fund; these funds will continue to offset flexible subsidy outlays and other discretionary expenditures to support affordable housing projects. The language is designed to allow surplus funds in excess of allowable rent levels to be re-

turned to project owners only for purposes of the rehabilitation and renovation of projects.

MANUFACTURED HOUSING FEES TRUST FUND

Appropriations, 2011 .....	\$15,982,000
Budget estimate, 2012 .....	14,000,000
Committee recommendation .....	9,000,000

PROGRAM DESCRIPTION

The National Manufactured Housing Construction and Safety Standards Act of 1974, as amended by the Manufactured Housing Improvement Act of 2000, authorizes the Secretary to establish Federal manufactured home construction and safety standards for the construction, design, and performance of manufactured homes. All manufactured homes are required to meet the Federal standards, and fees are charged to producers to cover the costs of administering the act.

COMMITTEE RECOMMENDATION

The Committee recommends \$9,000,000 to support the manufactured housing standards programs, of which \$4,000,000 is expected to be derived from fees collected and deposited in the Manufactured Housing Fees Trust Fund account and not more than \$5,000,000 shall be available from the general fund. The total amount recommended is \$5,000,000 below the budget request and \$6,982,000 below the fiscal year 2011 enacted level.

The Committee continues language allowing the Department to collect fees from program participants for the dispute resolution and installment programs mandated by the Manufactured Housing Improvement Act of 2000. These fees are to be deposited into the Trust Fund and may be used to support the manufactured housing standards programs subject to the overall cap placed on the account. The Committee expects the Department to move forward with this authority.

The Committee recognizes that manufactured housing production has declined substantially since peak industry production in 1998, and has continued to decline in 2011 due to a variety of factors. Expenditures supporting the programs should reflect and correspond with this decline, which has specifically reduced the number of inspections and inspection hours required for new units. The Committee recommends an increase in the amount allocated to State Administrative Agencies [SAAs] to at least \$3,300,000, which is \$500,000 more than the level provided in fiscal year 2011, to maintain State participation in the programs.

FEDERAL HOUSING ADMINISTRATION

MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

	Limitation on direct loans	Limitation on guaranteed loans	Administrative contract expenses
Appropriations, 2011 .....	\$50,000,000	\$400,000,000,000	\$206,586,000
Budget estimate, 2012 .....	50,000,000	400,000,000,000	230,000,000
Committee recommendation .....	50,000,000	400,000,000,000	206,586,000

GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

	Limitation on direct loans	Limitation on guaranteed loans	Program costs
Appropriations, 2011 .....	\$20,000,000	\$20,000,000,000	\$8,583,000
Budget estimate, 2012 .....	20,000,000	25,000,000,000	8,600,000
Committee recommendation .....	20,000,000	25,000,000,000	.....

<sup>1</sup> Administrative expenses for GSR are funded within the Office of Housing.

PROGRAM DESCRIPTION

The Federal Housing Administration [FHA] fund covers the mortgage and loan insurance activity of HUD mortgage/loan insurance programs. These include the mutual mortgage insurance [MMI] fund, cooperative management housing insurance [CMHI] fund, general insurance fund [GI] fund, and the special risk insurance [SRI] fund. For presentation and accounting control purposes, these are divided into two sets of accounts based on shared characteristics. The unsubsidized insurance programs of the mutual mortgage insurance fund and the cooperative management housing insurance fund constitute one set; and the general risk insurance and special risk insurance funds, which are partially composed of subsidized programs, make up the other.

COMMITTEE RECOMMENDATION

The Committee has included the following amounts for the “Mutual Mortgage Insurance Program” account: a limitation on guaranteed loans of \$400,000,000,000; a limitation on direct loans of \$50,000,000; and \$206,586,000 for administrative contract expenses, of which up to \$70,652,000 may be transferred to the Working Capital Fund to be used solely for the maintenance of FHA information technology systems.

For the GI/SRI account, the Committee recommends \$25,000,000,000 as a limitation on guaranteed loans and a limitation on direct loans of \$20,000,000.

Since its inception in 1934, the FHA has played a critical role in meeting the demands of borrowers that the private market would not serve—creating housing products that have insured over 34 million homes.

Since the foreclosure crisis began, FHA’s presence in the housing market has expanded dramatically. FHA has provided mortgage insurance to eligible first time homebuyers as well as existing homeowners seeking to refinance, enabling millions of Americans to take advantage of low interest rates and affordable home prices. In this role, FHA has provided much-needed liquidity to the market. Yet, this increased role comes with its own risks. Last fall, FHA reported that its capital reserve remained below the 2 percent required by Congress.

Even as FHA worked to fill the place in the market after private capital left, it recognized and took steps to mitigate risk and improve FHA’s financial standing. It established the Office of Risk Management and Regulatory Affairs headed by FHA’s first Chief Risk Officer.

In addition to an enhanced focus on risk, FHA has also made several policy changes to improve the quality of its portfolio, includ-

ing establishing minimum FICO scores, increasing downpayment requirements for riskier borrowers, and expanding enforcement authorities. FHA has also increased annual premiums on FHA-insured mortgages. Increased premiums will provide FHA with additional revenue to offset future losses and help to ensure that the American taxpayer is not forced to subsidize the cost of FHA.

While FHA is appropriately focusing on attracting quality borrowers, it is also stepping up enforcement against fraudulent and predatory lenders. Since 2009, FHA has moved to suspend or remove lenders from the program that have violated FHA rules and subjected the agency—and the taxpayer—to increased losses. In fiscal year 2010, the Mortgage Review Board considered 1,640 cases and withdrew approval of 1,318 lenders and suspend 2 more. From 2000 to 2008, the average number of cases considered was 50 with actions taken against 12 lenders, on average. This focus on enforcement must continue, since FHA's larger role in the market makes it more vulnerable to fraudulent and predatory lenders. The Committee also expects FHA to continue working with the OIG to hold fraudulent lenders accountable and recoup losses to the MMI Fund.

The Committee notes that HUD's portfolio of Real Estate Owned [REO] properties has increased in recent years due to elevated levels of foreclosures. As a result of decreased home values, and the cost associated with maintaining these properties, REOs are a drain on HUD's finances. The Committee notes that the administration is seeking ways to reduce its supply of REO properties, including options to convert them to rental properties. The Committee is encouraged by the administration's efforts to work with the private sector to find solutions that could minimize FHA's losses on these homes, while addressing needs in the housing market.

*Multifamily Housing.*—As a result of the housing crisis, many Americans are exiting homeownership or delaying their purchase of a home. This has caused increase demand for multifamily housing, as evidence by falling vacancy rates. The private sector is seeking to address this increased demand, and according to U.S. Census data through July, permits for multifamily buildings are up 12 percent from 2010. Consequently, demand for FHA multifamily loans has also increased. According to HUD, this year, FHA has endorsed more than seven times the number of loans the agency endorsed just 3 years ago. In an effort to respond to this increased demand, HUD is streamlining its multifamily processes and updating its programs to address current market conditions. The Committee also expects FHA to increase its attention to the additional risk this volume brings, and expects FHA to dedicate the same level of attention to risks in the multifamily program as it has to risks in its single family program.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

	Limitation on guaranteed loans	Limitation on personnel, compensation and administrative expenses
Appropriations, 2011 .....	\$500,000,000,000	( <sup>1</sup> )
Budget estimate, 2012 .....	500,000,000,000	\$30,000,000
Committee recommendation .....	500,000,000,000	20,000,000

<sup>1</sup> In fiscal year 2011, funding for personnel, compensation and administrative expenses of Ginnie Mae were provided under the Management and Administration heading.

PROGRAM DESCRIPTION

The Government National Mortgage Association [Ginnie Mae], through the mortgage-backed securities program, guarantees privately issued securities backed by pools of mortgages. Ginnie Mae is a wholly owned corporate instrumentality of the United States within the Department. Its powers are prescribed generally by title III of the National Housing Act, as amended. Ginnie Mae is authorized by section 306(g) of the act to guarantee the timely payment of principal and interest on securities that are based on and backed by a trust, or pool, composed of mortgages that are guaranteed and insured by the Federal Housing Administration [FHA], the Rural Housing Service, or the Department of Veterans Affairs. Ginnie Mae's guarantee of mortgage-backed securities is backed by the full faith and credit of the United States.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation on new commitments on mortgage-backed securities of \$500,000,000,000. This level is the same as the budget request and the fiscal year 2011 level.

Since the near collapse of the private mortgage market, homeowners have relied on Federal programs, such as FHA, to purchase or refinance homes. Given that Ginnie Mae serves as a secondary market for FHA, its market share has also grown dramatically. In 2007, Ginnie Mae's market share was just over 5 percent, today it is nearly 23 percent. The Committee understands the important role that Ginnie Mae as well as FHA are currently playing in providing liquidity to the housing market. However, this increased role cannot come at the price of greater risk for the American taxpayer.

The HUD Inspector General has raised concerns about Ginnie Mae's focus on risk, particularly its ability to identify fraudulent lenders. The Committee notes that the leadership at Ginnie Mae has taken positive steps to address potential risks, including bringing on additional staff to focus on risk. The Committee expects Ginnie Mae to work closely with the Office of the Inspector General to implement measures that will strengthen risk management practices.

*New Funding Structure.*—The Committee has included bill language that will give Ginnie Mae the authority to use up to



\$20,000,000 in fees it collects to support its operations. The fees that will be used to cover these expenses are currently being collected by Ginnie Mae, but have not previously been reflected in the budget. As a result of this change, Ginnie Mae will no longer require discretionary funding for staffing and administrative expenses. This new structure is similar to that proposed in the President's fiscal year 2012 budget.

Importantly, by placing a limitation on how much funding Ginnie Mae can utilize for staffing and administrative costs, Congress will maintain necessary oversight of Ginnie Mae. When compared to direct appropriations provided to Ginnie Mae in fiscal year 2011, the limitation provided in fiscal year 2012 represents an increase of \$3,027,289 in the amount of operations funding. The potential risk to the taxpayers as a result of the Ginnie Mae's increased volume demands adequate staff to oversee its portfolio. The Committee expects these increased resources to be used to hire staff that will help Ginnie Mae manage its increased portfolio, particularly staff who will directly improve Ginnie Mae's ability to detect, monitor, and mitigate potential risks in the program. While the Committee notes that Ginnie Mae has improved its ability to recruit, it continues to encounter challenges in hiring and retaining staff. Therefore, the Committee directs Ginnie Mae to provide the House and Senate Committees on Appropriations with quarterly staffing reports so the Committees can monitor its progress in maintaining an adequate workforce.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

Appropriations, 2011 .....	\$47,904,000
Budget estimate, 2012 .....	57,000,000
Committee recommendation .....	45,825,000

PROGRAM DESCRIPTION

Title V of the Housing and Urban Development Act of 1970, as amended, directs the Secretary of the Department of Housing and Urban Development to undertake programs of research, evaluation, and reports relating to the Department's mission and programs. These functions are carried out internally and through grants and contracts with industry, nonprofit research organizations, educational institutions, and through agreements with State and local governments and other Federal agencies. The research programs seek ways to improve the efficiency, effectiveness, and equity of HUD programs and to identify methods to achieve cost reductions. Additionally, this appropriation is used to support HUD evaluation and monitoring activities and to conduct housing surveys.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$45,825,000 for research, technology, and community development activities in fiscal year 2012. This level is \$2,079,000 less than the fiscal year 2011 enacted level and \$11,175,000 less than the budget request.

The Committee recommendation does not include funding for the doctoral research grant program, or proposed new activities such as the young scholars post doctoral program. Since most program funding is dedicated to on-going surveys utilized by the Federal Government as well as private entities, the Committee expects reductions will be achieved through cuts to dissemination and research support activities.

The Committee supports the administration’s focus on collecting and utilizing data to develop housing policy. However, in the current fiscal environment, priority must be given to programs that directly serve low-income Americans who rely on HUD programs. Given the budget reductions, the Committee encourages HUD to partner with other researchers to pursue valuable housing research opportunities. To facilitate these partnerships and leverage other Federal and philanthropic funding sources, the Committee includes language to enable HUD to pursue cooperative agreements with other entities without having to go through a competition in cases where there is substantial leveraging.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

Appropriations, 2011 .....	\$71,856,000
Budget estimate, 2012 .....	72,000,000
Committee recommendation .....	64,287,000

PROGRAM DESCRIPTION

The fair housing activities appropriation includes funding for both the Fair Housing Assistance Program [FHAP] and the Fair Housing Initiatives Program [FHIP].

