TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2014

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[The following testimonies were received by the Subcommittee on Transportation and Housing and Urban Development, and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2014 budget request for programs within the subcommittee's jurisdiction.]

LETTER FROM THE ADVOCATES FOR HIGHWAY AND AUTO SAFETY, ET AL.

JUNE 17, 2013.

Hon. PATTY MURRAY,
Chair, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Hon. SUSAN COLLINS,
Ranking Member, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Dear Madam Chairman: As families who have lost loved ones in large truck crashes, victims who have survived large truck crashes, leading national safety organizations and truck drivers, we want to express our gratitude for your leadership in holding the Appropriations Subcommittee on Transportation, Housing and Urban Development and Related Agencies hearing, "Crumbling Infrastructure: Examining the Challenges of Our Outdated and Overburdened Highways and Bridges." We respectfully request that this letter be submitted to the hearing record.

The recent collapse of the Interstate 5 bridge in your home State of Washington brought the need to address the declining condition of our Nation's infrastructure to the forefront of the debate over adequate care and investment in our roads and bridges. Initial reports from the National Transportation Safety Board (NTSB) indicate the collapse resulted from an oversized tractor-trailer striking an overhead truss structure. This catastrophe highlights a growing safety risk to the public and demonstrates the critical need for Congress to strongly resist constant efforts to allow bigger, heavier and longer trucks on our highways.

Truck crash fatalities are on the rise. In 2011, over 3,700 people were killed and 88,000 were injured on U.S. highways in large truck crashes. Additionally, in 2010, large truck crash fatalities increased by 9 percent to 3,675 deaths, despite an overall decline in motor vehicle deaths during the same year. Allowing larger, heavier trucks will further burden our bridges and roads, endanger the motoring public including truck drivers, as well as strain our wallets. The annual cost to society from crashes involving large trucks is estimated to be nearly $42 billion. This is an unnecessary and preventable loss of lives and dollars.

By overwhelming margins in public opinion polls, the American public has consistently opposed any increases in the size and weight of large trucks. A May 2013 Lake Research Partners public opinion poll reiterated this, showing that 68 percent oppose heavier trucks and 88 percent of Americans do not want to pay higher taxes for the damage caused by heavier trucks. The consistent and broad opposition to bigger, heavier trucks is based on the public's clear understanding about the safety consequences that tragically are demonstrated in preventable truck crash fatalities and injuries occurring every day on our Nation's roadways. Sharing the road with overweight and oversized trucks is dangerous to motorists involved in a crash as well as when bridges fail. In 2007 the devastating collapse of the Interstate 35 bridge in Minneapolis tragically killed 13 people and injured 145 more innocent motorists.

The well-financed lobbying efforts by special industry interests to push for bigger and heavier trucks, regardless of the human and economic consequences, are relentless as well as disingenuous. Claims that allowing increases in truck size and weight limits will lead to fewer trucks is wrong and has never occurred when Congress or States have given in to industry pressure. The catastrophic annual toll of deaths and injuries in large truck crashes and the threat to bridge and roadway safety highlighted by the recent bridge collapse in Washington State as well as the 2007 I–35 bridge collapse serve to validate concerns that the public and truck crash victims have regarding truck safety. History has demonstrated that every time truck weights increase, more trucks occupy our roads. For example, after the 1982 Surface Transportation Assistance Act (STAA) pre-empted State size and weight limits on federally funded interstate highways, and in 2010 when the Federal weight limit on Maine and Vermont interstates was increased, truck traffic grew significantly. Despite this reality, Congress will again be asked to look the other way and legislate increases in truck size and weight limits as the discussions begin on the next surface transportation reauthorization bill.

The American Society of Civil Engineers (ASCE) currently rates the Nation's bridges at a C+. Other studies have documented billions of dollars needed to address the backlog of road and bridge repairs facing our Nation. We cannot continue to wait for events like the bridge collapses in Washington and Minnesota to bring attention and action to the dire state of the Nation's infrastructure. Overweight trucks create a disproportionate level of this damage, and as axle weight rises even in small increments, the resulting damage increases disproportionately at a rapid rate. In the case of the I–35 bridge in Minnesota, a leading factor in that bridge's collapse was found to be loading. The loading which contributed to that bridge collapse resulted from a combination of construction materials and traffic, and can also result from increases in truck weights.

If truck weights are increased from 80,000 to 97,000 pounds, the overall weight on a bridge would be magnified substantially when multiple trucks are on the bridge each carrying 17,000 more pounds. Five trucks simultaneously traveling over a bridge would result in 85,000 additional pounds on the bridge. On one of our Nation's more than 70,000 structurally deficient bridges, this may potentially exceed the bridge's loading capacity. Our Nation's leaders must heed the Washington and Minnesota bridge collapses as a wakeup call and act swiftly to take the necessary legislative action to prevent further tragedies of this nature from occurring.

In the interests of public safety, the protection of our infrastructure, and the preservation of our dwindling tax revenues and our environment, it is crucial for Congress to resist attempts to ratchet up truck sizes and weights. According to the Federal Highway Administration, there are 66,749 structurally deficient bridges and 84,748 functionally obsolete bridges throughout the United States. With so many bridges requiring critical maintenance and repair, there are simply not enough resources to address even a fraction of the problem, let alone to shoulder the additional costs that bigger, heavier trucks will impose.

Thank you for your continuing leadership in addressing highway deaths and injuries. We look forward to continuing to work with you in advancing safety.

Sincerely,

Jacqueline Gillan,
President, Advocates for Highway and Auto Safety.

Fred McLuckie,
Legislative Director, International Brotherhood of Teamsters.

Daphne Izer,
Founder, Parents Against Tired Truckers, mother of Jeff Izer who was killed in a truck crash 10/10/93.

Joan Claybrook,
Co-Chair, Citizens for Reliable and Safe Highways.

John Lannen,
Executive Director, Truck Safety Coalition.

Lawrence Liberatore,
Board Member, Parents Against Tired Truckers, father of Nick

Liberatore who was killed in a truck crash 6/9/97.
Jennifer Tierney,
Board Member, Citizens for Reliable and Safe Highways, Member, Federal Motor Carrier Safety Administration's (FMCSA's) Motor Carrier Safety Advisory Committee, daughter of James Mooney who was killed in a truck crash 9/20/83.
Jane Mathis,
Board Member, Parents Against Tired Truckers, Member, FMCSA's Motor Carrier Safety Advisory Committee, mother to David Mathis and mother-in-law to Mary Kathryn who were killed in a truck crash 3/25/04.
Wanda Lindsay,
Founder, The John Lindsay Foundation, seriously injured in a truck crash 5/7/10, wife of John Lindsay who died on 5/9/10 following a truck crash.
Linda Wilburn,
Board Member, Parents Against Tired Truckers, mother of Orbie Wilburn who was killed in a truck crash 9/2/02.
Roy Crawford,
Underride Network, father of Guy "Champ" Crawford who was killed in a truck crash 1/12/94.
Tami Friedrich Trakh,
Board Member, Citizens for Reliable and Safe Highways, Member, FMCSA's Motor Carrier Safety Advisory Committee, sister to Kris Mercurio, sister-in-law to Alan Mercurio, aunt to Brandie Rooker and Anthony Mercurio who were killed in a truck crash 12/27/89.
Dawn King,
Board Member, Citizens for Reliable and Safe Highways, daughter of Bill Badger who was killed in a truck crash 12/23/04.

PREPARED STATEMENT OF THE AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

This statement focuses on the Department of Housing and Urban Development (HUD).

On behalf of the Nation's 37 Tribal Colleges and Universities (TCUs), which collectively are the American Indian Higher Education Consortium (AIHEC), thank you for the opportunity to express our views and recommendations regarding the Department of Housing and Urban Development Tribal Colleges and Universities' Program (TCUP) for fiscal year 2014.

SUMMARY OF REQUESTS

Department of Housing and Urban Development (HUD).—Beginning in fiscal year 2001, a TCU initiative had been administered by the HUD—Office of University Partnerships as part of the University Community Fund. This competitive grants program enabled TCUs to build, expand, renovate, and equip their facilities that are available to, and used by, their respective reservation communities. We strongly urge the subcommittee to reject the recommendation included in the President's fiscal year 2014 budget request and to support the goal of Executive Order 13592 to strengthen TCUs by funding the competitive HUD–TCU Program at the fiscal year

2010 level of $5.435 million. Additionally, we request that language be included to permit that a small portion of the funds appropriated may be used to provide technical assistance to institutions eligible to participate in this competitive grants program.

TCU SHOESTRING BUDGETS: "DOING SO MUCH WITH SO LITTLE"

Tribal Colleges and Universities are accredited by independent, regional accreditation agencies and like all U.S. institutions of higher education, must periodically undergo stringent performance reviews to retain their accreditation status. TCUs fulfill additional roles within their respective reservation communities functioning as community centers, libraries, tribal archives, career and business centers, economic development centers, public meeting places, and child and elder care centers. Each TCU is committed to improving the lives of its students through higher education and to moving American Indians toward self-sufficiency.

TCUs have advanced American Indian and Alaska Native (AI/AN) higher education significantly since we first began four decades ago, but many challenges remain. Tribal Colleges and Universities are perennially underfunded, and remain some of the most poorly funded institutions of higher education in the country.

The tribal governments that have chartered TCUs are not among the handful of wealthy gaming tribes located near major urban areas and regularly highlighted in the mainstream media. Rather, they are some of the poorest governments in the country and Tribal Colleges and Universities are home to some of the most disadvantaged counties in America. In fact, 7 of the Nation's 10 poorest counties are home to a TCU. The U.S. Census Bureau, American Community Survey specifies the annual per capita income of the U.S. population as $27,100. However, the annual per capita income of AI/ANs is just $13,300, about half that of the general population.

The Federal Government, despite its direct trust responsibility and treaty obligations, has never fully funded the TCUs institutional operating budgets, authorized under the Tribally Controlled Colleges and Universities Assistance Act of 1978. Currently, the administration requests and Congress appropriates over $200 million annually toward the institutional operations of Howard University (exclusive of its medical school), the only other Minority Serving Institution (MSI) that receives institutional operations funding from the Federal Government. Howard University's current Federal operating support exceeds $19,000 per student. In contrast, most TCUs are receiving $5,665 per Indian Student (ISC) under the Tribal College Act, about 70 percent of the authorized level. TCUs have proven that they need and deserve an investment equal to—at the very least—the congressionally authorized level of $8,000 per Indian student, which is only 42 percent of the Federal amount now appropriated for operating Howard University. It is important to note that although about 17 percent of the TCUs' collective enrollments are non-Indian students living in the local community, TCUs only receive Federal funding for operations based on Indian students, which are defined as members of a federally recognized tribe or a biological child of a tribal member. Please understand that we are by no means suggesting that Howard University does not need or deserve the funding it receives, only that the TCUs also need and deserve adequate institutional operations funding; however, their operating budgets remain grossly underfunded.

While TCUs do seek funding from their respective State legislatures for their students that are non-Indian State residents (sometimes referred to as "non-beneficiary" students) successes have been at best inconsistent. TCUs are accredited by the same regional agencies that accredit mainstream institutions, yet they have to continually advocate for basic operating support for their non-Indian State students within their respective State legislatures. If these non-beneficiary students attended any other public institution in the State, the State would provide that institution with ongoing funding toward its day-to-day operations. Given their locations, often hundreds of miles from another postsecondary institution, TCUs remain open to all students, Indian and non-Indian, believing that education in general, and postsecondary education in particular is the silver bullet to a better economic future for their regions.

TCUs effectively blend traditional teachings with conventional postsecondary curricula. They have developed innovative ways to address the needs of tribal populations and are overcoming long-standing barriers to success in higher education for American Indians. Since the first TCU was established on the Navajo Nation in 1968, these vital institutions have come to represent the most significant development in the history of American Indian higher education, providing access to, and promoting achievement among, students who might otherwise never have known postsecondary education success.

Inadequate funding has left many TCUs with no choice but to continue to operate under severely distressed conditions. The need for HUD–TCUP funding remains urgent for construction, renovation, improvement, and maintenance of key TCU facilities, such as basic and advanced science laboratories, computer labs, and increasingly important student housing, day care centers, and community services facilities. Although the situation has greatly improved at many TCUs in the past several years, some TCUs still operate—at least partially—in donated and temporary buildings. Few have dormitories and even fewer have student health centers. At Sitting Bull College in Fort Yates, North Dakota, competitively awarded HUD grant funds have been leveraged to expand the college's usable space from 12,000 square feet (sf) to 100,000 sf over 10 years. Additionally, HUD grant dollars have been used to address three leaking roofs that created a mold problem in the area referred to at the college as the "Hall of Buckets." HUD grant funds were also used to complete a renovation on its learning center, correcting major deficiencies, including recurring sewer and water problems, handicap accessibility issues, lack of effective safety/security measures (surveillance and alarm systems), and outdated washroom facilities.

JUSTIFICATIONS

Department of Housing and Urban Development.—Executive Order 13592 addressing American Indian education and strengthening of Tribal Colleges and Universities holds Federal agencies accountable to develop plans for integrating TCUs into their various programs. TCUs work with tribes and tribal communities to address all aspects of reservation life, including the continuum of education, housing, economic development, health promotion, law enforcement training, and crime prevention. Likewise, Federal agencies need to work with TCUs. To achieve results, Congress needs to hold the administration accountable for the strengthening of the TCUs, including their physical plants and ensuring that they are routinely included as full partners in all existing and potential Federal higher education programs. The HUD–TCU competitive grants program, administered by the Office of University Partnerships, is an excellent place to start. This competitive grants program has enabled TCUs to expand their roles and efficacy in addressing development and revitalization needs within their respective communities. No academic or student support projects have been funded through this program; rather, funding was available only for community-based outreach and service programs and community facilities at TCUs. Through this program, some TCUs have been able to build or enhance child care centers, including Head Start facilities, and social services offices; help revitalize tribal housing; establish and expand small business development; and enhance vitally needed community library services. Unfortunately, not all of the TCUs were able to benefit from this small but very important program. The program staff at the Department has no budget to provide technical assistance with regard to this program. If a small portion of the appropriated funds were to be available for program staff to conduct workshops and site visits, more of the TCUs and their respective communities could benefit from this vital opportunity. We strongly urge the subcommittee to support the HUD–TCU competitive grants program at $5,435,000, and to include language that will allow a small portion of these funds to be used to provide technical assistance to TCUs, to help ensure that much-needed community services and programs are expanded and continued in the communities served by the Nation's TCUs.

PRESIDENT'S FISCAL YEAR 2014 BUDGET

The President's fiscal year 2014 budget request does not provide funding for the University Community Fund, which housed the TCU program and other Minority-Serving Institutions programs. We respectfully request that the subcommittee reject the administration's recommendation and continue to recognize the abundant need for facilities construction and improvement funds for TCUs and appropriate funding for the Tribal Colleges and Universities Program, and the other MSI–HUD programs, namely: Historically Black Colleges and Universities; Hispanic Serving Institutions Assisting Communities; and Alaska Native and Native Hawaiian Serving Institutions Assisting Communities, to be allocated competitively within their individual programs.

CONCLUSION

We respectfully request that beginning in fiscal year 2014, Congress illustrate its support for the goals of the new executive order aimed at strengthening TCUs by restoring the HUD–TCU competitive grants program and provide for technical assistance to help these dynamic institutions improve and expand their facilities to better serve their students and communities. Thank you for your continued support of the Nation's TCUs and for your consideration of our fiscal year 2014 HUD appropriations requests.

PREPARED STATEMENT OF THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

Madam Chairman and members of the subcommittee, on behalf of the American Public Transportation Association (APTA), I thank you for this opportunity to submit written testimony on the fiscal year 2014 Transportation, Housing and Urban Development, and Related Agencies appropriations bill, as it relates to Federal investment in public transportation and high-speed and intercity passenger rail.

With the passage of a new, 2-year surface transportation authorization bill—Moving Ahead for Progress in the 21st Century Act (MAP–21)—APTA's focus shifted from reauthorization legislation to ensuring the authorized programs are adequately funded. Federal investment in infrastructure is necessary for a variety of reasons, all of which lead back to supporting the economy and domestic job creation. Funding from the Federal Government leverages State and local resources and allows local governments and transit agencies to access capital markets, providing the resources necessary to build, replace, and repair infrastructure.

Americans took 10.5 billion trips in 2012, the second highest ridership since 1957, and 154 million more trips than the prior year. This was the seventh year in a row that more than 10 billion trips were taken on public transportation systems nationwide. And these ridership levels were achieved despite the impact that Superstorm Sandy had on transit service in the Northeast. With demand for transit only growing, investments will continue to be required to get people to school, work and play, and in turn, provide jobs in construction, maintenance, and all the related industries required to support public transportation.

ABOUT APTA

APTA is a nonprofit international association of 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and State departments of transportation.

OVERVIEW OF FISCAL YEAR 2014 FUNDING REQUESTS

The Moving Ahead for Progress in the 21st Century Act (MAP–21) authorizes $10.695 billion for the Federal Transit Administration's (FTA's) programs and expenses, with $8.595 billion of that provided from the Mass Transit Account of the Highway Trust Fund—which is financed with public transportation's share of Federal motor fuel tax revenues. The remaining $2.1 billion, used to fund New Starts, Research, the Transit Cooperative Research Program (TCRP), Technical Assistance, FTA Administration, and a handful of additional programs, must be appropriated from General Fund revenues. Given the current state of infrastructure and the upward trend in demand for public transportation services, APTA urges Congress to appropriate full funding to each program as authorized under MAP–21.

Beyond FTA appropriations, we again urge Congress to appropriate funding for the Rail Safety Technology Grants program (section 105) of the Rail Safety Improvement Act (RSIA), to assist with the implementation of congressionally mandated positive train control systems. The Federal deadline for implementation of positive train control systems is rapidly approaching, and to date, Congress has not provided the necessary funding to support implementation of this important safety program for commuter railroads.

MAP–21 AND THE CONTINUING NEED FOR FEDERAL TRANSIT INVESTMENT

The new surface transportation law, MAP–21, provided a needed respite from years of authorization extensions, combined with appropriations continuing resolutions that resulted in significant funding uncertainty among transit agencies. Public transportation systems and projects require long-term funding certainty in order to plan major capital projects and procure assets such as rail cars, buses and facilities. While the 27 months of authority have helped to stabilize the situation, MAP–21 provided for only modest growth after years of essentially flat funding. The investment levels included in the bill were far from what is required to bring our systems into a state of good repair, much less to expand service to meet growing demands. In previous testimony to this subcommittee, APTA has cited U.S. Department of Transportation estimates that a one-time investment of $78 billion is needed to bring currently operating transit infrastructure up to a state of good repair, and this does not include annual costs to maintain, expand or operate the existing system. Research on transit needs shows that capital investment from all sources—Federal, State, and local—should be doubled if we are to prepare for future ridership demands. The administration's $50 billion proposal would go a long way toward accomplishing our state of good repair objectives.

In their 2013 Report Card for America's Infrastructure released recently, the American Society of Civil Engineers (ASCE) gave the U.S. public transportation infrastructure a "D" grade for the Nation's lack of investment. This grade drives home a sense of urgency for our Nation to focus on increased investment in public transportation. The rating is virtually unchanged from 4 years ago, which was the last time ASCE examined the state of America's infrastructure. The "Failure to Act" report also emphasizes that the American economy lost $90 billion in 2010 due to the lack of investment in public transportation. The report also shows that, despite ridership gains and a clear and increasing demand for public transportation service, 45 percent of Americans still lack access to public transit in their communities.

It is important to stress that the demand for public transportation and the need for Federal leadership will not diminish in the months and years ahead. Public transportation is a vital component of the Nation's total transportation infrastructure picture, and with ridership projected to grow, dependable public transportation systems will be vital to the transportation needs of millions of Americans. We must make significant, long-term investments in public transportation or we will leave Americans with limited transportation options, and in many cases, stranded without travel options. While Congress continues to consider how to proceed on a well-funded, multi-modal surface transportation bill, it remains critically important that annual appropriations bills address both current and growing needs.

FEDERAL TRANSIT ADMINISTRATION PROGRAMS

Capital Investment Grants (New Starts).—The New Starts program is the primary source of Federal investment in the construction or expansion of heavy rail, light rail, commuter rail, bus rapid transit and ferryboat projects. Across the country, demand for Federal assistance continues to outweigh currently authorized funding and resources, and New Starts funding is more important than ever with the expanded eligibility for Core Capacity projects. Unlike the core FTA formula programs, the New Starts program is funded from the General Fund, not the Mass Transit Account of the Federal Highway Trust Fund. The program as reformed by MAP–21 includes a streamlined approval process, but even with the reforms, projects will continue to face the most robust Federal review process of any Federal infrastructure investment program and authorized funding remains short of demand. APTA asks Congress to appropriate funding for the New Starts program at or above the MAP–21 authorized levels.

Transit Research/Transit Cooperative Research Program (TCRP)/Technical Assistance and Standards Development.—APTA strongly urges the committee to fully fund the Research, Development, Demonstration, and Deployment Program, the Transit Cooperative Research Program (TCRP), Technical Assistance and Standards Development, and Workforce Development at the authorized levels, or at a minimum at the requested levels in the administration's fiscal year 2014 budget.

In particular, APTA urges Congress to recognize the great value and benefits represented in the TCRP. The TCRP is an applied research program that provides solutions to practical problems faced by transit operators. Over the TCRP's 20 years of existence, it has produced more than 500 publications/products on a wide variety of issues of importance to the transit community. TCRP research has produced a variety of transit vehicle and infrastructure standards and specifications, as well as a variety of handbooks addressing many relevant subject areas of interest to the transit community. TCRP generates significant benefits and large economic returns on investment, and it does this with a budget that is 1/10,000 of the $57 billion governments spend annually on public transit services, and even an even smaller ratio when compared with the total benefits that transit service improvements provide to users, communities and the economy. TCRP costs will be repaid many times over if the program produces even small cost savings, service quality improvements, ridership gains, increases in transport system efficiency, or additional economic development.

FEDERAL RAILROAD ADMINISTRATION PROGRAMS

As Congress begins to consider reauthorizations of the Rail Safety Improvement Act (RSIA) and the Passenger Rail Investment and Improvement Act (PRIIA), there are two important programs APTA wishes to emphasize as priorities for the industry.

Positive Train Control.—A high priority for APTA within the programs of the Federal Railroad Administration (FRA) is the adequate funding for implementation of Positive Train Control (PTC) through the Railroad Safety Technology Grants Program, section 105 of RSIA. The RSIA requires that all passenger rail operators, as well as certain freight railroads, implement positive train control PTC systems by December 31, 2015. The cost of implementing PTC on public commuter railroads alone is estimated to exceed well over $2 billion, not including costs associated with acquiring the necessary radio spectrum or the subsequent software and operating expenses. APTA urges Congress to appropriate a minimum of $50 million, the annual authorization included under RSIA. APTA urges the subcommittee to direct these funds to commuter rail implementation of PTC, and to fund those systems that plan to implement before the deadline.

As the installation of PTC on nearly 4,000 locomotives and passenger cars with control cabs, and 8,000 track miles progresses, costs are beginning to mount. The total cost of implementation on commuter railroads is expected to far exceed initial estimates, with estimates doubled in some cases. Meanwhile, Congress has appropriated only $50 million of the $250 million that was authorized. A federally mandated deadline, coupled with virtually no Federal funding is forcing agencies to commit extremely limited capital budgets to implement PTC. Commuter railroads that have begun to install PTC are facing difficult choices as some will have to defer critical safety sensitive infrastructure maintenance projects to pay for PTC. As a group, these railroads have worked in good faith to comply with the act's requirements. Additional funding provided by Congress for the Railroad Safety Technology grants is fundamental to the industry's ability to implement PTC.

High-Speed and Intercity Passenger Rail Investment.—APTA strongly supports continued investment in high-speed and intercity rail projects and services. The U.S. Census Bureau estimates that the U.S. population of our Nation will grow by more than 100 million over the next 40 years. Such increases will overwhelm America's aviation, road and existing rail transportation infrastructure. To accommodate the needs of an ever-growing and highly mobile population, the United States must develop and continually expand a fully integrated multimodal high-speed and intercity passenger rail (HSIPR) system. Investing in infrastructure ensures the efficient movement of people and goods that is essential to continued economic growth and other national policy goals. High-speed intercity passenger rail would ultimately serve both densely populated mega-regions as well as rural and small urban communities which will benefit from the increased transfer points and feeder services connecting with new high-speed rail corridors.

Passenger rail projects are advancing in 32 States and the District of Columbia, with each project supporting economic growth by creating construction and manufacturing jobs for American workers and attracting small businesses and new development that will generate domestic business growth. High-speed rail will create a revitalized domestic transportation industry supplying more products and services, with more dollars retained in our economy.

CONCLUSION

We thank the subcommittee for allowing us to share APTA's views on fiscal year 2014 public transportation and high-speed and intercity rail appropriations issues. APTA looks forward to working with the subcommittee as it makes investment decisions about the public transportation programs.

PREPARED STATEMENT OF THE AMERICAN PUBLIC WORKS ASSOCIATION

Madam Chairman and members of the Senate transportation appropriations subcommittee, thank you for the opportunity to submit testimony for the hearing, Crumbling Infrastructure: Examining the Challenges of Our Outdated and Overburdened Highways and Bridges.

My name is Elizabeth Treadway, president of the American Public Works Association (APWA). I submit this statement today on behalf of our members.

The American Public Works Association is an organization whose members are dedicated to providing public works infrastructure and services to millions of people in rural and urban communities, both small and large. Working in the public interest, our 28,500 members and nearly 2,000 public agencies plan, design, build, operate and maintain our transportation, water supply, stormwater, wastewater treatment, waste and refuse disposal systems, public buildings and grounds and other structures and facilities essential to our economy and quality of life.

Local governments own about 75 percent of the nearly 4-million-mile roadway network and more than half of the Nation's bridges and manage about 90 percent of the transit systems. With nearly every trip beginning and ending on a local road, street or sidewalk, a strong local-State-Federal partnership is key to ensuring a safe, seamless and efficient multimodal transportation network.

We join others in expressing our deepest sympathy to everyone affected by the collapse of the Skagit River Bridge on May 23. We were saddened by this and offer our support to everyone working to recover and rebuild.

Like other bridges throughout the Nation, the Skagit River Bridge is a vital link in the transportation system. In the northwest, it is part of the main travel route between Seattle, Washington and Vancouver, British Columbia and averages 71,000 vehicles daily. The tragic collapse of this functionally obsolete span is a stark reminder of the aging and deteriorating condition of our Nation's public infrastructure, increasingly over-burdened by growing system demands and outdated infrastructure. It is suffering the effects of chronic underinvestment and is in critical need of funding for maintenance, repair and modernization.

The needs are clear and documented. The U.S. Department of Transportation (USDOT) reports that the Nation (all levels of government) invests roughly half of what is needed to improve the current state of our roads and bridges. Nearly one in four bridges nationwide is rated deficient and in need of repair, improvement or replacement. Of the more than 607,300 publicly owned bridges on which we depend for personal mobility and movement of freight, nearly 151,500 are rated deficient, with more than 66,740 classified as structurally deficient and more than 84,740 as functionally obsolete.[1] Neither designation indicates a bridge is unsafe, but they do indicate a need for repair, improvement or replacement. The age of the average bridge is more than 40 years.

The importance of bridges cannot be ignored. Within the State of Washington there are over 65 million bridge crossings a day with approximately 10 million of these crossings occurring on locally owned bridges. While bridges are a small part of the total road miles, they provide vital links in the transportation system, not only spanning rivers but also separating traffic at rail crossings and highway to highway crossings. However, replacement and rehabilitation of these links are of significantly higher cost on a per mile basis than other aspects of the transportation system.