The Fair Housing Assistance Program helps State and local agencies to implement title VIII of the Civil Rights Act of 1968, as amended, which prohibits discrimination in the sale, rental, and financing of housing and in the provision of brokerage services. The major objective of the program is to assure prompt and effective processing of title VIII complaints with appropriate remedies for complaints by State and local fair housing agencies.

The Fair Housing Initiatives Program is authorized by section 561 of the Housing and Community Development Act of 1987, as amended, and by section 905 of the Housing and Community Development Act of 1992. This initiative is designed to alleviate housing discrimination by increasing support to public and private organizations for the purpose of eliminating or preventing discrimination in housing, and to enhance fair housing opportunities.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$64,287,000 for the Office of Fair Housing and Equal Opportunity. Of the amounts provided, \$28,347,000 is for the fair housing assistance program [FHAP] and \$35,940,000 is for the fair housing initiatives program [FHIP]. The total amount is \$7,713,000 less than the budget request and \$7,569,000 less than the fiscal year 2011 enacted level.

The Committee supports the efforts of HUD and its local partners to prevent and combat housing discrimination. It is clear from HUD's fiscal year 2010 Annual Report on Fair Housing that Americans continue to experience housing discrimination, most often based on disability and race. The funding provided through the FHAP and FHIP programs helps HUD and local agencies investigate and work to resolve potential fair housing violations.

While the Committee supports the important work that HUD and its local partners do, the current budget environment requires the Committee to pare back some of the activities it currently funds. After reviewing the budget, the Committee is recommending a series of reductions to both the FHAP and FHIP programs. The Committee believes the resources provided will still enable HUD and its partner agencies to enforce fair housing laws.

Within the funding provided for FHAP, the Committee recommends an overall reduction of \$1,094,000 below the fiscal year 2011 enacted level. Specifically, the Committee recommends a reduction of \$400,000 to the Fair Housing Conference; a reduction of \$495,000 to administrative costs; and of a reduction of \$199,000 for the creation and translation of documents for persons with limited English proficiency.

Within the funding provided for FHIP, the Committee recommends a reduction of \$6,475,000. The Committee recommends a reduction of \$2,491,000 to Education and Outreach Initiative [EOI] activities and a reduction of \$3,984,000 to Fair Housing Organizations Initiative [FHOI]. These reductions are consistent with cuts proposed by the Administration in its fiscal year 2012 budget requests. However, the Committee is not supporting increases in other activities that were proposed in the fiscal year 2012 budget such as increased outreach to colleges and universities.

*Section 3.*—The Committee notes a statutory requirement included in the United States Housing Act of 1968 that when HUD resources are used for certain housing or community development, activities, grantees and contractors must try to provide training and employment opportunities to low- and very low-income persons and businesses located nearby. This preference provides public housing residents and other low-income persons with the chance to improve their financial circumstances and increase their self-sufficiency. It also supports small businesses in communities where HUD funding is being spent. This administration brought renewed attention to this requirement by more closely tracking grantees' fulfillment of it. While the Committee is concerned that some grantees are still not completing a required report, the Committee notes the progress made in increasing participation and will continue to monitor HUD's ability to ensure this requirement is met. HUD should also identify any barriers that limit its application.

*Limited English Proficiency.*—The Committee has included \$300,000 for the creation and promotion of translated materials that support the assistance of persons with limited English proficiency. The funding previously provided for this activity supports both the translation and dissemination of documents. The Committee urges the Department to move expeditiously to meet the intent of these funds. In addition, HUD is directed to provide information on its work on this program in its 2013 budget justification.

This should include plans and costs of: translating and updating documents, conducting outreach and disseminating vital documents, and operating an interpretation hotline.

OFFICE OF HEALTHY HOMES AND LEAD HAZARD CONTROL

Appropriations, 2011 .....	\$119,760,000
Budget estimate, 2012 .....	140,000,000
Committee Recommendation .....	120,000,000

PROGRAM DESCRIPTION

Title X of the Housing and Community Development Act of 1992 established the Residential Lead-Based Paint Hazard Reduction Act, under which HUD is authorized to make grants to States, localities, and Native American tribes to conduct lead-based paint hazard reduction and abatement activities in private, low-income housing. Lead poisoning is a significant environmental health hazard, particularly for young children and pregnant women, and can result in neurological damage, learning disabilities, and impaired growth. Based on the most recent data from the Centers for Disease Control and Prevention [CDC], about 250,000 children have elevated blood levels, down from 1.7 million in the late 1980s. Despite this improvement, lead poisoning remains a serious childhood environmental health condition, with some 1.1 percent of all children aged 1 to 5 years having elevated blood levels. This percentage is much higher for low-income children living in housing constructed prior to 1978.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$120,000,000 for lead-based paint hazard reduction and abatement activities for fiscal year 2012. This amount is \$20,000,000 less than the President's budget request and \$240,000 more than the amount available in fiscal year 2011. Of this amount, the Committee recommends an appropriation of \$45,000,000 to the Lead Hazard Reduction Program, which was established in fiscal year 2003 to focus on major urban areas where children are disproportionately at risk for lead poisoning. The Committee encourages HUD to continue to work with grantees on lead-based abatement hazards programs so that information on lead hazard abatements, risk assessment data, and blood levels is readily available to the public through publications and Internet sites.

WORKING CAPITAL FUND

Appropriations, 2011 .....	\$199,600,000
Budget estimate, 2012 .....	243,000,000
Committee recommendation .....	199,035,000

PROGRAM DESCRIPTION

The Working Capital Fund, authorized by the Department of Housing and Urban Development Act of 1965, finances information technology and office automation initiatives on a centralized basis.

## COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$199,035,000 for the Working Capital Fund [WCF] for fiscal year 2012. This level of funding is \$565,000 less than the fiscal year 2011 enacted level and \$43,965,000 less than the budget request. The Working Capital Fund is also supported with additional funding provided through a transfer of \$70,652,000 from the FHA's Mutual Mortgage Insurance Fund as proposed by the President. The difference between the Committee recommendation and the President's request is the result of a shift of salaries and expenses resources from WCF to an account under the "Administration, Operations and Management" heading.

The Committee recommendation includes several changes to HUD's Working Capital Fund to bring greater transparency and accountability to information technology [IT] spending at HUD. The Committee has moved the salaries and expenses of the Office of the Chief Information Officer [OCIO] from the WCF to the "Administration, Operations and Management" heading to bring the OCIO under the same structure as other HUD offices, and allow Congress and HUD to better monitor the performance of the OCIO.

The Committee has also recommended moving funding for development, modernization and enhancement [DME] activities from the Transformation Initiative [TI] to the WCF, as requested. When the administration first proposed this change, the Committee was concerned that the WCF did not have the necessary controls in place to ensure adequate oversight of these critical investments. However, HUD's intention is to bring the same level of oversight to all WCF activities as it has to the TI projects.

In the months since this proposal was made, HUD has made important changes to improve controls of the WCF. This included giving the Chief Information Officer control over WCF funds. In order to ensure that HUD continues the oversight of DME activities funded through the WCF, the Committee has retained language requiring the Government Accountability Office [GAO] to review spend plans for all DME projects funded through the WCF.

*Work of GAO to Monitor HUD IT Investments.*—In fiscal years 2010 and 2011, the Committee required HUD to produce a spend plan for its IT investments funded under TI, which GAO was instructed to review. GAO has provided continuous briefings on the results of their reviews to the Committee and, based on this work, it is clear that GAO's involvement in the process is helping to ensure that HUD is focused both on completing these projects, as well as on identifying and addressing potential risks. The Committee is once again requiring HUD to develop a spend plan for its information technology projects. This plan should include the identification of projects to be undertaken, project goals, and costs. In addition, the Committee directs GAO to evaluate this plan. This plan may also include additional IT system investments that will improve the efficiency of HUD programs. Separately, in order to monitor progress in achieving project goals and costs for these investments, the Committee directs GAO to evaluate HUD's IT program management practices, including contractor oversight and cost estimating, and HUD's institutionalization of IT governance, including

any achieved cost savings or operational efficiencies that have resulted.

OFFICE OF INSPECTOR GENERAL  
(INCLUDING TRANSFERS OF FUNDS)

Appropriations, 2011 .....	\$124,750,000
Budget estimate, 2012 .....	126,455,000
Committee recommendation .....	124,750,000

PROGRAM DESCRIPTION

This appropriation will finance all salaries and related expenses associated with the operation of the Office of the Inspector General [OIG].

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of \$124,750,000 for the Office of Inspector General [OIG]. The amount of funding is equal to the level provided in fiscal year 2011 and \$1,705,000 less than the President's request. The Office of Inspector General serves a critical role in auditing HUD grantees to uncover waste, fraud and abuse. The OIG should also serve as an important resource for the Committee to understand and address systemic concerns. For example, the OIG's work on FHA resulted in important recommendations to reduce program risks. These recommendations assisted HUD and Congress in developing and implementing critical reforms.

Regrettably, this type of work has not been as prevalent across other HUD programs. While the OIG conducts audits and investigations of HUD grantees, there is little effort to develop the grantee-specific recommendations into broader recommendations geared at improving the operation and management of HUD's programs. As a result, the Committee has not been able to rely on the OIG to inform its work as much as it would like. The Committee believes that the OIG needs to balance individual audits with program evaluations. The Committee expects the OIG's audit plan for fiscal year 2012 to include program evaluations, including identification of management challenges, examples of best practices and recommendation for program improvements. The Committee will evaluate the OIG's work in this area and expects its semi-annual reports to Congress to include these efforts.

TRANSFORMATION INITIATIVE

(INCLUDING TRANSFER OF FUNDS)

Appropriations, 2011 .....	<sup>1</sup> \$170,000,000
Budget estimate, 2012 .....	<sup>2</sup> 120,000,000
Committee recommendation .....	<sup>3</sup> 51,263,085

<sup>1</sup> This amount includes an appropriation of \$70,858,000 and \$99,142,000 by transfer.  
<sup>2</sup> This entire amount is by transfer.  
<sup>3</sup> This amount is by transfer.

PROGRAM DESCRIPTION

The Transformation Initiative is the Department's effort to improve and streamline the systems and operations at HUD. Man-

aged by the Office of Strategic Planning and Management, this initiative has three elements: (1) research, evaluation, and program metrics; (2) program demonstrations; and (3) technical assistance and capacity building. Funding to support these activities is provided by transfer from HUD programs.

#### COMMITTEE RECOMMENDATION

The Committee includes a recommended level of funding of up to \$51,263,085 for the Transformation Initiative. This funding is provided by transfers of up to 0.5 percent from other accounts. This amount is \$68,736,915 below the President's request, and \$118,736,915 below the fiscal year 2011 enacted level.

In fiscal year 2010, the administration launched the Transformation Initiative [TI] to improve the operations and capacity of HUD. TI funds research and demonstrations to better equip HUD to address the Nation's housing needs. In addition to improving HUD's own operations, TI also includes funding to improve the capacity and performance of its grantees through technical assistance.

The Committee has seen improvements resulting from the TI. This year, the budget requested the transfer of information technology [IT] investments from TI to the "Working Capital Fund". With this change, the focus of the TI account is technical assistance and research and demonstrations. Since the TI fund no longer has to support the significant investments related to IT, and given the significant reduction in program levels, HUD may only transfer up to 0.5 percent from select programs to the TI.

The Committee places the greatest priority for these funds on technical assistance [TA]. The Committee supports HUD's intent to refocus its technical assistance on improving outcomes, and not just concentrating on timely execution of activities and funding. The Committee expects that HUD will spend at least \$23,000,000 on the OneCPD: Integrated Practitioner Assistance System to deliver comprehensive TA to HUD grantees. This assistance should support improving grantees' ability to achieve results using HUD funding, such as CDBG and HOME. In addition, the Joint Core Skills Certification proposal to provide grantees with core skills to administer HUD programs across Public and Indian Housing, Community Planning and Development, and Multifamily Housing will also help increase the capacity of HUD grantees. The Committee also directs HUD to work with the OIG to identify grantees that have capacity challenges and provide additional assistance to them to ensure that problems are resolved.

*National Resource Bank.*—The fiscal year 2012 budget requests \$50,000,000 for a National Resource Bank [NRB]. The goal of the NRB is to provide place-based technical assistance to communities most in need through third party experts. This technical assistance would be tailored to the specific needs of each community. In many ways, the NRB builds upon the success of HUD's OneCPD program. However, NRB seeks to address the broader needs of local communities and grantees who may also receive funding from other Federal agencies. The Committee is providing authority for HUD to use up to \$10,000,000 from the TI to support this initiative. The Committee encourages the Office of Management and Budget to

seek resources from other departments whose programs may benefit from the NRB to expand the program.