We can no longer afford to ignore the underinvestment in bridge maintenance, rehabilitation and replacement. Additional traffic volumes and heavier loads are placing ever greater stress on bridges often designed for lighter loads. Underinvestment is a major contributing factor undermining efforts to adequately address the deficiencies.

At the local level in particular, local governments' ability to fund necessary bridge improvements has eroded significantly over the years. Local governments have limited financial means to adequately address bridge deficiencies and typically do not have the capacity to do major repairs or capital work on the scale of bridge replacement without funding support. Immediate action to increase investment at the national level is crucial if we are to accelerate local bridge repair and replacement programs.

The needs at the local level are especially significant. Twenty-seven percent of local bridges are structurally deficient or functionally obsolete. Of that, 15 percent are structurally deficient as compared to 7 percent of State-owned bridges. Of the almost 67,000 structurally deficient bridges in our Nation, more than half of them are the responsibility of local government.

Bridges on local roads typically were built to accommodate lower traffic volumes and smaller, lighter vehicles or are so old and deteriorated they are in urgent need of repair or replacement. In many cases, they were not designed to take the pounding current traffic volumes and loads demand. As congestion increases on the interstate system and State highways, local roads become diversion routes, supporting ever increasing levels of usage. Freight volumes, too, are increasing, adding demands on all parts of the system.

Deficient local bridges are rated, prioritized and repaired or replaced as funding is available. When funding is insufficient, deferred maintenance, increased inspections, weight limits and closures are often the only options. It is not uncommon for

[1] The Federal Highway Administration defines structurally deficient bridges as those characterized by deteriorated conditions of significant bridge elements and reduced load-carrying capacity and typically require significant maintenance and repair to remain in service. A bridge is functionally obsolete when it does not meet current design standards either because the volume of traffic carried by the bridge exceeds the level anticipated when the bridge was constructed and/or the relevant design standards have changed. Addressing functional deficiencies may require the widening or replacement of the structure.

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bridges to go years, even decades, without the appropriate action to repair or replace them, due to lack of funds. This is particularly true in more rural areas.

APWA has been and will continue to be an advocate for the development of public policies which ensure the safe and efficient management and operation of our public infrastructure. We support a determined, comprehensive national effort to increase investment to eliminate the bridge funding backlog needed to repair, rehabilitate and replace all publicly owned bridges as part of a zero bridge deficiencies goal.

Such an effort, however, should not stop there. It needs sustained and sustainable funding to ensure ongoing system preservation and maintenance at a level necessary to prevent future deficiencies of all publicly owned bridges.

MAP–21, Moving Ahead for Progress in the 21st Century, provides a short-term, 2-year investment in our transportation system. With the Highway Trust Fund on the brink of insolvency, we urge the Congress to begin work immediately on a long-term authorization that provides a sustainable revenue source to avert a looming funding shortfall that threatens not only the ability to adequately address bridge deficiencies but also the many other pressing transportation needs. The Congressional Budget Office reports that the Trust Fund will be unable to meet all of its obligations beginning in fiscal year 2015. Inaction to address this shortfall could result in Federal transportation programs being cut by about 90 percent to bring the Trust Fund into balance.

We support a well-funded, multi-year surface transportation authorization that provides an increased and sustainable funding source for road and bridge needs, strengthens local decisionmaking authority, directs more resources to local priorities and does more to streamline and accelerate the project delivery process.

In addition, we support a mix of revenue options to ensure necessary funding sustainability, including: raising and indexing the Federal motor fuel tax; exploring the transition to vehicle-mileage fees; and expanding access to innovative financing tools.

MAP–21 eliminated the Highway Bridge Program. MAP–21's National Highway Performance Program provides funding for bridges on the National Highway System (NHS). Although the Surface Transportation Program retains the 15 percent set-aside for off-system bridges (bridges not on the Federal system), we need to ensure adequate funding for local bridges on the Federal system but not on the NHS.

In conclusion, our transportation system is aging, deteriorating and suffering the effects of decades of underinvestment. The result is the unacceptably high levels of deficiencies we see today. We believe that, working together in partnership with local, State, Federal, and private sector partners, we must take immediate action to address our crumbling infrastructure. But it will take funding and leadership. Increased investment to repair or replace deficient bridges is vital to achieve a safer and more efficient transportation network.

Madam Chairman, we thank you for holding this hearing and are especially grateful to you and subcommittee members for the opportunity to submit this statement. We stand ready to assist you and the subcommittee as we move forward to address our Nation's infrastructure needs.

Prepared Statement of the American Society of Civil Engineers

The American Society of Civil Engineers (ASCE)[1] is pleased to present to the subcommittee our views on the state of the Nation's infrastructure, as well as the challenges ahead and investments needed.

ASCE was relieved that there were no fatalities or serious injuries due to the I–5 bridge collapse. While we await to hear from the National Surface Transportation Safety Board as to the cause of the collapse, there are reports that an oversized vehicle may have played a significant role in the incident. What we do know is that the bridge is one of 84,748 functionally obsolete bridges in this country and served as a critical link to our economy and trade. Therefore, the ripple effect of the bridge collapse will have significant economic repercussions. In fact, the Director of the Washington State Department of Commerce said that the I–5 bridge collapse could cost the State of Washington at least $47 million in lost economic output, as well as lost jobs and tax revenues.

[1] ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 146,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a nonprofit educational and professional society organized under part 1.50(c)(3) of the Internal Revenue Code.

2013 REPORT CARD FOR AMERICA'S INFRASTRUCTURE

ASCE's 2013 Report Card for America's Infrastructure graded the Nation's infrastructure a "D+" based on 16 categories and found that the Nation needs to invest approximately $3.6 trillion by 2020 to maintain the national infrastructure in good condition. The following are the grades and the investment needs by 2020 for the surface transportation area:

—Bridges received a grade of C+;
—Transit received a D;
—Roads received a grade of D, and combined with bridges, and transit, have an estimated investment need of $1.7 trillion; and
—Rail received a grade of C+ and has an estimated investment need of $100 billion.

While taken for granted by most Americans, our infrastructure is the foundation on which the national economy depends. As the economy grows, these infrastructure assets must be maintained and improved accordingly. While the interstate highway system is a shining example of a focused national vision for the Nation's infrastructure, an ever expanding population and a growing economy requires these aging infrastructure systems to keep pace. Deteriorating and aging infrastructure is not only an inconvenience, it financially impacts our families, local communities, and our entire country.

In an effort to see how significant investments are to the Nation's infrastructure, ASCE released a series of economic studies that answer a critical question—what does a "D+" mean for America's economy and what is the return on investment we can expect to see. The Failure to Act studies compare current and projected needs for infrastructure investment against the current funding trends in surface transportation (highways, bridges, rail, transit); water and wastewater; electricity; and airport and waterborne transportation. The series concluded with a final report, Failure to Act: The Impact of Current Infrastructure Investment on America's Economic Future, which found improving the condition of our Nation's aging roads, bridges, power lines, sewer systems, ports and waterways is critical to protecting 3.5 million jobs.

The final summary report found that between now and 2020, investment needs across key infrastructure sectors total $2.75 trillion, while projected expenditures are about $1.66 trillion, leaving a total investment gap of $1.1 trillion. This gap leads to consequences like congestion, water main breaks, and blackouts and brownouts that cost households and businesses money, creating a drag on our economy. However, with an additional investment of $157 billion a year between now and 2020, the U.S. can eliminate this drag on economic growth and protect:

—$3.1 trillion in GDP;
—$1.1 trillion in U.S. trade value;
—3.5 million jobs;
—$2.4 trillion in consumer spending; and
—$3,100 in annual household income.

In order to avoid the severe economic impacts that would be caused by failing to invest in our infrastructure at home, the Federal Government is allowing other countries to make up where the United States is failing. It is long established that money invested in essential public works can create jobs, provide for economic growth, and ensure public safety through a modern, well-engineered national infrastructure. By improving the Nation's deteriorating infrastructure system both economic and job creation opportunities will be provided, while creating a multi-modal transportation system for the 21st century.

HIGHWAY AND BRIDGE CONDITIONS

The health of our Nation's highways and bridges serves as a critical link moving people and goods throughout the country, therefore they are directly tied to the Nation's ability to compete in a global marketplace. For this reason, it is of growing concern that the bridges in our Nation's metropolitan areas, which are an indispensable link for both millions of commuters and freight on a daily basis, are decaying. Meanwhile, 42 percent of America's major urban highways remain congested, costing the economy an estimated $101 billion in wasted time and fuel annually.

Over 200 million trips are taken daily across deficient bridges in the Nation's 102 largest metropolitan regions. In total, one in nine of the Nation's bridges are rated as structurally deficient, while the average age of the Nation's 607,380 bridges is currently 42 years. Overall, we are seeing a decline in the number of deficient bridges; however, current funding levels are still not enough to fulfill all of the repair and replacement needs.

The I–5 bridge over the Skagit River in Washington was not structurally deficient; however, the bridge was 58 years old and classified as functionally obsolete. A functionally obsolete bridge no longer meets the current engineering and design standards that are used today, with examples being narrow lanes or low load-carrying capacity. While functionally obsolete bridges might not pose the same risks as structurally deficient bridges, which require significant rehabilitation or replacement due to deterioration, they still demand consideration, maintenance, and proper postings. Therefore, even though we are seeing a slow, but steady decline in the overall number of deficient bridges, nationally we still have significant work to do. Nationally, we must focus not just the number of structurally deficient bridges, but functionally obsolete bridges as well.

Turning to our Nation's roads, 32 percent of America's major roads are in poor or mediocre condition. While the Nation has seen some improvements in pavement conditions due to a short surge of investment from the American Recovery and Reinvestment Act, these were not sustained, long-term investments. Of added concern are the vehicular restrictions for some roadways due to poor pavement, which can create longer routings for trucks in cases where detours are required. Deficient pavements are more common in urban versus rural areas, with 47 percent of urban interstate vehicle miles traveled (VMT) over deficient pavements compared to 15 percent of rural interstates. The ultimate cost of poor road conditions is significantly more over time than the cost to maintain those same roads in good condition. For example, after 25 years the cost per lane mile for reconstruction can be more than three times the cost of preservation treatments over the same time period, which can lead to a longer overall life span for the infrastructure.

HIGHWAY AND BRIDGE INVESTMENT NEEDS

Federal, State, and local highway and bridge investments are not keeping pace with the growing costs of the aging infrastructure.

Estimates state that to maintain all of the Nation's highways at their current condition would cost $101 billion in annual capital investment between 2008 and 2028. In order to improve the Nation's highways, investment would need to rise to $170 billion annually, or an additional $79 billion annually from current investments, during that same time period. This investment would bring the number of Federal-aid highway vehicle miles traveled on pavements with a good ride quality up from 46 percent in 2008 to 74 percent by 2028. Unfortunately, Federal, State, and local governments are only spending $91 billion annually on capital investments, meaning that each year our roads deteriorate further. If present trends continue, the unfunded gap in highway funding, which is 48 percent of the total need in 2010, is expected to increase to 54 percent by 2040.

When zeroing in on just the Nation's bridges, the Federal Highway Administration (FHWA) estimates that the current cost to repair or replace only the deficient bridges eligible under the Federal Highway Bridge Program is almost $76 billion. This total is up from 2009, when FHWA estimated that the total cost was $71 billion. If bridge maintenance continues to be deferred over the next 25 years, these backlog costs will rise. To put these numbers in perspective, over the last 30 years Congress has provided approximately $77 billion to the States through the Federal-aid bridge program. The Federal Highway Administration estimates that to eliminate the bridge backlog by 2028, the Nation would need to invest $20.5 billion annually; however, at this time only $12.8 billion is being spent annually on the Nation's bridges.

HIGHWAY TRUST FUND

With the current surface transportation authorization (MAP–21) expiring next September, Congress will soon need to begin discussions on how to fund a new multi–year surface transportation authorization and more importantly how to make the Highway Trust Fund sustainable as a long–term revenue source. Therefore, due to the Nation's growing surface transportation needs, Congress must first appropriate the funding levels that were authorized under MAP–21, while also tackling a way to provide a long-term, reliable, and sustainable approach toward fixing the Highway Trust Fund.

A key reason for the current decline in transportation spending is the fact that Federal revenues supporting the Highway Trust Fund have not been adjusted since 1993; however demands on the system have grown. As a result, current levels of highway and public transportation investment cannot be maintained solely with trust fund resources and Congress has had to rely on the General Fund to shore up resources.

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Currently, the Highway Trust Fund is allocating more than the revenues it receives, with the trust fund allocating $15 billion more in 2012 alone. The Congressional Budget Office (CBO) recently projected that to prevent a massive shortfall for highway and transit spending in 2015, Congress will need to severely cut highway spending, transfer $14 billion to the Highway Trust Fund from the General Fund, raise the Federal gas tax by about 10 cents per gallon, or implement some combination of the three. The current solution provided by the Obama administration is to once again transfer funds from the General Fund, which is not a long-term solution for funding highway and transit programs.

ASCE RECOMMENDATIONS

While additional funding is critical to improving the Nation's highways and bridges, it is not the only solution. ASCE recommends the following solutions in order to begin bring the Nation's roads and bridges into a state of good repair:

—Ensure the sustained sufficiency and reliability of the Highway Trust Fund by identifying and incorporating necessary additional revenue streams.
—Encourage the use of asset management programs to provide for the most efficient use of maintenance and repair investment.
—Make the repair of structurally deficient urban bridges a top national priority through the implementation of a risk-based prioritization model.
—Increase annual investment levels for bridge repair, reconstruction, and renovation by approximately $8 billion annually from all levels of government, to a total annual funding level of $20.5 billion.
—Develop a national strategic plan for addressing the Nation's structurally deficient and functionally obsolete bridges in the upcoming decades, including long-term transportation research in order to develop more resilient bridges.
—Set a national goal to decrease the number of just structurally deficient bridges to 8 percent by 2020 and decrease the percentage of the population driving over all deficient bridges by 75 percent by 2020.