#### GENERAL PROVISIONS

The Committee recommends administrative provisions. A brief description follows.

SEC. 201. This section promotes the refinancing of certain housing bonds.

SEC. 202. This section clarifies a limitation on use of funds under the Fair Housing Act.

SEC. 203. This section clarifies the allocation of HOPWA funding for fiscal year 2006.

SEC. 204. This section requires HUD to award funds on a competitive basis unless otherwise provided.

SEC. 205. This section allows funds to be used to reimburse GSEs and other Federal entities for various administrative expenses.

SEC. 206. This section limits HUD spending to amounts set out in the budget justification.

SEC. 207. This section clarifies expenditure authority for entities subject to the Government Corporation Control Act.

SEC. 208. This section requires quarterly reports on all uncommitted, unobligated and excess funds associated with HUD programs.

SEC. 209. This section makes a number of corrections to the award of HOPWA funding.

SEC. 210. This section requires HUD to submit its fiscal year 2013 budget justifications according to congressional requirements.

SEC. 211. This section exempts Los Angeles County, Alaska, Iowa, and Mississippi from the requirement of having a PHA resident on the board of directors for fiscal year 2006. Instead, the public housing agencies in these States are required to establish advisory boards that include public housing tenants and section 8 recipients.

SEC. 212. This section allows HUD to authorize the transfer of existing project-based subsidies and liabilities from obsolete housing to housing that better meets the needs of the assisted tenants.

SEC. 213. This section provides allocation requirements for Native Alaskans under the Native American Indian Housing Block Grant program.

SEC. 214. This section exempts GNMA from certain requirements of the Federal Credit Reform Act of 1990.

SEC. 215. This section reforms certain section 8 rent calculations as to athletic scholarships.

SEC. 216. This section eliminates a cap on Home Equity Conversion Mortgages.

SEC. 217. This section requires HUD to maintain section 8 assistance on HUD-held or owned multifamily housing.

SEC. 218. This section authorizes the Secretary to waive certain requirements on adjusted income for certain assisted living projects for counties in Michigan.

SEC. 219. This section requires HUD to report quarterly to the Appropriations Committees on the use of sole-source contracting by HUD.



SEC. 220. This section allows the recipient of a section 202 grant to establish a single-asset nonprofit entity to own the project and may lend the grant funds to such entity.

SEC. 221. This section clarifies the use of the 108 loan guaranteed program for nonentitlement communities.

SEC. 222. This section extends the HOPE VI program until September 30, 2012.

SEC. 223. This section allows public housing authorities with less than 400 units to be exempt from management requirements in the operating fund rule.

SEC. 224. This section restricts the Secretary from imposing any requirement or guideline relating to asset management that restricts or limits the use of capital funds for central office costs, up to the limit established in QWHRA.

SEC. 225. This section requires allotment holders to meet certain criteria of the CFO.

SEC. 226. This section requires the Secretary to report quarterly on the status of all project-based section 8 housing.

SEC. 227. This section limits attorney fees.

SEC. 228. The section modifies the NOFA process to include the Internet.

SEC. 229. The section makes reforms to the Federal Surplus Property Program under the McKinney-Vento Homeless Assistance Act.

SEC. 230. This section establishes reprogramming and reallocation requirements within HUD's salaries and expenses accounts.

SEC. 231. This section allows the Disaster Housing Assistance Programs to be considered a program of the Department of Housing and Urban Development for the purpose of income verification and matching.

SEC. 232. This section allows the Secretary to transfer funding from salaries and expenses accounts to the "Working Capital Fund" to support technology improvements.

SEC. 233. This section eliminates an unnecessary transfer from the Rental Housing Assistance Fund to the Flexible Subsidy Fund.

SEC. 234. This section provides the Secretary with the authority to add up to three additional public housing agencies to the Moving-to-Work demonstration program.

SEC. 235. This section rescinds \$750,000,000 from advanced appropriation included in the fiscal year 2011 continuing resolution for the tenant-based rental assistance account. To implement this rescission, the Secretary is to adjust the 2012 allocations for public housing agencies taking into account their net restricted assets.

SEC. 236. This section makes several revisions to rental assistance programs authorized by the United States Housing Act of 1937. The provision expands eligibility of working poor in low income areas, increases the standard elderly or disabled allowance, increases the medical expense threshold, only requires recertification for families with 90 percent or more fixed income every 3 years, increases access to housing for persons with disabilities, streamlines fair market rent publication, and requires annual publication of income limits.

SEC. 237. This section extends the Mark-to-Market program authorized by the Multifamily Assisted Housing Reform and Affordability Act until October 1, 2015.

TITLE III  
INDEPENDENT AGENCIES

ACCESS BOARD

SALARIES AND EXPENSES

Appropriations, 2011 .....	\$7,285,000
Budget estimate, 2012 .....	7,400,000
Committee recommendation .....	7,400,000

PROGRAM DESCRIPTION

The Access Board (formerly known as the Architectural and Transportation Barriers Compliance Board) was established by section 502 of the Rehabilitation Act of 1973. The Access Board is responsible for developing guidelines under the Americans with Disabilities Act, the Architectural Barriers Act, and the Telecommunications Act. These guidelines ensure that buildings and facilities, transportation vehicles, and telecommunications equipment covered by these laws are readily accessible to and usable by people with disabilities. The Board is also responsible for developing standards under section 508 of the Rehabilitation Act for accessible electronic and information technology used by Federal agencies, and for medical diagnostic equipment under section 510 of the Rehabilitation Act. The Access Board also enforces the Architectural Barriers Act. In addition, the Board provides training and technical assistance on the guidelines and standards it develops to Government agencies, public and private organizations, individuals and businesses on the removal of accessibility barriers.

In 2002, the Access Board was given additional responsibilities under the Help America Vote Act. The Board serves on the Board of Advisors and the Technical Guidelines Development Committee, which helps Election Assistance Commission develop voluntary guidelines and guidance for voting systems, including accessibility for people with disabilities.

COMMITTEE RECOMMENDATION

The Committee recommends \$7,285,000 for the operations of the Access Board. This level of funding is \$115,000 more than the fiscal year 2011 enacted level and equal to the President's fiscal year 2012 request.

FEDERAL MARITIME COMMISSION

SALARIES AND EXPENSES

Appropriations, 2011 .....	\$24,087,000
Budget estimate, 2012 .....	26,265,000
Committee recommendation .....	24,100,000

PROGRAM DESCRIPTION

The Federal Maritime Commission [FMC] is an independent regulatory agency which administers the Shipping Act of 1984 (Public Law 98-237), as amended by the Ocean Shipping Reform Act of 1998 (Public Law 105-258); section 19 of the Merchant Marine Act, 1920 (41 Stat. 998); the Foreign Shipping Practices Act of 1988 (Public Law 100-418); and Public Law 89-777.

FMC regulates the international waterborne commerce of the United States. In addition, the FMC has responsibility for licensing and bonding ocean transportation intermediaries and assuring that vessel owners or operators establish financial responsibility to pay judgments for death or injury to passengers, or nonperformance of a cruise, on voyages from U.S. ports.

COMMITTEE RECOMMENDATION

The Committee recommends \$24,100,000 for the salaries and expenses of the Federal Maritime Commission [FMC] for fiscal year 2012. This amount is \$2,165,000 less than the budget request and \$13,000 more than the fiscal year 2011 enacted level.

The Committee commends the FMC's efforts to assist American exporters to resolve supply chain disruptions due to insufficient domestic container supply. Facilitating the accessibility of U.S. exports to foreign markets is a key factor in the Nation's economic recovery. The Committee also supports the FMC's efforts to protect consumers from potentially unlawful, unfair, or deceptive ocean transportation practices related to the movement of household goods or personal property in international oceanborne trade.

NATIONAL RAILROAD PASSENGER CORPORATION

OFFICE OF INSPECTOR GENERAL

SALARIES AND EXPENSES

Appropriations, 2011 .....	\$19,311,000
Budget estimate, 2012 .....	22,000,000
Committee recommendation .....	19,311,000

PROGRAM DESCRIPTION

The Office of Inspector General [OIG] for Amtrak was created by the Inspector General Act Amendment of 1988. The Act recognized Amtrak as a "designated Federal entity" and required the railroad to establish an independent and objective unit to conduct and supervise audits and investigations relating to the programs and operations of Amtrak; to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of Amtrak, and for activities designed to prevent and detect fraud and abuse in Amtrak operations; and to provide a means for keeping the Amtrak leadership and the Congress fully and currently informed about problems and deficiencies relating to the administration of Amtrak and the necessity for and progress of corrective action.

COMMITTEE RECOMMENDATION

The Committee recommends \$19,311,000 for the Amtrak Office of Inspector General [OIG]. This funding level is \$2,689,000 less than the budget request and equal to the fiscal year 2011 enacted level. The Committee retains language that requires the Amtrak OIG to submit a budget request in similar format and substance to those submitted by other executive agencies in the Federal Government.

The Committee commends the progress the OIG has made to institute an appropriate separation of duties, financial systems and hiring practices. The Council of Inspectors General on Integrity and Efficiency [CIGIE] certified that policies and procedures are consistent with the letter and the spirit of the Inspector General Act of 1978, as amended. The technological and programmatic changes required to achieve this necessary independence are substantial and challenging in a constrained fiscal climate. Many of these changes stem from the National Academy of Public Administration's [NAPA] assessment, which generated 41 recommendations to improve management, communications, investigative practices and operations. Moving forward, the OIG still needs to implement performance and accountability measures, develop human capital management policies and practices, and define annual work prioritization and planning. The Committee expects the OIG to report on its progress in addressing these issues and the NAPA recommendations in its semi-annual report.

NATIONAL TRANSPORTATION SAFETY BOARD

SALARIES AND EXPENSES

Appropriations, 2011 .....	\$97,854,000
Budget estimate, 2012 .....	102,400,000
Committee recommendation .....	99,275,000

PROGRAM DESCRIPTION

Initially established along with the Department of Transportation [DOT], the National Transportation Safety Board [NTSB] commenced operations on April 1, 1967, as an independent Federal agency. The board is charged by Congress with investigating every civil aviation accident in the United States as well as significant accidents in the other modes of transportation—railroad, highway, marine, and pipeline—and issuing safety recommendations aimed at preventing future accidents. Although it has always operated independently, NTSB relied on DOT for funding and administrative support until the Independent Safety Board Act of 1974 (Public Law 93-633) severed all ties between the two organizations starting in 1975.

In addition to its investigatory duties, NTSB is responsible for maintaining the Government's database of civil aviation accidents and also conducts special studies of transportation safety issues of national significance. Furthermore, in accordance with the provisions of international treaties, NTSB supplies investigators to serve as U.S. accredited representatives for aviation accidents overseas involving U.S.-registered aircraft, or involving aircraft or major components of U.S. manufacture. NTSB also serves as the "court of appeals" for any airman, mechanic, or mariner whenever certifi-

cate action is taken by the Federal Aviation Administration [FAA] or the U.S. Coast Guard Commandant, or when civil penalties are assessed by FAA.

COMMITTEE RECOMMENDATION

The Committee recommends \$99,275,000 for the National Transportation Safety Board, which is \$3,125,000 less than the budget request and \$1,421,000 more than the fiscal year 2011 enacted level. The Committee has also continued to include language that allows NTSB to make payments on its lease for the NTSB training facility with funding provided in the bill.

*Protecting the Current Workforce.*—Managing its workforce is crucial to the NTSB. The agency must maintain a highly skilled workforce with the expertise necessary to investigate accidents, determine their probable causes, and extract important lessons so that future accidents may be prevented. No other agency or firm in the United States does the work of the NTSB, acting as an honest broker and offering unbiased analysis and safety recommendations.

Unfortunately, between fiscal years 2003 and 2007, low funding levels forced the NTSB to cut its staff by a total of 50 FTE. The Committee recognized the damage caused by these low funding levels, and for the following 3 years, it placed a clear priority on rebuilding the NTSB workforce.

For fiscal year 2012, the Committee provides a modest increase of \$1,421,000 to cover the cost of inflation and accommodate the NTSB’s rent increase. The Committee’s goal in providing this increase is to prevent these costs from eroding the workforce of the NTSB. The NTSB requested another \$2,929,000 to pay for an additional 16 FTE across the agency. The Committee understands the value of further investments in NTSB staff; however, the Committee recommendation does not provide this increase because such a large addition to the staff may be impossible to sustain as fiscal constraints grow even tighter beyond the budget year.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

Appropriations, 2011 .....	\$232,534,000
Budget estimate, 2012 .....	215,300,000
Committee recommendation .....	200,000,000

PROGRAM DESCRIPTION

The Neighborhood Reinvestment Corporation was created by the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Public Law 95–557, October 31, 1978). Neighborhood Reinvestment Corporation now operates under the trade name, “NeighborWorks America.” NeighborWorks America helps local communities establish efficient and effective partnerships between residents and representatives of the public and private sectors. These partnership-based organizations are independent, tax-exempt, nonprofit entities and are frequently known as Neighborhood Housing Services [NHS] or mutual housing associations.

Collectively, these organizations are known as the NeighborWorks network. Nationally, 235 NeighborWorks organizations serve nearly 3,000 urban, suburban, and rural communities in 49 States, the District of Columbia, and Puerto Rico.

#### COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$200,000,000 for the Neighborhood Reinvestment Corporation [NRC] for fiscal year 2012. This amount is \$15,300,000 less than the budget request and \$32,534,000 less than the fiscal year 2011 enacted level. The Committee has included \$135,000,000 to support NeighborWorks core programs, and continues to support the set-aside of \$5,000,000 for the multifamily rental housing initiative, which has been successful in developing innovative approaches to producing mixed-income affordable housing throughout the Nation. The Committee directs NRC to provide a status report on this initiative in its fiscal year 2013 budget justification.

*Housing Counseling Assistance.*—The Committee has included \$65,000,000 to continue the National Foreclosure Mitigation Counseling Program [NFMC] initiated by Congress in fiscal year 2008.

According to the most recent data from Lender Processing Services, more than 12 percent of U.S. mortgages are in default or foreclosure, with many more struggling to stay current on their payments. This figure underscores the need for foreclosure counseling. NeighborWorks reported more than 3 times as much funding being requested by counseling agencies than was available in the last round of NFMC funding. The NFMC funding is being put to use across the country and is successfully helping troubled homeowners modify mortgages, reduce their monthly payments, and avoid foreclosure. According to a report by the Urban Institute that analyzed the impact of the program, NFMC counseled homeowners had a 70 percent greater chance of avoiding foreclosure than those who didn't receive counseling. In addition, homeowners who obtained loan modifications after receiving NFMC counseling saved an average of \$3,200 per year on loan payments.

The Committee supports NeighborWorks's effort to target funds not only to areas of greatest need, as required, but also to low-income and minority communities, since minorities have been affected disproportionately by the foreclosure crisis. The Committee will continue to track the use of these funds through the required regular reporting by NeighborWorks, and looks forward to the complete study by the Urban Institute.

*Mortgage Rescue Scams.*—Since 2009, NeighborWorks American has been working to raise awareness of mortgage rescue scams and help vulnerable homeowners access legitimate forms of assistance. This campaign targets at-risk communities and populations through public service announcements, public media and the Internet. It has reached homeowners in over 40 States, the District of Columbia and Puerto Rico. NeighborWorks also used funds provided by Congress to launch a Web site, [Loanscamalert.org](http://Loanscamalert.org), where people can report loan scams. As of April 2011, over 150,000 people had accessed this site. Within the funds provided, the Committee expects NeighborWorks to continue its efforts address mortgage rescue scams, which remain prevalent.

NeighborWorks is also part of a national coalition called the Anti-Fraud Campaign Coordination Committee, which includes partners such as HUD, the Federal Trade Commission, the Department of Justice, and State Attorneys General. Since outreach and education will be strengthened by strong enforcement action, it is important that the coalition includes partners that can use their authority to catch and punish those perpetrating loan scams. The Committee expects NeighborWorks to continue its work with these groups.

*Rural Areas.*—The Committee also continues to support Neighborhood Reinvestment Corporation’s efforts in building capacity in rural areas. The Committee urges the Corporation to continue its efforts in addressing the needs of rural communities.

UNITED STATES INTERAGENCY COUNCIL ON HOMELESSNESS

OPERATING EXPENSES

Appropriations, 2011 .....	\$2,675,000
Budget estimate, 2012 .....	3,880,000
Committee recommendation .....	3,640,000

PROGRAM DESCRIPTION

The United States Interagency Council on Homelessness is an independent agency created by the McKinney-Vento Homeless Assistance Act of 1987 to coordinate and direct the multiple efforts of Federal agencies and other designated groups. The Council was authorized to review Federal programs that assist homeless persons and to take necessary actions to reduce duplication. The Council can recommend improvements in programs and activities conducted by Federal, State, and local government as well as local volunteer organizations. The Council consists of the heads of 19 Federal agencies, such as the Departments of Housing and Urban Development, Health and Human Services, Veterans Affairs, Agriculture, Commerce, Defense, Education, Labor, and Transportation; and other entities as deemed appropriate.

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$3,640,000 for the United States Interagency Council on Homelessness [ICH]. This amount is \$965,200 more than the fiscal year 2011 enacted level and \$239,800 below the budget request. The increase in this account is attributable to a transfer of 10 FTE from HUD to ICH, to provide regional support to ICH. By having staff at ICH instead detailed from HUD, ICH will be better able to monitor and oversee employee performance.

In June 2010, the Interagency Council on Homelessness released *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*. This plan includes goals for ending homelessness in America, including: finishing the job of ending chronic homelessness in 5 years; preventing and ending homelessness among Veterans in 5 years; preventing and ending homelessness for families, youth and children in 10 years; and setting a path to ending all types of homelessness. Producing the Federal strategic plan was an impressive undertaking, but the more challenging task is imple-



menting the strategies necessary to achieve the plan's goals. The Committee applauds ICH's continued work to ensure that the Federal strategic plan acts as a guide for Federal and local decision makers serving the Nation's homeless.

The Committee notes the various activities proposed in ICH's budget for fiscal year 2012 that are designed to improve Federal coordination. These include working with agencies to identify barriers facing homeless children trying to access mainstream services, and improving access to housing and services in rural areas. The Committee is pleased that ICH is not only following the strategic plan, but is also using the work and recommendations of the Government Accountability Office [GAO] to guide its efforts to improve coordination and reduce fragmentation in the Federal service system. For example, ICH convened a group of stakeholders to address the GAO recommendation to develop a common vocabulary and common data standards on housing stability. The Committee agrees with GAO's observation that the lack of common vocabulary limits the ability to track and share data on the homeless across agencies, and creates challenges for homeless clients seeking services, as well as providers trying to serve them. The Committee expects ICH take the lead in working to address GAO's recommendation to develop and implement a common vocabulary.

*Homeless Veterans.*—The Committee applauds the inclusion of the goal to prevent and end homelessness among veterans by 2015 in the Federal strategic plan to end homelessness. Importantly, the administration has worked to develop and implement strategies and tools necessary to achieving this goal. A critical piece of addressing veteran homelessness, especially chronic homelessness, is the HUD-VASH program. The Committee has seen progress in the implementation of HUD-VASH, yet there are still communities that struggle to target vouchers to those most in need and get veterans into housing quickly.

The Committee notes the work that ICH has done in bringing PHA and VA Medical Center staff together with Federal and local partners to find more efficient ways to manage HUD-VASH programs and serve homeless veterans. The Committee believes that this is a pivotal role for ICH. The Committee directs ICH to continue to work with HUD and the VA and other Federal and local partners to improve HUD-VASH and address veteran homelessness. In particular, the Committee would like ICH to focus on how to leverage the skills of existing homeless providers to improve the HUD-VASH program; how to improve targeting of HUD-VASH vouchers to those most in need; and how to address the needs of homeless veterans in rural areas and on Native American reservations. ICH is further directed to submit a report to the Committees on Appropriations and relevant authorizing Committees on progress being made and opportunities for improvement in each these areas.

## TITLE IV

### GENERAL PROVISIONS—THIS ACT

Section 401 requires pay raises to be absorbed within appropriated levels in this act or previous appropriations acts.

Section 402 prohibits pay and other expenses for non-Federal parties in regulatory or adjudicatory proceedings funded in this act.

Section 403 prohibits obligations beyond the current fiscal year and prohibits transfers of funds unless expressly so provided herein.

Section 404 limits expenditures for consulting service through procurement contracts where such expenditures are a matter of public record and available for public inspection.

Section 405 authorizes the reprogramming of funds and specifies the reprogramming procedures for agencies funded by this act.

Section 406 ensures that 50 percent of unobligated balances may remain available for certain purposes.

Section 407 requires departments and agencies under this act to report information regarding all sole-source contracts.

Section 408 prohibits the use of funds for employee training unless such training bears directly upon the performance of official duties.

Section 409 prohibits the use of funds for eminent domain unless such taking is employed for public use.

Section 410 prohibits funds in this act to be transferred without express authority.

Section 411 protects employment rights of Federal employees who return to their civilian jobs after assignment with the Armed Forces.

Section 412 prohibits the use of funds for activities not in compliance with the Buy American Act.

Section 413 prohibits funding for any person or entity convicted of violating the Buy American Act.

Section 414 prohibits funds for first-class airline accommodation in contravention of section 301–10.122 and 301–10.123 of title 41 CFR.

Section 415 prohibits funds from being used to purchase light bulbs for an office building unless, to the extent practicable, the light bulb has an Energy Star or Federal Energy Management Program designation.

Section 416 prohibits funds from being used to establish, issue, implement, administer, or enforce any prohibition or restriction on occupancy preference for veterans in HUD facilities located/leased on VA property.

Section 417 prohibits funds in this act or any prior act for going to the group ACORN or any of its affiliates, subsidiaries, or allied organizations.

Section 418 requires the Department of Transportation and the Department of Housing and Urban Development to post on their web sites basic information about each of their programs that provides grants or credit assistance through a competitive process. When either department first announces the availability of funding for a particular program, the appropriate Secretary must post a description of the program's goals, the criteria that will be used to evaluate applications, and an explanation of how applications will be selected. When either department announces the results of its competition, the appropriate Secretary must post the name and address of each successful applicant, the amount of the award, the amount of local match expected, and an explanation of how the award meets the program's goals. Making this information readily available on Government Web sites will improve transparency and bolster the public's confidence in these competitive programs.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE  
STANDING RULES OF THE SENATE

Paragraph 7 of rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill “which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.”

The Committee is filing an original bill, which is not covered under this rule, but reports this information in the spirit of full disclosure.

The Committee recommends funding for the following programs or activities which currently lack authorization for fiscal year 2012:

TITLE I—DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration:

- Operations
- Facilities and Equipment
- Research, Engineering, and Development
- Grants-in-Aid for Airports

Federal Highway Administration:

- Federal-aid Highways

Federal Motor Carrier Safety Administration:

- Motor Carrier Safety Operations and Programs
- Motor Carrier Safety Grants

National Highway Traffic Safety Administration:

- Operations and Research
- National Driver Register
- National Driver Register Modernization
- Highway Traffic Safety Grants

Federal Transit Administration:

- Administrative Expenses
- Formula and Bus Grants
- Research and University Research Centers
- Capital Investment Grants
- Grants for Energy Efficiency and Greenhouse Gas Reduction

Maritime Administration:

- Operations and Training
- Ship Disposal
- Maritime Security
- Title XI

Pipeline and Hazardous Materials Safety Administration:

- Administration Expenses
- Pipeline Safety

Research and Innovative Technology Administration:

- Research and Development

Surface Transportation Board

## TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## Rental Assistance:

- Section 8 Contract Renewals and Administrative Expenses
- Section 441 Contracts
- Section 8 Preservation, Protection, and Family Unification
- Contract Administrators
- Public Housing Capital Fund
- Public Housing Operating Fund
- Choice Neighborhoods

## Native American Housing Block Grants:

- Native American Housing Block Grants
- Federal Guarantees

## Indian Housing Loan Guarantee Fund

## Native Hawaiian Housing Block Grant

## Native Hawaiian Housing Loan Guarantee Fund

## Housing Opportunities for Persons with Aids

## Rural Housing and Economics Development

## Community Development Fund:

- Community Development Block Grants
- Economic Development Initiatives
- Neighborhood Initiatives

## HOME Program:

- HOME Investment Partnership

## Self Help and Assisted Homeownership Opportunity:

- Capacity Building
- Self-Help Homeownership Opportunity Program
- National Housing Development Corporation
- Housing for the Elderly
- Housing for Persons with Disabilities
- Energy Innovation Fund

## FHA General and Special Risk Program Account:

- Limitation on Guaranteed Loans
- Limitation on Direct Loans
- Credit Subsidy
- Administrative Expenses

## GNMA Mortgage Backed Securities Loan Guarantee Program Account:

- Limitation on Guaranteed Loans
- Administrative Expenses
- Policy Development and Research
- Fair Housing Activities, Fair Housing Program
- Lead Hazards Reduction Program
- Salaries and Expenses

## TITLE III—RELATED AGENCIES

## National Transportation Safety Board

COMPLIANCE WITH PARAGRAPH 7(c), RULE XXVI, OF THE  
STANDING RULES OF THE SENATE

Pursuant to paragraph 7(c) of rule XXVI, on September 21, 2011, the Committee ordered favorably reported an original bill (S. 1596) making appropriations the Departments of Transportation, and Housing and Urban Development, and related agencies for the fis-

cal year ending September 30, 2012, and for other purposes, provided that the bill be subject to amendment and that the bill be consistent with its spending allocations, by a recorded vote of 28–2, a quorum being present. The vote was as follows:

Yeas	Nays
Chairman Inouye	Mr. McConnell
Mr. Leahy	Mr. Johnson (WI)
Mr. Harkin	
Ms. Mikulski	
Mr. Kohl	
Mrs. Murray	
Mrs. Feinstein	
Mr. Durbin	
Mr. Johnson (SD)	
Ms. Landrieu	
Mr. Reed	
Mr. Lautenberg	
Mr. Nelson	
Mr. Pryor	
Mr. Tester	
Mr. Brown	
Mr. Cochran	
Mr. Shelby	
Mrs. Hutchison	
Mr. Alexander	
Ms. Collins	
Ms. Murkowski	
Mr. Graham	
Mr. Kirk	
Mr. Coats	
Mr. Blunt	
Mr. Moran	
Mr. Hoeven	

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE  
STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include “(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee.”