CONCLUSION

Continuing to maintain baseline levels of investment for the Nation's roads and bridges only allows us to maintain the inadequate conditions that our current surface transportation systems are under. Without developing a long-term, reliable user fee approach for the Highway Trust Fund, surface transportation programs will continue to live under a cloud of uncertainty for the years to come and necessary improvements cannot be full addressed. A transportation system cannot run properly when it must rely on transfers from the General Fund in order to remain solvent. Congress must take the lead in addressing this problem to ensure continuity in the Nation's surface transportation program. In the short term, ASCE is pleased to see that Congress is fully appropriating the funding levels that have been authorized by MAP–21 and that Senators continue to push the need to upgrade the Nation's aging infrastructure. However, making a strong commitment to the Nation's surface transportation system without the proper funding does not solve our long term infrastructure needs.

The longer Congress waits to properly fund surface transportation programs, the greater the problem will become. Inaction will lead to a further deterioration of the Nation's surface transportation assets, a continuation of high levels of traffic fatalities and more wasted time and fuel due to increased congestion creating a further drag on the economy. Therefore, ASCE stands ready to work with Congress as it works to fund our Nation's vital transportation assets.

PREPARED STATEMENT OF THE CALIFORNIA ASSOCIATION OF HOUSING AUTHORITIES

Thank you for the opportunity to present written testimony regarding the fiscal year 2014 Department of Housing and Urban Development (HUD) budget. The California Association of Housing Authorities (CAHA) represents the 113 housing authorities in the State of California. Together, we administer approximately 320,000 section 8 housing choice vouchers for the elderly, disabled, and families with children; partner with the Veterans Administration to provide housing vouchers for 8,100 homeless veterans; and own approximately 39,100 public housing units. In addition, we provide housing and supportive services to thousands of very low income households under an array of other HUD and non-HUD programs, including the Low Income Housing Tax Credit. Our testimony pertains to the Housing Choice Voucher (HCV) Program and the Public Housing Program.

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Housing Choice Voucher Program.—The fiscal year 2013 budget funded us at a 92.5 percent proration for the HCV Program. This is the lowest level in the 38-year life of the HCV Program. As a result, housing authorities are drafting procedures to terminate existing tenants from the HCV Program and HUD has estimated that 125,000 families nationwide could lose their housing assistance, some 15,700 in California. These are families who have already signed leases with their landlords—landlords who, likewise, are dependent on the HCV Program subsidy payments to make their mortgage payments. The mission of housing authorities is to house people, not terminate their assistance resulting in homelessness. We understand that increasing funding for the HCV Program to serve all potentially eligible families is not possible in these economic times. However, we ask that you provide sufficient funding in the fiscal year 2014 budget to renew assistance to all current participants so that no family loses its housing.

HCV Program Administrative Fees.—Housing authorities are paid according to a formula to administer the HCV Program. The fiscal year 2013 budget funded us at a 69 percent proration which, like the HCV rental subsidy, is the lowest in the 38-year history of the Program's operation. While some may say that 100 percent of the formula is too rich CAHA believes that no one can argue that 69 percent is sufficient.

The HCV Program Administrative Fee proration has been steadily decreasing over the last 5 years as follows: 2009—88 percent; 2010—93 percent; 2011—85 percent; 2012—80 percent and 2013—69 percent. To manage, housing authorities are doing lay-offs, mandating furloughs, cutting salaries and benefits and reducing office hours. According to the National Association of Housing and Redevelopment Officials (NAHRO), since fiscal year 2003, the last time housing authorities received 100 percent of their Administrative Fee, 213 housing authorities have "handed back" their HCV Program to HUD or transferred it to another housing authority.

CAHA believes that it takes people to help people. Housing authority staff determine family eligibility and rent annually, maintain the waiting list, inspect every unit every year per HUD's Housing Quality Standards, outreach to landlords, conduct criminal background checks, maintain program integrity and prevent fraud, and counsel families to find appropriate housing. These activities are labor intensive, particularly as the regulatory requirements are overly burdensome and far in excess of what would be required to administer a sound, integrity-based HCV Program. In addition to restoration of the Administrative Fee funding to a 90 percent proration, CAHA respectfully asks that you include five regulatory relief measures in your deliberations:

1. Biennial Inspections.—The HCV Program requires annual inspections of all subsidized units. Moving to a biennial schedule would reduce inspection work by 50 percent. Most Moving to Work (MTW) agencies have already successfully adopted initiatives that reduce unit inspections to a biennial schedule with special monitoring/sanctions for units that fail to meet standards.

2. Biennial or Triennial Income Recertifications for Fixed Income Households.—The HCV Program requires annual recertification of all participating households. However, approximately 50 percent of section 8 households are elderly and/or disabled and typically have fixed incomes. Most MTW agencies have already successfully adopted initiatives that permit biennial or triennial recertifications for fixed income households.

3. Adoption of a National Waiver for Reduction of Payment Standards.—The HCV Program requires subsidy levels, called "payment standards," pegged to 90–110 percent of local fair market rents (FMRs). When funding is insufficient, regulations permit housing authorities to apply to HUD for a waiver to reduce the payment standard below 90 percent. Each request is handled individually by HUD and takes a remarkable amount of time and resources to process. During this section 8 funding crisis, CAHA requests that HUD process a nationwide waiver for payment standards as low as 80 percent for housing authorities with insufficient section 8 funding from HUD to meet the subsidy requirements of their outstanding vouchers.

4. Reduced Payment Standard Waiver Implementable Immediately.—Per HUD regulations, the waiver permitting a reduction in payment standards cited in No. 3 above may only be implemented over the course of 1–2 years. CAHA requests that the proposed nationwide waiver be implementable on an immediate basis.

5. Treasury Offset Program.—The Treasury Offset Program is a centralized offset program, administered by the Financial Management Service's Debt Management Services, to collect delinquent debts owed to Federal agencies and States, typically through Internal Revenue Service (IRS) refunds offset of another U.S. Government-issued payment. Authorization for housing authorities to participate in the program would assist in the collection of debts owed by current or former HCV Program and Public Housing Program participants. Amounts recovered would become available for current program expenses. The State of California Employment Development Department (EDD) already permits this activity at the State level.

Public Housing.—The Public Housing Operating Fund is supposed to cover the difference between the rent paid by public housing residents and the housing authorities' cost to manage the housing. The Operating Fund was structured based on a cost study of well-managed multifamily housing done by Harvard University. Despite the study, however, over the last 10 years (except for American Recovery and Reinvestment Act of 2009 (ARRA) funds provided in 2010) the Operating Fund has not been funded at 100 percent of the formula and in fiscal year 2013 was at only 82 percent.

The President's fiscal year 2014 budget requests $4.6 billion for the Operating Fund. According to HUD, this figure represents 90 percent of estimated eligibility under the Operating Fund formula. CAHA respectfully asks that the subcommittee appropriate operating funds at the 90 percent proration level at a minimum; full funding would be at $5.17 billion.

The President's fiscal year 2014 budget also requests $2 billion for the Public Housing Capital Fund, which housing authorities use to make major capital improvements to their public housing. For fiscal year 2013, the Capital Fund received only $1.789 billion after accounting for the impact of sequestration, the lowest level in the history of the Public Housing Program. The President's budget anticipates that, after set-asides, approximately $1.95 billion would be applied toward formula Capital Fund grants for fiscal year 2014. This request continues to fall far short of the $3.4 billion in annually accruing capital needs estimated by the 2010 Abt Associates' Capital Needs Assessment study commissioned by HUD. No funding to build additional, new public housing has been provided in years, so it is critical to preserve and sustain the public housing that exists. CAHA respectfully asks that the subcommittee appropriate $3 billion for the Capital Fund.

CAHA understands well our Nation's budget issues and is poised to do its part. Other than full funding to protect all tenants currently receiving HCV Program assistance, all of our funding requests are for less than the formula amounts. The 5 percent cut imposed by sequestration does not necessarily sound unreasonable—but it is not just a 5 percent cut. It is 5 percent cut from the lowest amount historically appropriated for our housing programs and will have significant impacts on some of our country's poorest citizens.

Thank you for considering our requests.

Prepared Statement of the Coalition of Northeastern Governors

The Coalition of Northeastern Governors (CONEG) is pleased to share with the subcommittee on Transportation, Housing and Urban Development, and Related Agencies this testimony for the record on fiscal year 2014 appropriations for surface transportation, rail, and community development programs. The CONEG Governors deeply appreciate the subcommittee's longstanding support of funding for these programs. Federal support is vital to maintaining the national transportation system, enhancing its capacity to meet enormous and diverse needs, and contributing to a balanced, integrated national transportation system that supports the Nation's current and future economic growth. As the Nation's population grows and the economy recovers, these needs confront all of us—Federal, State and local governments and the private sector.

The Governors recognize that the subcommittee, in crafting the fiscal year 2014 appropriations measure, faces a very difficult set of choices in an environment of severe fiscal constraints. Funding the Nation's surface transportation programs in fiscal year 2013 at the funding levels authorized in the Moving Ahead for Progress in the 21st Century Act (MAP–21) (Public Law 112–141) was a significant accomplishment. They thank the subcommittee for its support and urge you to continue this strong Federal/State partnership so vital for a national, integrated, multi-modal transportation system. This system underpins the competitiveness of the Nation's economy; broadens employment opportunities; and contributes to the efficient, safe, environmentally sound, and energy efficient movement of people and goods.

SURFACE TRANSPORTATION

The CONEG Governors urge the subcommittee to fund the highway obligation ceiling at the authorized levels, adequately fund safety and innovative financing programs, and maintain at least the fiscal year 2013 levels for public transit programs. These levels of Federal investment are the minimum needed to slow the decline in infrastructure conditions and maintain the safety of the Nation's highways, bridges, and transit systems.

Continued and substantial Federal investment in these infrastructure improvements—in urban, suburban, exurban, and rural areas—is necessary to safely and efficiently move people and products and to support the substantial growth in freight movement projected in the coming decades. The Federal Government has invested significant resources in the Nation's transportation systems, and it has a continuing responsibility to maintain and enhance the capacity of the Nation's transportation infrastructure to keep America competitive in a global economy.

Specifically, the CONEG Governors urge the subcommittee to:

—Fund the highway obligation ceiling at the authorized levels;

—Fund public transit programs at no less than the authorized levels, with full funding for the current transit formula grants and capital investment grants, preserving the historic funding balance between these programs;

—Ensure that Federal transit funds are released to States and designated recipients in a timely manner; and

—Expand the use of innovative financing and public-private partnerships to supplement direct Federal funding, including Federal loan guarantees and credit assistance, such as the Transportation Infrastructure Finance and Innovation Act program (TIFIA).

RAIL

The Governors deeply appreciate the subcommittee's continued support for Amtrak and the funding in prior years for intercity passenger rail capital assistance. Recognizing that Congress will undertake a new authorization of the rail program to follow the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) (Public Law 110–432), they urge the subcommittee to provide fiscal year 2014 funding for intercity passenger rail capital assistance. Significant funding for intercity passenger rail, in addition to the Amtrak funding, will allow efficient intercity passenger rail corridors to be developed as part of a national, multi-modal transportation system. In the Northeast, continued, adequate Federal investment is critical to bring the current system to a state of good repair; help expand its capacity to meet the growing ridership; provide improved service to communities; attract State, local and private sector investments in the intercity passenger rail system; and develop a coordinated, comprehensive vision and plan for future services. These investments are essential for the accessible, reliable, frequent and on-time service that attracts and retains ridership and grows revenues.

The Northeast has one of the oldest and most extensive multi-modal transportation systems in the world. This system faces major congestion and capacity constraints which, if not addressed, have the potential to curtail future commerce and mobility in a region that is densely populated and serves as an economic engine for the Nation. To begin to address these capacity constraints, the Northeast States have already invested significantly in the passenger rail corridors of the region—the Northeast Corridor (NEC), the Empire Corridor, the Northern New England Corridor, and the Keystone Corridor. They have leveraged Federal funds appropriated for intercity passenger rail projects eligible under the framework created by PRIIA. The intense efforts of the States, Amtrak and freight railroads in recent years are now showing positive results in the Nation's busiest rail corridor. However, continued significant investments in this corridor network are needed to meet the growing intercity passenger travel market. The joint planning and funding initiatives over the past years are part of an on-going coordinated effort to improve service by reducing travel times, increasing speed, increasing service reliability and on-time performance, and eliminating choke points; while improving infrastructure through station upgrades, replacing aging bridges and electrical systems, installing track and ties, replacing catenary wires, and purchasing new locomotives. Among the active collaborative projects that are employing thousands of workers using American-made supplies are the following:

—Maine's Northern New England Passenger Rail Authority (NNEPRA) is managing a project to add double track and replace rail in Massachusetts on the portion of the Downeaster line owned by the Massachusetts Bay Transportation Authority (MBTA). These improvements will enhance Downeaster reliability/on-time performance and set the stage for more Downeaster frequencies. NNEPRA received a Federal Railroad Administration (FRA) grant and the MBTA provided a match.

—The Delaware Department of Transportation, the University of Delaware, and the City of Newark are designing and building a regional transportation center, on former industrial property acquired by the University of Delaware, to serve Amtrak, Southeastern Pennsylvania Transportation Authority, and Delaware public transit. Preliminary engineering is anticipated for the summer of 2013.

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—In Massachusetts, work currently is underway to re-route Amtrak's Vermonter will expand service to new communities, connecting Vermont, western Massachusetts and central Connecticut to the Northeast Corridor and Washington, DC. Upgrades to this "Massachusetts Knowledge Corridor" include installing 50 miles of new rail (made in Steelton, Pennsylvania) and replacing approximately 75,000 ties. This project builds upon work completed in Vermont that has reduced travel time by almost 1 half-hour.

Amtrak.—The Amtrak fiscal year 2014 budget request contains specific funding levels provided for operations, capital and debt service. These funding levels will enable Amtrak to continue a balanced program of adequate, sustained capital investment in infrastructure and fleet modernization programs that are vital for an efficient intercity passenger rail system that can meet the rising demand for reliable, safe, quality services.

The Amtrak capital request encompasses investments urgently needed to maintain the Northeast Corridor and other Amtrak-owned or maintained infrastructure and equipment; advance the Gateway Program to expand track, tunnel and station capacity between Newark, New Jersey, and New York Penn Station; acquire new equipment; and improve accessibility for passengers with disabilities.