In compliance with this rule, the following changes in existing law proposed to be made by the bill are shown as follows: existing law to be omitted is enclosed in black brackets; new matter is printed in italic; and existing law in which no change is proposed is shown in roman.

TITLE 23—HIGHWAYS

CHAPTER 1—FEDERAL-AID HIGHWAYS

§ 109. Standards

(a) IN GENERAL.— \* \* \*

\* \* \* \* \*

(q) PHASE CONSTRUCTION.—Safety considerations for a project under this title may be met by phase construction consistent with the operative safety management system established in accordance with section 303 or in accordance with a statewide transportation improvement program approved by the Secretary.

(r) GUARDRAILS.—*The Secretary shall not approve any project that includes beam rail elements and terminal sections that are not galvanized in accordance with AASHTO M-180, Class A, Type II, except that the rail shall be galvanized after fabrication to include forming, cutting, shearing, punching, drilling, bending, welding, and riveting.*

\* \* \* \* \*

§ 127. Vehicle weight limitations—Interstate System

(a) IN GENERAL.—

(1) \* \* \*

\* \* \* \* \*

[(11) With respect to all portions of the Interstate Highway System in the State, laws (including regulations) of the State of Maine concerning vehicle weight limitations that were in effect on October 1, 1995, and are applicable to State highways other than the Interstate System, shall be applicable in lieu of the requirements of this subsection.]

(11) (A) *With respect to all portions of the Interstate Highway System in the State of Maine, laws (including regulations) of that State concerning vehicle weight limitations applicable to other State highways shall be applicable in lieu of the requirements under this subsection.*

(B) *With respect to all portions of the Interstate Highway System in the State of Vermont, laws (including regulations) of that State concerning vehicle weight limitations applicable to other State highways shall be applicable in lieu of the requirements under this subsection.*

TITLE 26—INTERNAL REVENUE CODE

CHAPTER 98—TRUST FUND CODE

SUBCHAPTER A—ESTABLISHMENT OF TRUST FUNDS

§ 9502. Airport and Airway Trust Fund

(a) Creation of Trust Fund

\* \* \* \* \*

(d) Expenditures from Airport and Airway Trust Fund

**(1) Airport and airway program**

Amounts in the Airport and Airway Trust Fund shall be available, as provided by appropriation Acts, for making expenditures before April 1, 2010, to meet those obligations of the United States—

(A) incurred under title I of the Airport and Airway Development Act of 1970 or of the Airport and Airway Development Act Amendments of 1976 or of the Aviation Safety and Noise Abatement Act of 1979 or under the Fiscal Year 1981 Airport Development Authorization Act or the provisions of the Airport and Airway Improvement Act of 1982 or the Airport and Airway Safety and Capacity Expansion Act of 1987 or the Federal Aviation Administration Research, Engineering, and Development Authorization Act of 1990 or the Aviation Safety and Capacity Expansion Act of 1990 or the Airport and Airway Safety, Capacity, Noise Improvement, and Intermodal Transportation Act of 1992 or the Airport Improvement Program Temporary Extension Act of 1994 or the Federal Aviation Administration Authorization Act of 1994 or the Federal Aviation Reauthorization Act of 1996 or the provisions of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 providing for payments from the Airport and Airway Trust Fund or the Interim Federal Aviation Administration Authorization Act or section 6002 of the 1999 Emergency Supplemental Appropriations Act, Public Law 106-59, or the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century or the Aviation and Transportation Security Act or the Vision 100-Century of Aviation Reauthorization Act or any joint resolution making continuing appropriations for the fiscal year 2008 or the Department of Transportation Appropriations Act, 2008 or the Airport and Airway Extension Act of 2008 or the Federal Aviation Administration Extension Act of 2008 or the Federal Aviation Administration Extension Act of 2008, Part II or the Federal Aviation Administration Extension Act of 2009 or any joint resolution making continuing appropriations for the fiscal year 2010 or the Fiscal Year 2010 Federal Aviation Administration Extension Act or the Fiscal Year 2010 Federal Aviation Administration Extension Act, Part II or *the Department of Transportation Appropriations Act, 2012*;

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**TITLE 42—THE PUBLIC HEALTH AND WELFARE**
**CHAPTER 8—LOW-INCOME HOUSING****SUBCHAPTER I—GENERAL PROGRAM OF ASSISTED HOUSING****§ 1437a. Rental payments**

- (a) Families included; rent options; minimum amount; occupancy by police officers and over-income families**



(1) Dwelling units assisted under this chapter shall be rented only to families who are low-income families at the time of their initial occupancy of such units. Reviews of family income shall be made at least annually. Except as provided in paragraph (2) and subject to the requirement under paragraph (3), a family shall pay as rent for a dwelling unit assisted under this chapter (other than a family assisted under section 1437f(o) or (y) of this title or paying rent under section 1437f(c)(3)(B) 1 of this title) the highest of the following amounts, rounded to the nearest dollar, *except in the case of any family with a fixed income, as defined by the Secretary, after the initial review of the family's income, the public housing agency or owner shall not be required to conduct a review of the family's income for any year for which such family certifies, in accordance with such requirements as the Secretary shall establish, that 90 percent or more of the income of the family consists of fixed income, and that the sources of such income have not changed since the previous year, except that the public housing agency or owner shall conduct a review of each such family's income not less than once every 3 years.*

\* \* \* \* \*

**(b) Definition of terms under this chapter**

(1) \* \* \*

\* \* \* \* \*

(2) The term “low-income families” means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes. The term “very low-income families” means low-income families whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes. *The term “extremely low-income families” means very low-income families whose incomes do not exceed the higher of (A) the poverty guidelines updated periodically by the Department of Health and Human Services under the authority of section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), applicable to a family of the size involved; or (B) 30 percent of the median family income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes, and except that clause (A) of this sentence shall not apply in the case of public housing agencies located in Puerto Rico or any other territory or possession of the United States.* Such ceilings shall be established in consultation with the Secretary of Agriculture for any rural

area, as defined in section 1490 of this title, taking into account the subsidy characteristics and types of programs to which such ceilings apply. In determining median incomes (of persons, families, or households) for an area or establishing any ceilings or limits based on income under this chapter, the Secretary shall determine or establish area median incomes and income ceilings and limits for Westchester and Rockland Counties, in the State of New York, as if each such county were an area not contained within the metropolitan statistical area in which it is located. In determining such area median incomes or establishing such income ceilings or limits for the portion of such metropolitan statistical area that does not include Westchester or Rockland Counties, the Secretary shall determine or establish area median incomes and income ceilings and limits as if such portion included Westchester and Rockland Counties. In determining areas that are designated as difficult development areas for purposes of the low-income housing tax credit, the Secretary shall include Westchester and Rockland Counties, New York, in the New York City metropolitan area. *The Secretary shall periodically, but not less than annually, determine or establish area median incomes and income ceilings and limits in accordance with this paragraph.*

\* \* \* \* \*

(5) ADJUSTED INCOME.—

(A) MANDATORY EXCLUSIONS.—

(i) ELDERLY AND DISABLED FAMILIES.—**[\$400]** \$675 for any elderly or disabled family.

(ii) MEDICAL EXPENSES.—The amount by which **[3 percent]** 10 percent of the annual family income is exceeded by the sum of—

\* \* \* \* \*

**§ 1437f. Low-income housing assistance**

**(a) Authorization for assistance payments**

\* \* \* \* \*

**(c) Contents and purposes of contracts for assistance payments; amount and scope of monthly assistance payments**

(1) (A) An assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) which the owner is entitled to receive for each dwelling unit with respect to which such assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically but not less than annually for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this section, except that the maximum monthly rent may exceed the fair market rental (A) by more than 10 but not more than 20 per centum where the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a housing strategy as defined in section 12705 of this title, or (B) by such

higher amount as may be requested by a tenant and approved by the public housing agency in accordance with paragraph (3)(B). In the case of newly constructed and substantially rehabilitated units, the exception in the preceding sentence shall not apply to more than 20 per centum of the total amount of authority to enter into annual contributions contracts for such units which is allocated to an area and obligated with respect to any fiscal year beginning on or after October 1, 1980. [Proposed fair market rentals for an area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register. Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by persons assisted under this section.] Notwithstanding any other provision of this section, after October 12, 1977, the Secretary shall prohibit high-rise elevator projects for families with children unless there is no practical alternative. [The Secretary shall establish separate fair market rentals under this paragraph for Westchester County in the State of New York. The Secretary shall also establish separate fair market rentals under this paragraph for Monroe County in the Commonwealth of Pennsylvania. In establishing fair market rentals for the remaining portion of the market area in which Monroe County is located, the Secretary shall establish the fair market rentals as if such portion included Monroe County. If units assisted under this section are exempt from local rent control while they are so assisted or otherwise, the maximum monthly rent for such units shall be reasonable in comparison with other units in the market area that are exempt from local rent control].

*(B) Fair market rentals for an area shall be published not less than annually by the Secretary on the Department's Internet Web site and in any other manner specified by the Secretary. The Secretary shall publish notice of the publication of such fair market rentals in the Federal Register, and such fair market rentals shall become effective no earlier than 30 days after the date of such publication. The Secretary shall establish a procedure for public housing agencies and other interested parties to comment on such fair market rentals and to request, within a time specified by the Secretary, reevaluation of the fair market rental in a jurisdiction. The Secretary shall publish for comment in the Federal Register notices of proposed material changes in the methodology for estimating fair market rentals and notices specifying the final decisions regarding such proposed substantial methodological changes and responses to public comments.*

\* \* \* \* \*

**(o) Voucher program**

**(1) Authority**

**(A) In general**

\* \* \* \* \*

**(B) Establishment of payment standard**

Except as provided under subparagraph (D), the payment standard for each size of dwelling unit in a market area shall not exceed 110 percent of the fair market rental established under subsection (c) of this section for the same size of dwelling unit in the same market area and shall be not less than 90 percent of that fair market rental, *except that no public housing agency shall be required as a result of a reduction in the fair market rental to reduce the payment standard applied to a family continuing to reside in a unit for which the family was receiving assistance under this section at the time the fair market rental was reduced. The Secretary shall allow public housing agencies to request exception payment standards within fair market rental areas subject to criteria and procedures established by the Secretary.*

\* \* \* \* \*

**(D) Approval**

The Secretary may require a public housing agency to submit the payment standard of the public housing agency to the Secretary for approval, if the payment standard is less than 90 percent of the fair market rental or exceeds 110 percent of the fair market rental *except that a public housing agency may establish a payment standard of not more than 120 percent of the fair market rent, where necessary, as a reasonable accommodation for a person with a disability, without approval of the Secretary. A public housing agency may seek approval of the Secretary to use a payment standard greater than 120 percent of the fair market rent as a reasonable accommodation for a disabled family or other family with a person with a disability. In connection with the use of any increased payment standard established or approved pursuant to either of the preceding two sentences as a reasonable accommodation for a person with a disability, the Secretary may not establish additional requirements regarding the amount of adjusted income paid by such person for rent.*

\* \* \* \* \*

**§ 1437n. Eligibility for assisted housing**

**(a) Income eligibility for public housing**

**(1) Income mix within projects**

\* \* \* \* \*

**(2) PHA income mix**

(A)<sup>1</sup> TARGETING.—Except as provided in paragraph (4), of the public housing dwelling units of a public housing agency made available for occupancy in any fiscal year by eligible families, not less than 40 percent shall be occupied by families whose incomes at the time of commencement of occupancy do

<sup>1</sup>So in original. No subpar. (B) has been enacted.

not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families; except that the Secretary may establish income ceilings higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes] *extremely low-income families*.

\* \* \* \* \*

**(b) Income eligibility for tenant-based section 1437f assistance**

**(1) In general**

Of the families initially provided tenant based assistance under section 1437f of this title by a public housing agency in any fiscal year, not less than 75 percent shall be [families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families; except that the Secretary may establish income ceilings higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes] *extremely low-income families*.

\* \* \* \* \*

**(c) Income eligibility for project-based section 1437f assistance**

**(1) Pre-1981 act projects**

\* \* \* \* \*

**(3) Targeting**

For each project assisted under a contract for project-based assistance, of the dwelling units that become available for occupancy in any fiscal year that are assisted under the contract, not less than 40 percent shall be available for leasing only by [families whose incomes at the time of commencement of occupancy do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families; except that the Secretary may establish income ceilings higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes] *extremely low-income families*.

\* \* \* \* \*

**§ 1437v. Demolition, site revitalization, replacement housing, and tenant-based assistance grants for projects**

**(a) \* \* \***

\* \* \* \* \*

**(m) Funding**

**(1) Authorization of appropriations**

There are authorized to be appropriated for grants under this section \$574,000,000 for ~~【fiscal year 2010.】~~ *fiscal year 2012.*

\* \* \* \* \*

**(o) Sunset**

No assistance may be provided under this section after ~~【September 30, 2010.】~~ *September 30, 2012.*

**TITLE 49—TRANSPORTATION**

**PART B—AIRPORT DEVELOPMENT AND NOISE**

**CHAPTER 471—AIRPORT DEVELOPMENT**

**SUBCHAPTER I—AIRPORT IMPROVEMENT**

**§ 47124. Agreements for State and local operation of airport facilities**

(a) GOVERNMENT RELIEF FROM LIABILITY.— \* \* \*

(b) AIR TRAFFIC CONTROL CONTRACT PROGRAM.—(1) \* \* \*

\* \* \* \* \*

(3) CONTRACT AIR TRAFFIC CONTROL TOWER PROGRAM.—(A) IN GENERAL.— \* \* \*

\* \* \* \* \*

(D) COSTS EXCEEDING BENEFITS.—If the costs of operating an air traffic tower under the program exceed the benefits, the airport sponsor or State or local government having jurisdiction over the airport shall pay the portion of the costs that exceed such ~~【benefit.】~~ *benefit, with the maximum allowable local cost share capped at 20 percent.*

\* \* \* \* \*

**SUBTITLE VIII—PIPELINES**

**CHAPTER 601—SAFETY**

**§ 60117. Administrative**

(a) GENERAL AUTHORITY.— \* \* \*

\* \* \* \* \*

**[(n) COST RECOVERY FOR DESIGN REVIEWS.—**

**[(1) IN GENERAL.—**If the Secretary conducts facility design safety reviews in connection with a proposal to construct, expand, or operate a liquefied natural gas pipeline facility, the Secretary may require the person requesting such reviews to pay the associated staff costs relating to such reviews incurred by the Secretary in section 60301(d). The Secretary may assess such costs in any reasonable manner.

**[(2) DEPOSIT.—**The Secretary shall deposit all funds paid to the Secretary under this subsection into the Department of Treasury account 69–5172–0–2–407 or its successor account.

[(3) AUTHORIZATION OF APPROPRIATIONS.—Funds deposited pursuant to this subsection are authorized to be appropriated for the purposes set forth in section 60301(d).

(n) COST RECOVERY FOR DESIGN REVIEWS.—

(1) IN GENERAL.—*If the Secretary conducts facility design safety reviews in connection with a proposal to construct, expand, or operate a gas or hazardous liquid pipeline or liquefied natural gas pipeline facility, including construction inspections and oversight, the Secretary may require the person or entity proposing the project to pay the costs incurred by the Secretary relating to such reviews. If the Secretary exercises the cost recovery authority described in this section, the Secretary shall prescribe a fee structure and assessment methodology that is based on the costs of providing these reviews and shall prescribe procedures to collect fees under this section. This authority is in addition to the authority provided in section 60301 of this title.*

(2) NOTIFICATION.—*For any new pipeline construction project in which the Secretary will conduct design reviews, the person or entity proposing the project shall notify the Secretary and provide design specifications, construction plans and procedures, and related materials at least 120 days prior to the commencement of construction.*

(3) DEPOSIT AND USE.—*The Secretary shall deposit funds paid under this subsection into the Pipeline Safety Design Review Fund. Funds deposited under this section are authorized to be appropriated for the purposes set forth in this chapter. Fees authorized under this section shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations acts.*

\* \* \* \* \*

**CONSOLIDATED APPROPRIATIONS ACT, 2005, PUBLIC  
LAW 108-447**

**DIVISION I—DEPARTMENTS OF VETERANS AFFAIRS AND  
HOUSING AND URBAN DEVELOPMENT, AND INDE-  
PENDENT AGENCIES APPROPRIATIONS ACT, 2005**

**TITLE II—DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT**

**HOUSING PROGRAMS**

**【FLEXIBLE SUBSIDY FUND】**

**【(TRANSFER OF FUNDS)】**

**【From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, 2004, and any collections made during fiscal year 2005 and all subsequent fiscal years, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended.】**

**TRANSPORTATION, TREASURY, HOUSING AND URBAN  
DEVELOPMENT, THE JUDICIARY, THE DISTRICT OF  
COLUMBIA, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 2006, PUBLIC LAW 109-115**

**TITLE III**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**HOUSING PROGRAMS**

**【FLEXIBLE SUBSIDY FUND**

**【(TRANSFER OF FUNDS)**

**【From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, 2005, and any collections made during fiscal year 2006 and all subsequent fiscal years, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended.】**

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H.R. 2887

**TITLE I—EXTENSION OF SURFACE  
TRANSPORTATION PROGRAMS**

**Subtitle A—Federal-Aid Highways**

**SEC. 112. ADMINISTRATIVE EXPENSES.**

(a) **AUTHORIZATION OF CONTRACT AUTHORITY.**—Notwithstanding any other provision of this title or any other law, there is authorized to be appropriated from the Highway Trust Fund (other than the Mass Transit Account), from amounts provided under section 111, for administrative expenses of the Federal-aid highway program **【\$196,427,625】** *an amount equal to one-half the sum authorized for such purpose for fiscal year 2011 by section 412(a)(2) of the Surface Transportation Extension Act of 2010* for the period beginning on October 1, 2011, and ending on March 31, 2012.



## BUDGETARY IMPACT OF BILL

PREPARED IN CONSULTATION WITH THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC.  
308(a), PUBLIC LAW 93-344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount of bill	Committee allocation	Amount of bill
Comparison of amounts in the bill with Committee allocations to its subcommittees of amounts in the Budget Resolution for 2012: Subcommittee on Transportation and Housing and Urban Development, and Related Agencies				
Mandatory .....				( <sup>1</sup> )
Discretionary .....	55,250	57,550	125,717	<sup>1</sup> 122,721
Security .....			NA	NA
Nonsecurity .....	55,250	57,550	NA	NA
Projections of outlays associated with the recommendation:				
2012 .....				<sup>2</sup> 42,661
2013 .....				34,250
2014 .....				14,370
2015 .....				6,262
2016 and future years .....				7,541
Financial assistance to State and local governments for 2012 .....	NA	32,092	NA	30,254

<sup>1</sup> Includes outlays from prior-year budget authority.

<sup>2</sup> Excludes outlays from prior-year budget authority.

NA: Not applicable.

Consistent with the funding recommended in the bill for disaster funding and in accordance with section 251(b)(2)(D) of the BBEDCA and section 106 of the Deficit Control Act of 2011, the Committee anticipates that the Budget Committee will file a revised section 302(a) allocation for the Committee on Appropriations reflecting an upward adjustment of \$2,300,000,000 in budget authority plus associated outlays.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2012  
 [In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
<b>TITLE I—DEPARTMENT OF TRANSPORTATION</b>					
Office of the Secretary					
Salaries and expenses .....	102,481	118,842	102,202	-279	-16,640
Immediate Office of the Secretary .....	(2,626)	(2,623)	(2,618)	(-8)	(-5)
Immediate Office of the Deputy Secretary .....	(984)	(988)	(981)	(-3)	(-7)
Office of the General Counsel .....	(20,318)	(19,615)	(19,515)	(-803)	(-100)
Office of the Under Secretary of Transportation for Policy .....	(11,078)	(12,831)	(11,004)	(-74)	(-1,827)
Office of the Assistant Secretary for Budget and Programs .....	(10,538)	(10,949)	(10,538)		(-411)
Office of the Assistant Secretary for Governmental Affairs .....	(2,499)	(2,630)	(2,544)	(+45)	(-86)
Office of the Assistant Secretary for Administration .....	(25,469)	(27,697)	(25,469)		(-2,228)
Office of Public Affairs .....	(2,051)	(2,137)	(2,046)	(-5)	(-91)
Office of the Executive Secretariat .....	(1,655)	(1,682)	(1,649)	(-6)	(-33)
Office of Small and Disadvantaged Business Utilization .....	(1,496)	(1,520)	(1,492)	(-4)	(-28)
Office of Intelligence, Security, and Emergency Response .....	(10,579)	(10,797)	(10,578)	(-1)	(-219)
Office of the Chief Information Officer .....	(13,189)	(17,750)	(13,768)	(+579)	(-3,982)
Subtotal .....	102,481	118,842	102,202	-279	-16,640
National infrastructure investments .....	526,944	2,000,000	550,000	+23,056	+550,000
National infrastructure investments .....		10,000			-2,000,000
Living communities initiative .....		17,000			-10,000
Financial management capital .....	4,990		4,990		-12,010
Cyber-security initiatives .....			10,000	+10,000	+10,000
Office of Civil Rights .....	9,648	9,661	9,648		-13
Rescission of excess compensation for general aviation operations (rescission) .....		-3,254	-3,254	-3,254	-824
Transportation planning, research, and development .....	9,799	9,824	9,000	-799	-824
Working capital fund .....	(147,301)		(147,596)	(+295)	(+147,596)
Minority business resource center program .....	921	922	921		-1
Minority business resource center program (Limitation on guaranteed loans) .....	(18,330)	(18,367)	(18,367)	(+37)	
Minority business outreach .....	3,068	3,100	3,068		-32