The Governors also strongly urge the subcommittee to provide Amtrak the requested levels of funding that will allow improved intercity service on the NEC—the backbone of a passenger rail network that connects the entire Northeast and extends rail service to communities in the South, West, and Canada. These projects are initial steps required to address the backlog of deferred investments, and to make investments in near-term improvements in track, bridges, tunnels, and equipment that will increase the capacity of the NEC to offer more reliable and frequent intercity service that can deliver more riders to their destination in less travel time. Improvements on the NEC can also help address the congested highway corridors and crowded Northeast airports that are a major source of travel delays nationwide.

Intercity Passenger Rail Corridors.—To advance the initial investments made by the Federal Government and the States, the Governors urge the subcommittee in fiscal year 2014 to fund a competitive Intercity Passenger Rail Corridor Capital Assistance Program, and to provide provisions that fund the planning activities for the development of passenger rail corridors, including multi-state corridors. The multi-state planning funds are the source of the monies that support the continuation of the work being led by the FRA, working cooperatively with the Northeast States, to develop an updated service development plan and environmental analysis that reflect the current and projected demand for passenger rail service on the NEC. A funding level of $25 million is needed in fiscal year 2014 for the completion of these analyses which are required for any future major improvements for higher-speed intercity passenger rail service on the NEC.

Since these corridors serve diverse travel markets, the Governors urge that these grant funds be available to States to advance plans for reliable, travel-time competitive service, regardless of maximum speed requirements. In light of the stringent FRA requirements for intercity passenger rail grants, they request the subcommittee waive the current statutory requirement that projects be part of an approved State rail plan, since this requirement might curtail thoughtful and well-advanced efforts already underway by the States.

Northeast Corridor Infrastructure and Operations Advisory Commission.—The Governors thank the subcommittee for providing funding for the Northeast Corridor Infrastructure and Operations Advisory Commission (Commission). Consistent with its responsibilities defined under PRIIA, the Commission is working actively to facilitate mutual cooperation and planning among the States, Amtrak, freight railroads, and the FRA for intercity, commuter and freight use of the Corridor—and to also maximize the economic growth and the energy and environmental benefits of the larger regional NEC network.

The Commission has extensive responsibilities to set corridor-wide policy goals and recommendations that encompass passenger rail mobility, intermodal connections to highways and airports, reduced energy consumption, air quality improvements, and local and regional economic development of the entire Northeast region. It is also tasked with developing a standardized formula to determine and allocate the costs, revenues and contributions among NEC commuter railroads and Amtrak which use each other's facilities and services. The Commission's work will also guide the vision and service development plans that are a pre-requisite to fund projects that can improve the capacity of the NEC. To conduct the assessments required by Congress in a timely manner, the Commission needs resources, data and expert analysis that exceed that which is currently available through the staff of the States, Amtrak and FRA. Continued funding in fiscal year 2014 will ensure the

Commission's ability to secure all essential resources for conducting these assessments.

Other Programs.—A number of other national rail and intermodal programs are important components of the evolving Federal-State-private sector partnerships to enhance passenger and freight rail across the country.

The Railroad Rehabilitation and Improvement Financing Program (RRIF) can be an important tool for railroads (particularly regional and short-line railroads) and public agencies to access the financing needed for critical infrastructure and intermodal projects. The Governors also encourage the subcommittee to provide funding for the Rail Line Relocation program, the Next Generation Corridor Train Equipment Pool, and critical rail safety programs.

The Governors support the continuation of the Transportation Investment Generating Economic Recovery, or TIGER Discretionary Grant program, at $500 million to encourage investment in multi-modal, multi-jurisdictional or other road, rail, transit and port projects that help achieve critical national objectives.

Adequate funding is needed for the Surface Transportation Board to carry out its expanded responsibilities for intercity passenger rail corridor service, including its specific responsibilities under PRIIA regarding equitable cost-sharing formulas among States, Amtrak and commuter railroads.

COMMUNITY DEVELOPMENT BLOCK GRANT

The CONEG Governors urge the subcommittee to provide $3.3 billion in formula funding for the Community Development Block Grant (CDBG) program. This program, which enables States to invest in improved local infrastructure, rehabilitated affordable housing, and local economic development and jobs, has a proven track record of contributing to neighborhood and community redevelopment and improvement nationwide. Every $1 invested in CDBG leverages an additional $3.55 in non-CDBG funding.

CONCLUSION

In conclusion, the CONEG Governors urge the subcommittee to:

—Fund the highway obligation ceiling at the authorized levels;

—Expand the TIFIA program;

—Fund Federal public transit programs at the authorized levels, with full funding for the transit formula grants and capital investment grant programs, and preserving the historic funding balance between these programs;

—Fund Amtrak at levels that will support sound operations and a balanced capital investment program, including the NEC capacity improvements;

—Maintain provisions to fund the Northeast Corridor Infrastructure and Operations Advisory Commission;

—Provide funding for the Intercity Passenger Rail Service Corridor Assistance Program for corridor planning and capital investment, including provisions for multi-state corridor planning;

—Provide funding for such national rail programs as the Next Generation Corridor Train Equipment Pool, the Rail Line Relocation program and the RRIF program;

—Provide $500 million for the TIGER program;

—Provide adequate funding for the Surface Transportation Board; and

—Provide formula funding for the Community Development Block Grant at the $3.3 billion level.

The CONEG Governors thank the entire subcommittee for the opportunity to share these priorities and appreciate your consideration of these requests.

PREPARED STATEMENT OF EASTER SEALS

Thank you for this opportunity to submit testimony on behalf of Easter Seals about two collaborative partnerships we administer with the Federal Transit Administration. We appreciate the strong support of the subcommittee over the years and look forward to continuing to work to increase the mobility of people with disabilities and older adults.

Easter Seals respectfully requests that the subcommittee include report language in the fiscal year 2014 transportation appropriations bill providing no less than $3 million for Project ACTION and no less than $1 million for the National Center on Senior Transportation within the Standards Setting and Technical Assistance account at the Federal Transit Administration.

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ABOUT PROJECT ACTION

People with disabilities rely on public transportation to travel to work and to access services, supports and entertainment in their communities. Recognizing the need to improve access to public transportation for people with disabilities, Congress in 1988 established a national technical assistance center called Project ACTION to partner with transportation providers, the disability community and others to promote universal access to transportation for people with disabilities. Congress recently reauthorized Project ACTION through the Moving Ahead for Progress in the 21st Century Act (MAP–21). Project ACTION is funded by the U.S. Department of Transportation's Federal Transit Administration (FTA) out of the standards development and technical assistance account. Easter Seals, Inc. won the competitive bid to manage Project ACTION for FTA.

COLLABORATING WITH PUBLIC TRANSIT OPERATORS TO INCREASE ACCESSIBILITY AND IMPROVE SERVICES

Project ACTION is the preeminent resource in the country for helping increase the mobility of people with disabilities. The project does an exemplary job of gathering and sharing best practices; providing technical assistance and training; facilitating strategic partnerships and community engagement to support the development and coordination of transportation options; developing and disseminating information, including the use of web-based and social media vehicles; and administering demonstration grants.

Project ACTION's accomplishments include:

—Creating a strong collaborative environment between the disability and transit community;

—Creating hundreds of useful guides, resources, tools and other resources on critical issues affecting mobility for people with disabilities and older adults that are available to transit providers, disabilities and the general public for free;

—Providing direct technical assistance to transit providers, people with disabilities and others through in-person, phone, online and other consultation;

—Creating and delivering direct training on critical mobility issues affecting people with disabilities, transit providers and community planners; and

—Working with communities to help them plan and implement strategies to increase mobility.

EASTER SEALS PROJECT ACTION APPROPRIATIONS PRIORITIES

Easter Seals urges Congress to support the mobility needs of people with disabilities and older adults (through the National Center on Senior Transportation) to address significant unmet needs, such as addressing the coming increase in the need for accessible transportation options as baby boomers age and integrating transportation technology advances to increase transportation mobility and access.

ABOUT THE NATIONAL CENTER ON SENIOR TRANSPORTATION

Older adults rely on public transportation to travel to work and to access services, supports and entertainment in their communities. Recognizing the need to improve access to public transportation for older adults, Congress authorized the National Center on Senior Transportation (NCST) in 2005 as part of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA–LU). Congress reauthorized the program in 2012 as part of the Moving Ahead for Progress in the 21st Century Act (MAP–21) in the standards development and technical assistance account.

With funding from the U.S. Department of Transportation, Federal Transit Administration, NCST was launched in 2006 and has been administered by Easter Seals, Inc. in partnership with the National Association of Area Agencies on Aging (n4a) ever since. In April 2012, the Federal Transit Administration once again selected Easter Seals, Inc. and n4a to administer. From the Center's inception, a national steering committee of experts in senior transportation issues has advised NCST on issues in aging and transportation and ways to achieve NCST's goals.

COLLABORATING WITH COMMUNITIES TO INCREASE INDEPENDENCE AND IMPROVE SERVICES

The National Center on Senior Transportation's mission is to increase transportation options for older adults and enhance their ability to live more independently within their communities throughout the United States. NCST achieves this mission by gathering and sharing best practices; providing technical assistance and training; facilitating strategic partnerships and community engagement to support the development and coordination of senior transportation options; developing and disseminating information; and administering demonstration grants.

The Center has a strong commitment to promoting innovations at the community level and has provided funding and technical assistance to support a number of specific projects across the United States. Working with individual communities, the NCST identifies effective and creative approaches for addressing the challenges that impact transportation services for older Americans. The NCST strives to bring together the aging, human service, and transportation providers to create solutions. Our work supports the full "family" of older adult transportation services, including programs using volunteers both to driver and to accompany older adults to their destinations, travel training and orientation promoting increased use of public transit, older driver safety, education for caregivers, coordinated planning efforts and much more.

NATIONAL CENTER ON SENIOR TRANSPORTATION APPROPRIATIONS PRIORITIES

Easter Seals urges Congress to support the mobility needs of older adults and people with disabilities (through Easter Seals Project ACTION) to address significant unmet needs, such as addressing the coming increase in need for accessible transportation options as baby boomers age and integrating transportation technology advances to increase transportation mobility and access.

Prepared Statement of Habitat for Humanity International

Thank you for the opportunity to provide testimony in support of the Self-Help and Assisted Homeownership Opportunity Program (SHAHOP) account, which funds the Self-Help Homeownership Opportunity Program (SHOP), the Section 4 Capacity Building for Community Development and Affordable Housing Program (Section 4), and the Department of Housing and Urban Development's (HUD's) rural capacity building program. Habitat for Humanity International (Habitat) urges the subcommittee to appropriate $60 million for the SHAHOP account for fiscal year 2014, funding SHOP at $20 million, Section 4 at $35 million, and rural capacity building at $5 million.

SELF-HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM

HUD's SHOP program has been a uniquely effective tool for enabling successful low-income homeownership by providing resources to Habitat affiliates and other nonprofits implementing self-help housing models to acquire property, including foreclosed or abandoned homes, and to develop infrastructure for future Habitat homes, activities that are among the most difficult to underwrite through private fundraising. With many communities around the country still struggling to overcome the effects of the Great Recession and the foreclosure crisis, enabling families to become successful homeowners has never been more important to local economies. With the support of SHOP funds, Habitat affiliates have completed more than 15,000 homes and housed nearly 54,000 people and counting, while leveraging over $1 billion in private investment in neighborhoods and communities throughout the Nation.

Since fiscal year 2011, SHOP funding has been cut by 50 percent to the current funding level of $13.5 million, drastically reducing the impact of one of the most effective Federal tools for enabling low-income families to become homeowners. In spite of the program's proven effectiveness, the administration's fiscal year 2014 budget request proposes eliminating SHOP as a stand-alone program, guaranteeing $0 in future funding through a so-called HOME Investment Partnerships Program (HOME) "set-aside" of "up to" $10 million.

Even if funding were ultimately provided through a HOME set-aside, it is unlikely that Habitat affiliates could access or administer such a program, as Habitat for Humanity International (HFHI) currently applies for and administers SHOP funding and supports critical monitoring and evaluation requirements on behalf of its affiliates. HFHI would be unable to continue serving in this role if it were required to apply separately to every participating jurisdiction for funding, and the vast majority of Habitat affiliates would be unable to add the necessary staff capacity to do so on their own behalf.

Additionally, current administrative processes would become even more burdensome under the administration's legislative proposal, which would expand HUD's regulation of SHOP. This is in stark opposition to the clearly expressed statutory intent of Congress to constrain SHOP regulatory burdens, maximizing the local impact of the program. In light of the Office of Management and Budget's (OMB's)

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having rated SHOP as of the most effective programs at HUD, it makes little sense to reform or reauthorize it as a HOME set-aside. Under the program's current structure, SHOP grantees have completed more homes at a lower cost than HUD requires and have generated levels of private investment in local communities rarely achieved through HUD programs.

In addition to maximizing the impact of scarce appropriations, SHOP's traditional structure also ensures quality by enabling grantees to select the best local nonprofit developers to implement funding. Ultimately the President's proposal would eviscerate SHOP, shifting limited funding from serving families to meeting regulations and undermining Habitat and other proven grantees' ability to ensure program quality. In light of current budgetary constraints, ongoing weakness in the housing market, and SHOP's long history of effectiveness and efficiency, Habitat urges the subcommittee to maintain SHOP's current structure and to restore funding to $20 million for fiscal year 2014.

SECTION 4 CAPACITY BUILDING PROGRAM

Complementing SHOP is the Section 4 Capacity Building Program (Section 4), the sole HUD program designed specifically to enhance the capacity of local nonprofit community developers. Like SHOP, Section 4 has endured significant cuts since fiscal year 2011, and the President's fiscal year 2014 budget request proposes reducing the funding level to $20 million, an additional 43 percent cut from the current level of $35 million. Such a reduction would inevitably result in the diminished ability of community development organizations to meet the critical needs of local communities still struggling to achieve economic recovery.