	149,700	123,254	143,000	-6,700	+ 19,746
Payments to air carriers (Airport & Airway Trust Fund) .....					
Total, Office of the Secretary .....	807,551	2,289,349	829,575	+22,024	-1,459,774
National infrastructure bank .....		5,000,000			-5,000,000
Federal Aviation Administration					
Operations .....	9,513,962	9,823,000	9,635,710	+121,748	-187,290
Air traffic organization .....	(7,473,299)	(7,646,145)	(7,560,815)	(+87,516)	(-85,330)
Aviation safety .....	(1,253,020)	(1,283,568)	(1,253,381)	(+361)	(-30,187)
Commercial space transportation .....		(26,625)	(15,005)	(+15,005)	(-11,620)
Financial services .....		(112,369)	(112,459)	(+90)	(+90)
Human resource management .....		(102,125)	(98,858)	(+32,267)	(-3,267)
Region and center operations .....		(374,955)	(337,944)	(+37,011)	(-37,011)
Staff offices .....		(214,203)	(207,065)	(+7,138)	(-7,138)
Information services .....		(63,010)	(50,183)	(+12,827)	(-12,827)
Facilities & equipment (Airport & Airway Trust Fund) .....	2,730,731	2,870,000	2,630,731	-100,000	-239,269
Facilities equipment .....		250,000			-250,000
Research, engineering, and development (Airport & Airway Trust Fund) .....	169,660	190,000	157,000	-12,660	-33,000
Grants-in-aid for airports (Airport and Airway Trust Fund) (Liquidation of contract authorization) .....	(3,550,000)	(3,600,000)	(4,691,000)	(+1,141,000)	(+1,091,000)
(Limitation on obligations) .....	(3,515,000)	(2,424,000)	(3,515,000)		(+1,091,000)
Administration .....	(93,422)	(101,000)	(101,000)		
Airport Cooperative Research Program .....	(15,000)	(15,000)	(15,000)		
Airport technology research .....	(22,472)	(29,250)	(29,250)		
Small community air service development program .....	(6,000)		(6,000)		(+6,000)
Subtotal .....	(3,515,000)	(2,424,000)	(3,515,000)		(+1,091,000)
Grants-in-aid for airports .....		3,100,000			-3,100,000
Aviation insurance revolving fund (Sec. 115) .....		-1,000			+1,000
Total, Federal Aviation Administration .....	12,414,353	16,232,000	12,423,441	+9,088	-3,808,559
(Limitations on obligations) .....	(3,515,000)	(2,424,000)	(3,515,000)		(+1,091,000)
Total budgetary resources .....	(15,929,353)	(18,656,000)	(15,938,441)	(+9,088)	(-2,717,559)
Federal Highway Administration					
Limitation on administrative expenses .....	(413,533)	(437,172)	(415,533)	(+2,000)	(-21,639)
Federal-aid highways (Highway Trust Fund):					
(Liquidation of contract authorization) .....	(41,846,000)	(70,414,000)	(41,846,000)		(-28,568,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL  
FOR FISCAL YEAR 2012—Continued  
[In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
(Limitation on obligations) (Exempt contract authority) .....	(41,107,000)	(69,675,000)	(41,107,000)	.....	(- 28,568,000)
Wireless initiative .....	(739,000)	100,000	(739,000)	.....	- 100,000
Emergency relief (disaster relief category) .....	.....	.....	1,900,000	+ 1,900,000	+ 1,900,000
Rescission of contract authority (Highway Trust Fund) .....	- 2,500,000	.....	- 73,000	+ 2,500,000	.....
Demonstration projects (rescission) .....	.....	.....	.....	- 73,000	- 73,000
(Rescission of contract authority) .....	- 630,000	.....	.....	+ 630,000	.....
Total, Federal Highway Administration .....	- 3,130,000	100,000	1,827,000	+ 4,957,000	+ 1,727,000
Appropriations .....	.....	(100,000)	.....	.....	(- 100,000)
Rescissions of contract authority .....	(- 3,130,000)	.....	.....	(+ 3,130,000)	.....
(Limitations on obligations) .....	(41,107,000)	(69,675,000)	(41,107,000)	.....	(- 28,568,000)
(Exempt contract authority) .....	(739,000)	.....	(739,000)	.....	.....
Total budgetary resources .....	(38,716,000)	(70,514,000)	(43,673,000)	(+ 4,957,000)	(- 26,841,000)
Federal Motor Carrier Safety Administration					
Motor carrier safety operations and programs (Highway Trust Fund) (Liquidation of contract authorization) .....	(245,000)	(276,000)	(250,023)	(+ 5,023)	(- 25,977)
(Limitation on obligations) .....	(245,000)	(276,000)	(250,023)	(+ 5,023)	(- 25,977)
Motor carrier safety grants (Highway Trust Fund) Contract authority .....	.....	.....	1,000	+ 1,000	+ 1,000
Rescission of contract authority .....	.....	.....	- 1,000	- 1,000	- 1,000
(Liquidation of contract authorization) .....	(310,070)	(330,000)	(307,000)	(- 3,070)	(- 23,000)
(Limitation on obligations) .....	(310,070)	(330,000)	(307,000)	(- 3,070)	(- 23,000)
Total, Federal Motor Carrier Safety Administration .....	(555,070)	(606,000)	(557,023)	(+ 1,953)	(- 48,977)
(Limitations on obligations) .....	.....	.....	.....	.....	.....
National Highway Traffic Safety Administration					
Operations and research (general fund) .....	140,146	.....	140,146	.....	+ 140,146
Vehicle safety .....	.....	.....	.....	.....	.....
Operations and research (Highway Trust Fund) (Liquidation of contract authorization) .....	(105,500)	(303,900)	(109,500)	(+ 4,000)	(- 194,400)

	(105,500)	(303,900)	(109,500)	(+ 4,000)	(- 194,400)
(Limitation on obligations) .....					
Subtotal .....	(140,146)		(140,146)		(+ 140,146)
National driver register (Highway Trust Fund) (Liquidation of contract authorization) .....	(4,000)			(- 4,000)	
(Limitation on obligations) .....	(4,000)			(- 4,000)	
National driver register modernization .....	3,343			- 3,343	
Highway traffic safety grants (Highway Trust Fund) (Liquidation of contract authorization) .....	(619,500)	(556,100)	(550,328)	(- 69,172)	(- 5,772)
(Limitation on obligations) .....	(619,500)	(556,100)	(550,328)	(- 69,172)	(- 5,772)
Highway safety programs (23 USC 402) .....	(235,000)	(235,100)	(235,000)		(- 100)
Occupant protection incentive grants (23 USC 405) .....	(25,000)	(35,000)	(25,000)		(- 10,000)
Safety belt performance grants (23 USC 406) .....	(124,500)		(38,500)	(- 86,000)	(+ 38,500)
(Limitation on obligations) .....				(+ 10,000)	(- 40,000)
Distracted driving prevention .....		(50,000)	(10,000)		
State traffic safety information system improvement (23 USC 408) .....	(34,500)	(34,500)	(34,500)		
Impaired driving countermeasures (23 USC 410) .....	(139,000)	(139,000)	(139,000)		
Grant administration .....	(18,500)	(18,600)	(25,328)	(+ 6,828)	(+ 6,728)
High visibility enforcement .....	(29,000)	(37,000)	(29,000)		(- 8,000)
Child safety and booster seat grants .....	(7,000)	(7,000)	(7,000)		(+ 7,000)
Motorcyclist safety .....	(7,000)	(7,000)	(7,000)		
Rescission of contract authority .....	- 76,000			+ 76,000	
Total, National Highway Traffic Safety Admin .....	67,489		140,146	+ 72,657	+ 140,146
Appropriations .....	(143,489)		(140,146)	(- 3,343)	(+ 140,146)
Rescissions of contract authority .....	(- 76,000)			(+ 76,000)	
(Limitations on obligations) .....	(729,000)	(860,000)	(659,828)	(- 69,172)	(- 200,172)
Total budgetary resources .....	(796,489)	(860,000)	(799,974)	(+ 3,485)	(- 60,026)
Federal Railroad Administration					
Safety and operations .....	176,596	223,034	176,596		- 46,438
Offsetting fee collections .....		- 80,000			+ 80,000
Subtotal .....	176,596	143,034	176,596		+ 33,562
Railroad research and development .....	35,030	40,000	30,000	- 5,030	- 10,000
Rail line relocation and improvement program .....	10,511			- 10,511	
System preservation .....		1,546,000			- 1,546,000
Multi-year investment initiative .....		2,500,000			- 2,500,000
Subtotal .....		4,046,000			- 4,046,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2012—Continued  
 [In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
Network Development					
Multi-year investment initiative		1,000,000			-1,000,000
Subtotal		3,000,000			-3,000,000
Capital assistance for high speed rail corridors and intercity passenger rail service		4,000,000			-4,000,000
Rescission			100,000	+100,000	+100,000
Railroad safety technology	-400,000			+400,000	
Railroad safety					
National Railroad Passenger Corporation:					
Operating grants to the National Railroad Passenger Corporation	561,874		544,000	-17,874	+544,000
Capital and debt service grants to the National Railroad Passenger Corporation	921,778		936,778	+15,000	+936,778
Subtotal	1,483,652		1,480,778	-2,874	+1,480,778
Total, Federal Railroad Administration	1,305,789	8,229,034	1,787,374	+481,585	-6,441,660
Federal Transit Administration					
Administrative expenses	98,713		98,713		+98,713
Formula and Bus Grants (Hwy Trust Fund, Mass Transit Account (Liquidation of contract authorization))	(9,400,000)		(9,400,000)		(+9,400,000)
(Limitation on obligations)	(8,343,171)		(8,360,565)	(+17,394)	(+8,360,565)
Research and technology deployment		166,472			-166,472
Transit Formula Grants (Hwy Trust Fund, Mass Transit Account (Liquidation of contract authorization))		(10,000,000)			(-10,000,000)
(Limitation on obligations)		(4,691,000)			(-4,691,000)
Multi-year investment initiative		(3,000,000)			(-3,000,000)
Transit expansion and livable communities (liquidation of contract authorization)		(600,000)			(-600,000)
(limitation on obligations)		(2,469,070)			(-2,469,070)
Capital investment grants					
Multi-year investment initiative		1,000,000			-1,000,000

Subtotal .....	1,000,000	40,000	18,882	-1,000,000
Operations and safety .....	166,294			-166,294
Administrative programs .....	(129,700)			(-129,700)
Rail transit safety programs .....	(36,594)			(-36,594)
Research and University Research Centers .....		40,000	-18,882	+40,000
Bus and rail state of good repair (liquidation of contract authorization) .....	(3,000,000)			(-3,000,000)
(limitation on obligations) .....	(3,207,178)			(-3,207,178)
Multi-year investment initiative .....	(7,500,000)			(-7,500,000)
Capital investment grants .....	1,596,800	1,955,000	+358,200	+1,955,000
Energy efficiency and greenhouse gas reduction grants .....	49,900	25,000	-24,900	+25,000
(Rescission) .....	-280,000	-27,000	+253,000	-27,000
Washington Metropolitan Area Transit Authority capital and preventive maintenance .....	149,700	150,000	+300	
Total, Federal Transit Administration .....	1,673,995	2,241,713	+567,718	+758,947
(Limitations on obligations) .....	(8,343,171)	(8,360,565)	(+17,394)	(-12,506,683)
Total budgetary resources .....	(10,017,166)	(10,602,278)	(+585,112)	(-11,747,736)
Saint Lawrence Seaway Development Corporation .....		34,000	+1,741	+4
Operations and maintenance (Harbor Maintenance Trust Fund) .....	32,259			
Maritime Administration .....				
Maritime security program .....	173,652	174,000	+348	
Operations and training .....	151,446	154,886	+3,440	-6,653
(Rescission) .....		-1,000	-1,000	-1,000
Ship disposal .....	14,970	10,000	-4,970	-8,500
Assistance to small shipyards .....	9,980	10,000	+20	+10,000
Vessel operations revolving fund .....				
Maritime Guaranteed Loan (Title XI) Program Account: .....				
Administrative expenses .....	3,992	4,000	+8	+260
Rescission .....		-35,000	-35,000	+19,100
Guaranteed loans subsidy .....	4,990		-4,990	
Subtotal .....	8,982	-31,000	-39,982	+19,360
Total, Maritime Administration .....	359,030	316,886	-42,144	+13,207
Pipeline and Hazardous Materials Safety Administration .....				
Administrative expenses: .....	21,454	22,158	+704	
General Fund .....				