Habitat uses Section 4 funding to provide training, technical assistance, and organizational development grants to local Habitat affiliates to assist them with building staff capacity and expertise, organizational skills, and technical systems required to maximize impact on local communities. Affiliates receiving Section 4 funds have increased their housing production levels by 48 percent during their 3 year grant periods and have sustained or increased these gains in subsequent years. Habitat urges the subcommittee to maintain Section 4 at $35 million for fiscal year 2014.

Together, SHOP and Section 4 serve as impact multipliers for Habitat affiliates nationwide in both rural and urban communities. With local economies still suffering effects from the Great Recession, Congress should maintain proven programs like SHOP and Section 4 that leverage tens of millions of dollars of private investment into communities, enabling hundreds of additional qualified families to become Habitat homeowners each year.

Please support Habitat's mission and work by funding SHAHOP at $60 million in the fiscal year 2014 Transportation, Housing and Urban Development, and Related Agencies appropriations bill. Thank you for your consideration and for your support of Habitat for Humanity.

PREPARED STATEMENT OF HUD COUNCIL 222, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO

Madam Chairman Murray, Ranking Member Collins, and members of the subcommittee, my name is Carolyn Federoff. I am the executive vice president of HUD Council 222, American Federation of Government Employees, AFL–CIO. On behalf of the 1,547 Federal employees who work in the Office of Multifamily Housing (MFH) of the U.S. Department of Housing and Urban Development, I want to thank you for the opportunity to submit our written statement for the hearing record on the important issue of the HUD proposal to reorganize the HUD Office of Multifamily Housing.

SUMMARY

HUD's proposed reorganization of the Office of Multifamily Housing is irresponsible. It would be very costly to implement, would generate little or no savings, would not resolve the problems identified by HUD in its Federal Register notice (78 FR 25293), and would generate additional problems—many of which could increase risk to the Federal Housing Administration (FHA) Insurance Fund.

The Office of Multifamily Housing employees have been remarkably successful. Between 2009 and 2012, Multifamily Housing increased its customer base from 48 lenders to 89 lenders, more than doubled the value of initial endorsements—from $5.1 billion to $13.1 billion, and nearly doubled the numbers of loans processed, from 661 to 1,286. The Office of Multifamily Housing can be made more effective

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and efficient. But we believe alternative, more responsible, proposals are faster, cheaper, and smarter.

DISCUSSION

Proposed Multifamily Housing Reorganization Would Be Very Costly To Implement

HUD is proposing to physically consolidate into 10 locations; employees and work currently located in 61 offices nationwide. The Agency projects a minimum cost of $57.3 million based on various one-time costs, including:

—Buyout cost—approximately $13.9 million–$20.8 million;
—Personnel relocation cost—approximately $16.8 million–$33.6 million;
—Net office closure costs—$6.1 million;
—Space alteration costs in the 10 remaining offices—$20 million; and
—Training costs—$500,000.

However, the Agency has failed to present other costs, including:

—Minimum loss of 25 percent of skilled and experienced employees;
—Unknown costs for recruiting and rehiring employees with necessary skills to replace employees choosing not to relocate;
—Unknown costs for training new employees;
—Unassessed cost of severance pay for employees choosing not to relocate or take a buyout;
—Unknown cost to national and local economies due to lost productively during relocation chaos;
—Unknown cost to FHA insurance funds due to increased risk resulting from relocation chaos; and
—Unknown long-term cost to FHA insurance funds due to reduced staffing and oversight.

In addition, the Agency has presented no reoccurring costs. This is not supportable, however. Unless the Agency intends to eliminate all site visits or use contractors, the cost of travel will increase as Multifamily Housing field staff will be required to travel further distances. Further, there will be increased annual office costs in the 10 remaining offices. Moreover, the per square foot cost for office space in the 10 remaining offices will be generally more expensive than the cost of current office space.

Proposed Multifamily Housing Reorganization Would Generate Little to No Savings

HUD projects long term savings of approximately $47 million annually: "The savings is directly related to a reduction in salary and benefit costs due to reducing overall MFH staffing from 1,547 in fiscal year 2012 to 1,173 by the end of fiscal year 2016." These savings were calculated based upon an average cost per full-time employee (FTE), or approximately $125,000 per FTE.

However, not all FTEs are the same. The cost of an FTE in New York City is more than the cost of an FTE in Des Moines, Iowa. Through collective bargaining, the Agency has provided us with a "from-to" list identifying the current duty stations of bargaining unit employees and the offices to which they will be reassigned. There are 617 employees on this list. (The remaining approximately 173 employees to be reassigned are not in the AFGE Council 222 bargaining unit.) The employees are predominantly GS–12 and GS–13. For ease of calculation, we conservatively assumed that all affected employees are GS–12 Step 5. We then calculated the cost of their salaries in their current location versus in the location to which they will be reassigned. The result is an increase in salary costs of more than $2.1 million annually.

Recognizing that the Agency intends to reduce costs by reducing FTEs, we recalculated. The Agency intends to relocate or buyout 790 employees, with a net loss of 374 FTEs. Our calculations are based on 617 FTEs, therefore accommodating 191 of the projected loss. The remaining 185 of the projected loss represents an additional 30 percent reduction in staff. Reducing our salary estimates by 30 percent results in a final estimate of almost $1.5 million in additional salary costs annually.

We will be spending more to get less.

Proposed Multifamily Housing Reorganization Would Not Resolve the Problems Identified by HUD but Alternative, More Responsible, Methods Would and They Would Be Faster, Cheaper and Smarter

"Fragmented and Unwieldy Organizational Structure"/Need for "Better Spans of Control"

Many of the problems identified by HUD as the reasons for the reorganization are real. But the proposed consolidation into 10 offices does not resolve the problems identified. For example, the Federal Register Notice presents as a problem a "fragmented and unwieldy organizational structure" and states that Multifamily Housing needs "better spans of control and [to] establish clear reporting lines in the field." An organizational structure, however, is not the same as an office structure. Organization charts are not written in bricks and mortar. Similarly, spans of control and lines of authority are not resolved by the configuration of office space. Physically consolidating staff will not instantly eliminate fragmentation or an unwieldy organizational structure. Physically consolidating Multifamily Housing employees will not eliminate multiple layers of review or bottlenecks through which all decisions must flow.

A cheaper, faster and smarter solution is to change the organizational reporting relationships and lines of authority. This can help resolve fragmentation and create a more "wieldy" or controllable organizational structure. It can be used to create better spans of control. If articulated well, it can establish clear reporting lines in the field and headquarters.

We recommend that the Agency use HUD's established regional structure to consolidate hubs and tame unwieldy spans of control, assuring access to HUD's core programs (Multifamily Housing, public housing, community planning and development (CPD), and fair housing and equal opportunity (FHEO)) in offices across the country. To maintain customer service at reasonable cost, we recommend that remaining field offices be established as satellites. If workload does not support the designation of a field office as a satellite, existing Multifamily Housing employees can be "out stationed" from and report remotely to the hub.

"Antiquated Systems and Processes"/Need To "Increase the Consistency of MFH Processing Across the Country"

The Agency has identified as problems "antiquated systems and processes" and the need to "increase the consistency of MFH processing across the country." Again, however, these are not problems that are necessarily resolved through relocation. Antiquated systems and processes are location neutral. "Reducing the field footprint" does not automatically result in more consistent customer service. It takes better systems and processes, and trained employees and managers to achieve consistent customer service.

Cheaper, faster and smarter solutions are available. The Breaking Ground and Sustaining Our Investments initiatives directly address the processes our Development and Asset Management divisions use daily. The cost of their initial implementation has already been expended. In 2009 and 2010, the Administration introduced Loan Committees that review applications for FHA mortgage insurance before the issuance of a firm commitment. This has increased the consistency of Multifamily Housing development processing.

Need for "More Active Workload Balancing"

The Agency has identified a need for "more active workload balancing." FHA Commissioner Carol Gallante testified before this subcommittee about wide disparities in the workload of employees from office to office. As union representatives, we are acutely aware of these inequities. We are also aware, however, that the Agency lacks a willingness to actively manage the workload. Physically consolidating Multifamily Housing employees in and of itself does not actively balance workloads. This takes active management.

A cheaper, faster and smarter solution is available. The administration has recently started a workload sharing pilot program that is location neutral. If, as contemplated by this reorganization, work from Seattle, Washington, can be done in San Francisco, then the work from an overburdened asset manager in Portland, Oregon, can be done by an employee with a lighter portfolio in another office. The workload sharing pilot should be fully implemented.

Proposed Multifamily Housing Reorganization Would Generate Additional Problems, Many of Which Could Increase Risk to the FHA Insurance Fund

Aside from failing to solve the problems identified, the proposed reorganization would create additional problems. Some of the problems created will be irreversible. Many will increase risk to the FHA Insurance Fund.

For example, the Agency anticipates losing 395–592 Multifamily Housing employees in the field, currently estimated at 1,247. This would be a loss of 32 percent to 47 percent of Multifamily Housing employees engaged in direct customer service. The overwhelming majority of these losses will likely be employees with 20 or more years of experience and training. The Agency is unlikely to be able to replace lost skills in a timely fashion, except at great cost: in almost every instance, the location of the proposed hub or satellite is an area with below-average unemployment rates and financial centers competing for the same talent pool.

We are particularly concerned that the proposed reorganization would permanently reduce by 30 percent Multifamily Housing employees in the field, despite the fact that reductions in staff are made before any process improvements are implemented or assessed for efficiency or effectiveness, and Government Accountability Office (GAO) reported in March that HUD lacks a credible method of determining its staffing needs. ("HUD—Strategic Human Capital and Workforce Planning Should be an Ongoing Priority," GAO March 2013)

Request for Government Accountability Office (GAO) Report

We request that the Transportation, Housing and Urban Development, and Related Agencies appropriations subcommittee seek a GAO review of the process utilized by the Office of Multifamily Housing for determining its staffing needs after reorganization, and report on whether and how Multifamily Housing overcame the problems identified in the March 2013 GAO report.

We further suggest that the subcommittee prohibit any expenditure of funds to implement the proposed reorganization until after Congress has an opportunity to review the new GAO report.

This concludes my written statement. I thank you for including it in the hearing record.

Prepared Statement of the Institute of Makers of Explosives

FISCAL YEAR 2014 FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION BUDGET REQUEST

INTEREST OF THE INSTITUTE OF MAKERS OF EXPLOSIVES

The Institute of Makers of Explosives (IME) is the safety and security association of the commercial explosives industry. Commercial explosives underpin the economy. They are essential to energy production, construction, demolition, and the manufacture of any metal/mineral product. Explosives are transported and used in every State. The ability to transport and distribute these products safely and securely is critical to this industry. At some point, virtually all explosives are transported by truck. Among these explosives are products classed as Division 1.1, 1.2, 1.3, and 1.5 materials, which with other select hazardous materials, may only be transported by motor carriers holding a "hazardous materials safety permit" (HMSP) issued by the Federal Motor Carrier Safety Administration (FMCSA). According to program data, carriers of explosives make up the largest segment, roughly half, of the universe of HMSP holders.

Our industry has maintained an exceptional safety record for decades. According to the Hazardous Materials Information System (HMIS), no deaths have been attributed to commercial explosives since the Department of Transportation began collecting data in the 1970s. Despite the safety record of our industry, we have members who struggle when it comes to maintaining their HMSP qualification.

IMPLEMENTATION ISSUES

HMSP holders failed to appreciate the full impact of the disqualifying out-of-service (OOS) thresholds when FMCSA finalized the HMSP rule in 2004. First, the preamble and the regulatory text set forth in the 2003 proposal, as well as the preamble to the HMSP final rule, describes the agency's intent to issue HMSPs to motor carriers with a "satisfactory" safety rating.[1] Those without a satisfactory safety rating would be eligible for a temporary HMSP if they have "a crash rate in the top 30 percent of the national average, or a driver, vehicle, hazardous materials, *or total* [OOS] rate in the top 30 percent of the national average." (Emphasis added.) Second, the "or total" OOS rate suggested that the 30 percent national average disqualification would, in the aggregate, disqualify only 30 percent of carriers. As FMCSA has implemented this program, however, these were not the standards that a carrier could rely on to obtain a permit. Instead, all carriers must perform to the OOS standard, irrespective of their safety rating.

Since the HMSP program's inception in 2005, we have urged FMCSA, in meetings, letters, and petitions, to relook at this program and make needed reforms. Over these 8 years, the HMSP program has been plagued by administrative missteps including double counting OOS inspections and thousands of erroneous denials of applications. Last year, FMCSA provided "interim" relief by "fixing" the OOS disqualification rates. Prior to the "fix," disqualification rates were recalculated

[1] 68 Federal Register (FR) 49737, 49752 and 49753 (August 19, 2003); 69 FR 39367, 39352 (June 30, 2004).

every 2 years, thereby exposing carriers to the risk of losing their permits simply because they were being judged against a different universe of carriers at a particular point in time. Still, questions remain unanswered about the statistical basis used by FMCSA to calculate the program's most critical criterion, the hazardous material (hazmat) OOS rate. We have documented the inherent unfairness of a system that relies on OOS rates. Selection criteria for roadside inspections is not random (nor should it be given limited resources), which is to say that carriers do not have equal opportunity to amass "clean" inspections. Not all OOS violations are crash-causal, and some are inherently biased by personal judgment. Further, the methodology used to determine "significance" of the inspection data lacks statistical confidence. We do not object to a public policy requiring that motor carriers transporting hazmats be held to higher safety standards. However, we do object to the bias and uncertainty that the current HMSP program breeds, especially when the program has shown no nexus to safety enhancement.