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2012—Continued  
 [In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
Pipeline Safety Fund	638	639	.....	- 638	- 639
Pipeline Safety information grants to communities	(998)	(1,000)	.....	( + 2)	.....
Subtotal	22,092	22,797	22,158	+ 66	- 639
Hazardous materials safety	39,020	50,089	39,020	.....	- 11,069
Offsetting fee collections	.....	- 11,713	.....	.....	+ 11,713
Subtotal	39,020	38,376	39,020	.....	+ 644
Pipeline safety:					
Pipeline Safety Fund	87,838	92,854	93,854	+ 6,016	+ 1,000
Oil Spill Liability Trust Fund	18,867	21,510	21,510	+ 2,643	.....
Pipeline Safety Design Review Fund (leg proposal)	.....	4,000	3,000	+ 3,000	- 1,000
Pipeline Safety Special Permit Fund (leg proposal)	.....	500	.....	.....	- 500
Pipeline safety user fees	- 88,014	- 94,493	- 94,493	- 6,479	.....
Additional Pipeline user fees (leg proposal)	.....	.....	- 4,500	- 4,500	- 4,500
Subtotal	18,691	24,371	19,371	+ 680	- 5,000
Emergency preparedness grants:					
Limitation on emergency preparedness fund	(28,318)	(28,318)	(28,318)	.....	.....
(Emergency preparedness fund)	(188)	(188)	(188)	.....	.....
Total, Pipeline and Hazardous Materials Safety Administration	79,803	85,544	80,549	+ 746	- 4,995
Research and Innovative Technology Administration					
Office of Inspector General	12,981	17,600	15,981	+ 3,000	- 1,619
Salaries and expenses	74,964	89,185	82,409	+ 7,445	- 6,776



Surface Transportation Board							
Salaries and expenses .....	29,010	31,250	29,310	+ 300	- 1,940		
Offsetting collections .....	- 1,250	- 1,250	- 1,250				
Total, Surface Transportation Board .....	27,760	30,000	28,060	+ 300	- 1,940		
Total, title I, Department of Transportation .....							
Appropriations .....	13,725,974	33,893,153	19,807,134	+ 6,081,160	- 14,086,019		
Contract authority .....	(17,611,974)	(33,950,507)	(18,046,388)	( + 434,414)	( - 15,904,119)		
Disaster relief category .....			(1,000)	( + 1,000)	( + 1,000)		
Rescissions .....			(1,900,000)	( + 1,900,000)	( + 1,900,000)		
Rescissions of contract authority .....	( - 680,000)	( - 57,354)	( - 139,254)	( + 540,746)	( - 81,900)		
(Limitations on obligations) .....	( - 3,206,000)	( - 1,000)	( - 1,000)	( + 3,205,000)	( - 1,000)		
	(54,249,241)	(94,432,248)	(54,199,416)	( - 49,825)	( - 40,232,832)		
Total budgetary resources .....	(68,714,215)	(129,064,401)	(74,745,550)	( + 6,031,335)	( - 54,318,851)		
TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Management and Administration							
Executive direction .....	26,801	30,408		- 26,801	- 30,408		
Administration, operations and management .....	523,990	530,117	549,499	+ 25,509	+ 19,382		
Subtotal .....	523,990	530,117	549,499	+ 25,509	+ 19,382		
Personnel compensation and benefits:							
Public and Indian Housing .....	188,696	189,610	201,233	+ 12,537	+ 11,623		
Community Planning and Development .....	96,795	99,815	101,076	+ 4,281	+ 1,261		
Housing .....	381,123	397,660	392,796	+ 11,673	- 4,864		
Office of the Government National Mortgage Association .....	11,073			- 11,073			
Policy Development and Research .....	19,100	21,390	23,016	+ 3,916	+ 1,626		
Fair Housing and Equal Opportunity .....	71,656	70,733	74,766	+ 3,110	+ 4,033		
Office of Healthy Homes and Lead Hazard Control .....	7,137	7,167	7,502	+ 365	+ 335		
Office of Sustainable Housing and Communities .....		3,100			- 3,100		
Subtotal .....	775,580	789,475	800,389	+ 24,809	+ 10,914		
Total, Management and Administration .....	1,326,371	1,350,000	1,349,888	+ 23,517	- 112		

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 2012—Continued  
 [In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
Public and Indian Housing					
Tenant-based rental assistance:					
Renewals .....	16,669,283	17,143,837	17,143,905	+ 474,622	+ 68
Tenant protection vouchers .....	109,780	75,000	75,000	-34,780	
Administrative fees .....	1,447,100	1,647,780	1,400,000	-47,100	-247,780
Family self-sufficiency coordinators .....	59,880	60,000	60,000	+ 120	
Veterans affairs supportive housing .....	49,900	75,000	75,000	+25,100	
Sec. 811 Mainstream voucher renewals .....	34,930	114,046	113,452	+78,522	-594
Disaster housing assistance program .....		50,000			-50,000
Homeless vouchers demonstration program .....		56,906	5,000	+ 5,000	-51,906
Subtotal (available this fiscal year) .....	18,370,873	19,222,569	18,872,357	+ 501,484	-350,212
Advance appropriations .....	3,992,000	4,000,000	4,000,000	+ 8,000	
Less appropriations from prior year advances .....	-4,000,000	-4,000,000	-4,000,000		
Total, Tenant-based rental assistance appropriated in this bill .....	18,362,873	19,222,569	18,872,357	+ 509,484	-350,212
Transforming rental assistance demonstration program .....		200,000			-200,000
Public Housing Capital Fund .....	2,040,112	2,405,345	1,875,000	-165,112	-530,345
Public Housing Operating Fund .....	4,616,748	3,961,850	3,961,850	-654,898	
Revitalization of severely distressed public housing .....	99,800			-99,800	
Choice neighborhoods .....		250,000	120,000	+ 120,000	-130,000
Native American housing block grants .....	648,700	700,000	650,000	+ 1,300	-50,000
Native Hawaiian housing block grant .....	12,974	10,000	13,000	+26	+ 3,000
Indian housing loan guarantee fund program account .....	6,986	7,000	7,000	+ 14	
(Limitation on guaranteed loans) .....	(919,000)	(428,000)	(428,000)	(-491,000)	
Native Hawaiian loan guarantee fund program account .....	1,042		386	-656	+ 386
(Limitation on guaranteed loans) .....	(41,504)		(41,504)		(+ 41,504)
Housing Certificate Fund .....					
Rescission .....			-200,000	-200,000	-200,000

Total, Public and Indian Housing .....	25,789,235	26,756,764	25,299,593	-489,642	-1,457,171
Community Planning and Development					
Housing opportunities for persons with AIDS .....	334,330	335,000	330,000	-4,330	-5,000
Community development fund: CDBG formula .....	3,336,314	3,691,368	2,851,027	-485,287	-840,341
Indian CDBG .....	64,870	65,000	60,000	-4,870	-5,000
Sustainable Communities .....	99,800	.....	90,000	-9,800	+90,000
Disaster (Disaster relief category) .....	.....	.....	400,000	+400,000	+400,000
Rural Innovation Fund .....	.....	25,000	.....	.....	-25,000
Total, Community Development Fund .....	3,500,984	3,781,368	3,401,027	-99,957	-380,341
Community development loan guarantees (Section 108): (Limitation on guaranteed loans) .....	(275,000)	(500,000)	(200,000)	(-75,000)	(-300,000)
Credit subsidy .....	5,988	.....	4,360	-1,028	+4,960
Capacity building .....	.....	50,000	.....	.....	-50,000
HOME investment partnerships program .....	1,606,780	1,650,000	1,000,000	-606,780	-650,000
Self-help and assisted homeownership opportunity program .....	81,836	.....	57,000	-24,836	+57,000
Homeless assistance grants .....	1,901,190	2,372,000	1,901,190	.....	-470,810
Total, Community Planning and Development .....	7,431,108	8,188,368	6,694,177	-736,931	-1,494,191
Housing Programs					
Project-based rental assistance:					
Renewals .....	8,932,100	9,139,672	9,129,672	+19,752	-10,000
Contract administrators .....	325,348	289,000	289,000	-36,348	.....
Subtotal (available this fiscal year) .....	9,257,448	9,428,672	9,418,672	+161,224	-10,000
Advance appropriations .....	400,000	400,000	400,000	.....	.....
Less appropriations from prior year advances .....	-392,885	-400,000	-400,000	-7,115	.....
Total, Project-based rental assistance appropriated in this bill .....	9,264,563	9,428,672	9,418,672	+154,109	-10,000
Housing for the elderly .....	399,200	757,000	369,627	-29,573	-387,373
Housing for persons with disabilities .....	149,700	196,000	150,000	+300	-46,000
Housing counseling assistance .....	.....	88,000	60,000	+60,000	-28,000
Rental housing assistance .....	39,920	15,733	1,300	-38,620	-14,433
Rent supplement (rescission) .....	-40,600	-6,600	-231,600	-191,000	-225,000
Manufactured housing fees trust fund .....	15,982	14,000	9,000	-6,982	-5,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL  
FOR FISCAL YEAR 2012—Continued  
[In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
Offsetting collections .....	-7,000	-7,000	-4,000	+3,000	+3,000
Subtotal .....	8,982	7,000	5,000	-3,982	-2,000
Total, Housing Programs .....	9,821,765	10,485,805	9,772,999	-48,766	-712,806
Appropriations .....	(9,863,365)	(10,499,405)	(10,008,599)	(+139,234)	(-490,806)
Rescissions .....	(-40,600)	(-6,600)	(-231,600)	(-191,000)	(-225,000)
Offsetting collections .....	(-7,000)	(-7,000)	(-4,000)	(+3,000)	(+3,000)
Federal Housing Administration					
FHA—Mutual mortgage insurance program account:					
(Limitation on guaranteed loans) .....	(400,000,000)	(400,000,000)	(400,000,000)		
(Limitation on direct loans) .....	(50,000)	(50,000)	(50,000)		
Offsetting receipts .....	-960,000	-4,427,000	-4,427,000	-3,467,000	
Proposed offsetting receipts (HECM) (Sec. 210) .....		-286,000	-286,000	-286,000	
Additional offsetting receipts .....	-2,076,000			+2,076,000	
Additional offsetting receipts (Sec. 145) .....	-35,000			+35,000	
Administrative contract expenses .....	206,586	230,000	206,586		-23,414
Working capital fund (transfer out) .....	(-70,652)	(-72,000)	(-70,652)		(+1,348)
FHA—General and special risk program account:					
(Limitation on guaranteed loans) .....	(20,000,000)	(25,000,000)	(25,000,000)	(+5,000,000)	
(Limitation on direct loans) .....	(20,000)	(20,000)	(20,000)		
Offsetting receipts .....	-315,000	-400,000	-400,000	-85,000	
Credit subsidy .....	8,583	8,600		-8,583	-8,600
Total, Federal Housing Administration .....	-3,170,831	-4,874,400	-4,906,414	-1,735,583	-32,014
Government National Mortgage Association (GNMA)					
Guarantees of mortgage-backed securities loan guarantee program account:					
(Limitation on guaranteed loans) .....	(500,000,000)	(500,000,000)	(500,000,000)		
Administrative expenses (legislative proposal) .....		30,000	20,000	+20,000	-10,000



COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 2011 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL  
FOR FISCAL YEAR 2012—Continued  
[In thousands of dollars]

Item	2011 appropriation	Budget estimate	Committee recommendation	Senate Committee recommendation compared with (+ or -)	
				2011 appropriation	Budget estimate
(Limitation on direct loans) .....	(70,000)	(70,000)	(70,000)	.....	.....
(Limitation on guaranteed loans) .....	(921,235,504)	(925,928,000)	(925,669,504)	(+ 4,434,000)	(- 258,496)
<b>TITLE III—OTHER INDEPENDENT AGENCIES</b>					
Access Board .....	7,285	7,400	7,400	+ 115	.....
Federal Maritime Commission .....	24,087	26,265	24,100	+ 13	- 2,165
National Transportation Safety Board salaries and National Transportation Board .....	97,854	102,400	99,275	+ 1,421	- 3,125
Amtrak Office of Inspector General .....	19,311	22,000	19,311	.....	- 2,689
Neighborhood Reinvestment Corporation .....	232,534	215,300	200,000	- 32,534	- 15,300
United States Interagency Council on Homelessness .....	2,675	3,880	3,640	+ 965	- 240
Fannie Mae/Freddie Mac (Sec. 146) .....	155,000	.....	.....	- 155,000	.....
<b>Total, title III, Other Independent Agencies .....</b>	<b>538,746</b>	<b>377,245</b>	<b>353,726</b>	<b>- 185,020</b>	<b>- 23,519</b>
<b>Grand total (net) .....</b>	<b>55,368,096</b>	<b>76,350,390</b>	<b>57,550,000</b>	<b>+ 2,181,904</b>	<b>- 18,800,390</b>
Appropriations .....	(59,024,696)	(77,779,344)	(57,932,854)	(- 1,091,842)	(- 19,846,490)
Contract authority .....	.....	.....	(1,000)	(+ 1,000)	(+ 1,000)
Disaster relief category .....	.....	.....	(2,300,000)	(+ 2,300,000)	(+ 2,300,000)
Rescissions .....	(- 720,600)	(- 63,954)	(- 570,854)	(+ 149,746)	(- 506,900)
Rescissions of contract authority .....	(- 3,206,000)	.....	(- 1,000)	(+ 3,205,000)	(- 1,000)
Rescission of prior year advance .....	.....	.....	(- 750,000)	(- 750,000)	(- 750,000)
Advance appropriations .....	(4,392,000)	(4,400,000)	(4,400,000)	(+ 8,000)	.....
Negative subsidy receipts .....	(- 4,115,000)	(- 5,758,000)	(- 5,758,000)	(- 1,643,000)	.....
Offsetting collections .....	(- 7,000)	(- 7,000)	(- 4,000)	(+ 3,000)	(+ 3,000)
(Limitation on obligations) .....	(54,249,241)	(94,432,248)	(54,199,416)	(- 49,825)	(- 40,232,832)
(By transfer) .....	(70,652)	(72,000)	(70,652)	.....	(- 1,348)

(Transfer out) .....	(-70,652)	(-72,000)	(-70,652)	.....	(+1,348)
Total budgetary resources .....	(109,617,337)	(170,782,638)	(111,749,416)	(+2,132,079)	(-59,033,222)

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