SAFETY BENEFITS OF THE HMSP UNPROVEN

FMCSA estimated that implementing the HMSP program would prevent seven hazmat truck-related crashes per year. The agency stated that the safety benefits derived from the projected crash reductions would be "large because of the number of conventional crashes that may be prevented." This has not proved to be the case. The data generated after the 8 years of the HMSP and during the 8 years immediately preceding the implementation of the HMSP shows that HMSP holders are historically among the safest carriers on the road and that the program has had little impact on safety:

HMSP material	1997–2004		2005–2012		All hazmat highway incidents			
					1998–2004		2005–2011	
	Crashes	Fatalities	Crashes	Fatalities	Crashes	Fatalities	Crashes	Fatalities
Explosives (25 kg. 1.1, 1.2, 1.3, and placarded 1.5)	36		29					
RAM (HRCQ[1])	16		19					
TIH	55		61	[2] 1				
Methane	4		3					
Total	111		112	1	2,461	85	2,448	81

Data from the Hazardous Materials Information System (HMIS), 3/11/2013.
[1] It may be that none of these crashes are highway route controlled quantities (HRCQ). From the data in HMIS, it was possible to eliminate some incidents that were clearly not HRCQ. Where there was doubt the incident was counted.
[2] Anhydrous ammonia (AA) intended for agricultural use.

For HMSP holders, this safety record highlights the need for an immediate reconsideration of the disqualifying standards that are threatening their livelihoods. Keep in mind that the vast majority of carriers subject to the HMSP are not long-haul, freight-all-kinds carriers. They serve niche markets that rely on local, often rural delivery, and require specialized equipment. As such, these carriers do not frequent routes with inspection stations. Once these carriers get into trouble based on the non-random, often subjective OOS calls by inspectors, it is virtually impossible for these carriers to accrue sufficient "good" inspections to overcome the "bad." For example, it is not uncommon for an HMSP holder to average 15 or fewer inspections in a year, but only inspection data from the 12 months prior to the expiration of the holder's permit is counted, and only holders with at least three inspections are considered "statistically significant" for purposes of the OOS disqualifications. If two of the inspections in this timeframe result in an OOS[2], the carrier would need 28 "clean" inspections to requalify. The later into the 12-month qualification period that the second OOS occurs, the more unlikely it is that a carrier could recover. Consider that two similarly situated carriers each receive two OOS inspections, then one of the two obtains a third "clean" inspection. The carrier that received the clean inspection would lose its permit, the other would continue operating. Or consider that on any given day two similarly situated carriers could be "underwater"[3] because of their current mix of OOS and clean inspections. However, because one carrier's HMSP expires that day, that carrier loses its permit, while the other continues to operate.

These specialized carriers do not have the option to carry non-HMSP freight while working to requalify for a permit. The irony is that, when these carriers get into jeopardy, FMCSA does not routinely suspend or revoke the HMSP; rather carriers are allowed to operate until it is time to apply for renewal. The regulations allow for appeals when permits are suspended or revoked, but not if the carrier is applying for renewal. Under no circumstance may holders apply for a waiver of the OOS disqualification irrespective of their overall operational safety records.

REQUEST FOR EXPEDITED RELIEF

FMCSA accepted a petition for rulemaking from IME and other affected industry associations to reform the HMSP disqualification standards. While we are pleased that FMCSA has accepted our petition, we are disappointed that "the agency has determined that this rulemaking *should not be initiated* until the CSA Safety Fitness Determination (SFD) final rule is published, as it will be used as the basis for initiating this rule."[4] We would like to strongly suggest that the HMSP reform should take precedence over finalization of the SFD rulemaking, a rulemaking that has yet to be proposed. First, the HMSP program is being used now as the SFD standard for covered materials. Covered carriers that do not meet the contested HMSP standards may be shutdown. Non-HMSP carriers do not yet face this outcome. Second, the problematic HMSP disqualification standards are based on inspections and OOS determinations. These same metrics are expected to be the basis of the standards to be proposed in the SFD rulemaking. Third, the HMSP regulated community is very small relative to the universe of carriers that will be subject to the SFD. For these reasons, we believe FMCSA should immediately act to fix the HMSP disqualification standards and export that refined SDF model to the larger commercial trucking universe under CSA.

The agency's reluctance to immediately address the shortcomings of the HMSP is particularly troubling because implicit in FMCSA's plan to address by rulemaking many of the issues raised by industry is an acknowledgment of deficiencies with the current program. These deficiencies will persist over the intervening years between now and the time that they are resolved through the promised HMSP rulemaking. Meanwhile, the controversy over the evolving SFD standards adds to the uncertainty and almost certainly means that it will be years until this "precursor" rule is finalized. The continuing adverse impacts to the HMSP community are undeserved.

While Congress tried to spur agency action by requiring that the agency consult with stakeholders and initiate rulemaking,[5] we are concerned that the agency will not move fast enough to prevent relatively good carriers from losing their HMSP and, as explained, being put out of business based on limited data anomalies. Safety

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[2] This assumes that the OOS citation was correctly issued. CSA experience shows that FMCSA's "Data Q" process is overwhelmed and State ability and/or willingness to expend resources on these challenges is a growing concern.

[3] Below the OOS disqualification threshold.

[4] Letter to IME from FMCSA, November 14, 2011, page 1. (Emphasis added.)

[5] "MAP–21" (Public Law 112–141), section 33014.

is not enhanced when new and inexperienced carriers with no OOS history fill the void. We have asked FMCSA to immediately address these pressing concerns by issuing an interim final rule (IFR) to at least provide for an additional level of fitness review (ALFR) prior to the denial, revocation, or suspension of a safety permit until such time that the agency proceeds with the full rulemaking based on our petition. The ALFR would consider the safety management controls of the applicant or holder not just OOS violations rates, and it would provide the applicant or holder an opportunity to file a corrective action plan to address identified concerns.[6] An ALFR would not overly burden the agency, as it would involve an examination of less than 100 HMSP holders annually. Further, this approach is consistent with the direction the agency is pursuing under the CSA initiative to focus compliance oversight on carriers needing the most improvement compared to their peers.

FMCSA told us in January that the agency was not willing to pursue a regulatory option as we have described because of resource limitations. Justice will not be served by inattention to these pressing concerns. The uncertainty of when FMCSA will be able to carry out the HMSP rulemaking coupled with the urgency for some action based on acknowledged program deficiencies compel us to ask the subcommittee to deny funds to administer this program until FMCSA provides interim measures to ensure that HMSP holders are not denied permits based solely on the flawed disqualification standards in place now.

CONCLUSION

Congress envisioned a risk-based safety program for hazmat carriers. It gave FMCSA wide latitude to name the types and quantities of hazardous materials that should be covered by a HMSP. But, the agency has chosen to apply this authority only to the narrow list of statutorily mandated materials. History shows that carriers of these materials are not presenting the crash risk that the agency claims the HMSP will address. Neither IME nor its members object to public policy that holds hazmat carriers to a higher safety standard, which is the premise for the HMSP. We do object, however, to the current standards for disqualification. They are not risk-based and deny holders meaningful due process protection. Inspection frequency and outcome do not seem to correlate to crashes or fatalities. Thank you for your attention to these concerns.

PREPARED STATEMENT OF THE INSTITUTE OF MAKERS OF EXPLOSIVES

FISCAL YEAR 2014 PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION BUDGET REQUEST FOR THE OFFICE OF HAZARDOUS MATERIALS SAFETY

INTEREST OF THE INSTITUTE OF MAKERS OF EXPLOSIVES

The IME is the safety and security association of the commercial explosives industry. Commercial explosives underpin the economy. They are essential to energy production, construction, demolition, and the manufacture of any metal/mineral product. Explosives are transported and used in every State. Additionally, our products are distributed worldwide, while some explosives must be imported because they are not manufactured in the United States. The ability to transport and distribute these products and to receive precursor chemicals safely and securely is critical to this industry.

BACKGROUND

The production and distribution of hazardous materials is a trillion-dollar industry that employs millions of Americans. These materials contribute to America's quality of life, but if handled improperly, adverse consequences can result. The threat of intentional misuse of these materials also factors into public concern. To protect against these outcomes, the Secretary of Transportation (Secretary) is charged under the Hazardous Materials Transportation Act (HMTA) to "provide adequate protection" against these risks through regulation and enforcement.[1] The Secretary has delegated the HMTA authorities to various modal administrations, with primary regulatory authority resting in the Pipeline and Hazardous Materials Safety Administration (PHMSA).

PHMSA regulates hazmat transportation so closely that such materials may not be moved any distance, via any mode of transportation unless a DOT regulation,

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[6] This opportunity should not be available to applicants or holders that present an imminent hazard or evidence of a pattern willful and knowing non-compliance with safety regulations.

[1] 49 U.S.C. Chapter 51.

permit or approval authorizes the movement. Such close regulation makes efficient consideration of such authorizations critical to the industries and workers involved, as well as to the national defense, the security of our homeland, and the economy at large.

BUDGET UNCERTAINTY

In the absence of the Administration's fiscal year 2014 budget request, we are in uncharted territory in terms of our analysis of the President's budgetary priorities.[2] As of the date of this comment, Congress has provided a fiscal year 2013 appropriation to PHMSA equal to its fiscal year 2012 rate for operations, less the 0.612 percent increase provided by Public Law 112–175. Under this scenario, PHMSA is looking at $42.3 million for its hazmat program in fiscal year 2013. This funding rate is consistent with the amount authorized for fiscal year 2013 by MAP–21.[3] As we look forward to fiscal year 2014, MAP–21 provides a $42.8 million authorization for PHMSA's hazmat programs. However, the Government's budget situation does not improve. The agency's fiscal year 2013 appropriations is still subject to a 5-percent decrease under a sequestration order if the President fails to reach agreement with Congress on an alternative, and we understand that the cap on non-emergency appropriations for fiscal year 2014 will drop to $966 billion, down from the cap of $984 billion in fiscal year 2013.

While there is uncertainty about the specifics of the administration's hazmat priorities for fiscal year 2014, it should be a given that additional program growth is unlikely in the near future, and certainly for the coming fiscal year.[4] Rather, we should be focusing the realignment of program priorities to ensure that the agency's core mission is sustained. With this perspective, we offer the following comments.

PHMSA'S FISCAL YEAR 2013 "USER FEE" BUDGET REQUEST

In these tight budgetary times, PHMSA may be tempted to repropose a "user fee" on certain agency activities as it did last fiscal year. We commend both the authorizing and appropriating committees of Congress for rejecting this request last year, and urge similar restraint, if user fees are again proposed.

PHMSA'S HAZMAT PROGRAM IS A SUCCESS: RULEMAKING AND DATA COLLECTION PRIORITIES

As noted above, the HMTA requires that PHMSA's regulations be risk-based. The agency, in turn, measures the success of its hazmat safety program by the number of transportation-related deaths and "serious injuries" (i.e., hospitalizations) attributed to the hazardous materials. The agency acknowledges that these numbers "have declined an average of 4 percent every 3 years over the long term."[5] This decline continued last year. Only 10 deaths, all due to human error, not a failure of a regulatory standard, were attributed to hazardous materials. None, since the early 1970s, have been attributed to commercial explosives. This contrasts with thousands of deaths annually that result from crashes involving large trucks, for example.

This safety outcome suggests that PHMSA needs to focus on two core missions: rulemaking, including the timely issuance of approvals and permits, to keep commerce moving, and data collection and public access to the data. For example, we were very concerned that no new resources above baseline were requested last year to support rulemaking activity. MAP–21 makes clear that rulemaking, including accelerating the incorporation of special permits into the HMR, is a priority. PHMSA needs to maintain resources to remain active in international standard-setting forums to ensure that U.S. rules are consistent to keep American goods moving in the global marketplace. PHMSA's ability to collect incident data is critical to stakeholder's ability to understand and learn from incidents. Additionally, the agency's efforts to enhance the online availability of incident data, rulemakings, and the timeliness of processing applications for special permits and approvals should be commended and encouraged. Finally, we welcome the agency's efforts to improve communication and outreach with the regulated community.

[2] The Budget Act requires that submission of the President's budget request by the first Monday in February. The current expectation is that the President's fiscal year 2014 request will be released in April.

[3] Public Law 112–141.

[4] PHMSA's hazmat budget has increased by about $10 million, a 30-percent rate of growth, in the last 3 fiscal years.

[5] Fiscal year 2013 PHMSA Budget Justification, page 3.

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BUDGETARY ISSUES TO CONSIDER

Staffing and Workload.—The biggest expense in PHMSA's budget is manpower. The agency's output is the work product of its employees. Yet, PHMSA's budget requests have not provided baseline empirical workload metrics to judge agency performance or the merit of staffing requests. When information about program output is provided, it is prospective, not retrospective. Of additional concern, retirements and departures of seasoned staff have led to a loss of institutional knowledge. While there is a need for qualified chemists, engineers, and economists to fill this void, it appears that the agency is using scare resources to build a "senior advisor" cadre for agency administrators.[6] According to the Office of Personnel Management's 2012 Federal Employee Viewpoint Survey Results Hazmat, PHMSA ranked near the bottom of all government agencies, and the lowest of all DOT's safety administrations. Such results to not bode well for attracting and retaining the kind of expert staff that are needed to keep up with the agency's rulemaking and analytical needs.

Research and Development.—Congress provides 3-year monies to support a hazmat research and development (R&D) function within PHMSA, with a mission to study and evaluate emerging hazardous materials safety issues and technologies. So far, no fiscal year 2011, 2012, or 2013 funds have been obligated. It does appear that PHMSA may be using some of these funds to create a Risk Management Framework (RMF).[7] The RMF is supposed to establish incident probabilities through a set of fault and event trees of various hazmat shipping scenarios. The need to use scarce funds for such a framework is questionable given that four times as many deaths in the United States are caused by lightning strikes than hazmat incidents. There is concern that the RMF may lead to unnecessary over-regulation of hazmat that would threaten U.S. jobs while attaining no measurable safety benefit. At the same time, there is a pressing need to develop uniform performance standards for training hazardous materials inspectors. Congress agrees and directed PHMSA to produce these standards by April 2014. This initiative is deserving of support.

Grants Programs (GP).—PHMSA operates three GPs—HMEP, HMIT, and SPST—funded by fees assessed on the hazardous materials community. We have long looked for evidence of program accomplishment and question the agency's claims about achievements ascribed to these programs. In 2005, Congress directed the agency to annually provide a detailed accounting of all grant expenditures.[8] In the intervening 7 years, the agency has released only one such report, and that report did not provide the retrospective accounting necessary to determine if grant recipients were using funds appropriately.[9] This year, PHMSA proposed that Congress eliminate this report saying that staff time used to prepare this report outweighs its benefit.[10] The lack of GP transparency and accountability prompted an audit by the Office of Inspector General last year. The audit found systemic mismanagement and misuse of grant funds.[11] PHMSA has still not made its fiscal year 2012 grant awards to applicants under the HMIT and SPST programs. We believe the funds for the SPST program are forfeit because this program is not protected by the HMTA provision that funds remain available "without further appropriation."[12] Whether or not PHMSA can release these fiscal year 2012 funds, grantees now have 6 months or less, rather than a year, to spend the funds, which does not bode well for effective use of these monies. These programs warrant increased oversight by the subcommittee.

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[6] https://www.usajobs.gov/GetJob/ViewDetails/339410400 and https://www.usajobs.gov/GetJob/ViewDetails/339410600 (March 15, 2013). These positions are in addition to other front office staffing added during the agency's 2010 reorganization. Approximately 25 percent of staff are now senior level grades (GS–14, GS–15, and SES); yet, few are for professional series positions. Despite the new positions, hazmat safety has not seen statistically significant improvement.

[7] In fiscal year 2010, $447, 000 was awarded to BayFirst, LLC for this purpose, about 30 percent of the year's R&D budget, and there is a placeholder for BayFirst to receive additional fiscal year 2011 funds.

[8] 49 U.S.C. 5116(k).

[9] http://phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/Files/Report__to__Congress__HMEP__Grants__Program__2005__2006.pdf

[10] The Government Performance and Results Act (GPRA) Modernization Act of 2010 invites Federal agencies to identify for elimination or consolidation. http://www.performance.gov/sites/default/files/tmp/__List__of__Reports__Required__by__P__L%20__111-352.xls.

[11] OIG, DOT, AV–2012–040, January 12, 2012.

[12] 49 U.S.C. 5116(i).

CONCLUSION

The subcommittee needs to make difficult decisions about where to save scarce Federal resources. We recommend that the subcommittee review new front office staff allocations, and ensure that the agency has a plan to replace lost expertise in its rank and file. Additional oversight of PHMSA's hazmat R&D and grants programs also is warranted. PHMSA should redirect resources to enhance its information technology and rulemaking capacities. These services are needed by the hazmat community, given PHMSA's close regulatory scheme, to enable the safe, secure, and efficient movement of hazardous materials critical to the economy.

LETTER FROM INTERESTED PARTIES FOR HAZARDOUS MATERIALS TRANSPORTATION

APRIL 26, 2013.

Hon. PATTY MURRAY,
Chairman, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Hon. SUSAN COLLINS,
Ranking Member, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

RE: Fiscal Year 2014 PHMSA Budget Request

Dear Chairman Murray and Ranking Member Collins: The undersigned industry associations represent all sectors of the economy engaged in the transportation of hazardous materials which are essential to Americans' quality of life. We are writing to alert you to our concerns with the administration's proposed $12 million user fees to be paid by applicants for special permits and approvals (SP/A) issued by the Pipeline and Hazardous Materials Safety Administration (PHMSA). This fee proposal, with charges ranging from $700 to $3,000 per application, is identical to the user fee the administration proposed in fiscal year 2013. Congress wisely rejected this proposal last year, and we urge you to once again reject this initiative in order to protect American jobs and promote innovation.

PHMSA states that it needs the user fees to support its oversight of the new conditions it has imposed on SP/A applicants. However, the user fee proposal is without merit:

—Currently, about 35 full-time equivalents (FTEs) are dedicated to the SP/A program. $12 million would support a staff of 66 FTEs. PHMSA has inflated the costs of this program by about 50 percent.
—The SP/A workload is decreasing. For example, applicants for classification approvals are no longer scrutinized for "fitness" and special permits in effect over 10 years are being incorporated into the Hazardous Materials Regulations (HMR).
—The excess user fee revenue would be used to underwrite the agency's general fund, although only a fraction of the regulated community are holders of special permits and approvals.
—No death has been attributed to special permits or approvals since 1971 when agency records began to be kept.[1]
—The Government, not private companies, is the largest holder of approvals and special permits. The Government will pay no fees.
—Historically, fees have not been imposed on foreign entities for fear of retaliatory fees on U.S. exports giving foreign shippers a competitive advantage in the United States.
—Part of the revenue will have to be used to hire additional Federal workers to administer and collect the fees.
—It is the business activity, not the size, of a company that determines how many applications may be filed. Many payers will be small businesses.
—Despite statements that PHMSA is accelerating incorporation of special permits into the HMR, no new resources are requested to support this rulemaking activity.

[1] PHMSA claims that a maritime incident in 2008 which resulted in three deaths was caused by the violation of a special permit. However, the deaths were not the proximate result of a special permit violation. Testimony in the resultant litigation showed the deaths were due to negligence of a number of parties involved in the shipment.

—The fees would be payable per application, meaning that any application returned for corrections and re-filing would result in unfair redundant fee payments.
—Other Department of Transportation (DOT) modal administrations issue approvals or what amount to special permits; none assess fees.

This program, which provides safety benefits to the public and facilitates technical innovations important to our economy, has been successfully run for decades without user fees. PHMSA's proposal could be the start of a trend for user fees for other regulatory actions including letters of interpretation or petitions for rulemaking necessary for compliance and good government.

PHMSA'S user fees are not fair or equitable but are a hidden tax on companies that innovate and produce goods needed to strengthen and rebuild the U.S. economy. Congress should again reject this initiative.

Respectfully,

Agricultural Retailers Association
American Chemistry Council
American Coatings Association
American Petroleum Institute
American Pyrotechnics Association
American Trucking Associations
Association of Hazmat Shippers, Inc.
The Chlorine Institute, Inc.
Compressed Gas Association
Council on Safe Transportation of Hazardous Articles
Dangerous Goods Advisory Council
The Fertilizer Institute
Gases and Welding Distributors Association
Industrial Packaging Alliance of North America
Institute of Makers of Explosives
International Vessel Operators Dangerous Goods Association, Inc.
National Association of Chemical Distributors
National Association of Shell Marketers
The National Industrial Transportation League
National Private Truck Council
National Propane Gas Association
National Tank Truck Carriers, Inc.
New England Fuel Institute
Petroleum Marketers Association of America
Radiopharmaceutical Shippers & Carriers Conference
Railway Supply Institute, Inc.
PRBA—The Rechargeable Battery Association
Reusable Industrial Packaging Association
Sporting Arms & Ammunition Manufacturers' Institute
Steel Shipping Container Institute
Transportation Intermediaries Association
Truckload Carriers Association
Utility Solid Waste Activities Group

PREPARED STATEMENT OF REPRESENTATIVE RICK LARSEN

Thank you for the opportunity to submit testimony to the Senate transportation appropriations subcommittee on the need for investment in our country's infrastructure. Chairman Murray has been a leader on this issue for many years, and I appreciate her continuing focus on this issue.

The recent collapse of the I–5 bridge across the Skagit River offers an example of the worst case scenario when we fail to adequately invest in infrastructure. I am hopeful that Congress will learn from this near-tragic incident.

A couple weeks ago, Dan and Sally Sligh packed up their camper and headed out on Interstate 5 on the way to their favorite campsite in northwest Washington State. While crossing a bridge over the Skagit River they had safely crossed many times before, a large truck ahead of them clipped the frame of the bridge above.

Without warning, and without time to react, the pavement under Dan's pickup fell from under them. Next, Dan said, "It was just a white flash and cold water." Like thousands of constituents, I myself have driven across that bridge hundreds of times. But today no cars are crossing it.

Recovery workers have been working hard pulling pieces of that bridge, along with Dan's pickup, from the flowing waters of the Skagit River, and quickly building a replacement span. The fact that no one died in this collapse is a blessing. But not all have been so lucky. I'm sure the subcommittee will recall the 2007 bridge collapse in Minneapolis that killed 13 people and injured another 145.

I would ask the subcommittee to consider a simple question: should Americans be able to drive across a highway bridge with the reasonable expectation that it will not crumble away from underneath them?

While the National Transportation Safety Board is continuing its investigation into all the facts of the bridge collapse, what we already know about our aging infrastructure should be enough to make this Congress act.

Sixty-seven thousand bridges in our country are rated structurally deficient. When those bridges fall, it isn't just the unlucky few on those bridges who suffer. Whole economies that rely on safe and efficient transportation suffer.

The I–5 bridge over the Skagit River doesn't just connect Burlington and Mount Vernon. It connects the entire West Coast and carries millions of dollars' worth of trade between Canada and the United States. Today that trade is in stop-and-go traffic on local roads.

The good news is that we know how to build safe bridges. Thousands of civil engineers devote their lives to building good structures that don't fall down. But we need to pay for them. We need to maintain our bridges until they are old, and then we need to replace them. We can't keep waiting until they crumble into the water below.

But if we're really going to do something about our long-term transportation needs, Congress needs to get to work on a long-term transportation bill that doesn't just patch our aging roads, but invests in an infrastructure that meets the needs of America's 21st century economy.

It's time to put our money where our safety is. I look forward to working with you to make sure that we do so.

Prepared Statement of the National Affordable Housing Management Association

Thank you, Chairman Murray and Ranking Member Collins for the opportunity to submit this testimony on behalf of the National Affordable Housing Management Association (NAHMA). My testimony will focus on the importance of providing full funding for the 12-month contract terms under project-based section 8 and other key Department of Housing and Urban Development (HUD) rental assistance programs.

ABOUT NAHMA

NAHMA members manage and provide quality affordable housing to more than 2 million Americans with very low to moderate incomes. Presidents and executives of property management companies, owners of affordable rental housing, public agencies and national organizations involved in affordable housing, and providers of supplies and services to the affordable housing industry make up the membership of NAHMA. In addition, NAHMA serves as the national voice in Washington for 19 regional, State, and local affordable housing management associations (AHMAs) nationwide.

PROJECT-BASED SECTION 8

In the project-based section 8 program (PBS8), HUD contracts with private apartment owners to pay the difference between the rent for the unit and 30 percent of a qualified tenant's income. The rental subsidy in the PBS8 program is tied to the property.

This program provides housing to 1.2 million low-income households, over half of which are elderly or disabled. According to HUD, the program supports 100,000 jobs, and PBS8 properties generate $460 million in tax receipts to local and State governments.

It is essential for Congress to provide HUD with the necessary appropriations to make full and timely contract payments to property owners. When HUD does not have sufficient appropriations to obligate funding for the entire 12-month contract terms at the time of the renewals, it "short-funds" the contracts. Prior to 2009, HUD "short-funded" its PBS8 contracts with owners so that payments would only be promised from the date of renewal through September 30 (the end of the Federal fiscal year). In other words, on a 12-month contract with a January 1 renewal date, HUD would only obligate funding through September 30. Funding for the remaining 3 months on the contract would have to be re-processed in the new fiscal year. This practice was disruptive to properties' operations, wasted HUD's staff time, and undermined public confidence in the project-based section 8 program. Unfortunately, HUD will resume this practice, at least temporarily, to manage the cuts required under sequestration.

The President's budget proposal for fiscal year 2014 requests approximately $10.3 billion for the project-based section 8 program. Unfortunately, the fiscal year 2014 request is impacted by the $1.2 billion shortfall in the program due to sequester funding levels in the fiscal year 2013 continuing resolution. As a result, HUD will not be able to fund contracts for the full 12-month terms during the remainder of fiscal year 2013 and into fiscal year 2014. If sequestration were repealed, the budget request would be sufficient to fully fund contract renewals; however, a repeal of sequestration seems increasingly unlikely. Therefore, an estimated $11.5 billion will be necessary to fully fund the fiscal year 2014 contract renewals and to close the shortfall caused in the fiscal year 2013 appropriations.

In fiscal year 2014, NAHMA strongly urges the subcommittee to provide $11.5 billion for full funding of the 12-month contract terms of project-based section 8 contracts. This level of funding is necessary because:

—The Federal Government must honor its contracts with property owners.
—Short-funding jeopardizes the efficient management, financial solvency, and physical health of PBS8 properties.
—Federal Housing Administration (FHA)-insured properties could default without the contract funds to pay their mortgages.
—Properties accumulate numerous late fees to lenders and service providers as a result of having insufficient funds to make mortgage and utility bill payments.
—Property staff suffer lay-offs as a result of insufficient contract funding.
—Rehabilitation and renovation plans are put on hold when funding is erratic.
—Short-funding is a budget gimmick that does not save the Government money.
—Appropriations for 11,000 contracts that will be underfunded in fiscal year 2013 due to sequestration will have to be provided in fiscal year 2014—in addition to the funds necessary for fiscal year 2014 contract renewals.
—Short-funding wastes administrative time at HUD because staff must process funding multiple times for the same property over the course of the year.
—Short-funding jeopardizes investor and owner confidence in the PBS8 program.

OTHER CRITICAL HUD MULTIFAMILY HOUSING PROGRAMS

NAHMA strongly urges the subcommittee to prevent draconian cuts to affordable multifamily housing programs administered by the Department of Housing and Urban Development (HUD). In fiscal year 2014, NAHMA strongly urges that the subcommittee provide the necessary appropriations to ensure that all of HUD's rental assistance programs receive full funding for their 12-month contract terms in fiscal year 2014, and that no shortfalls result from the sequester funding levels in the fiscal year 2013 continuing resolution.

In addition to project-based section 8, NAHMA is concerned about funding levels for the following programs:

—NAHMA urges the subcommittee to provide the $20 billion requested by HUD for the Housing Choice Voucher (HCV, or tenant-based section 8) program plus any additional funding necessary to ensure there are no program or contract shortfalls due to the fiscal year 2013 sequestration.
—For Section 202 Housing for the Elderly, NAHMA requests at least $400 million plus any additional funding necessary to ensure there are no contract shortfalls due to the fiscal year 2013 sequestration. HUD's request for this program also includes $310 million for the renewal and amendments of Project Rental Assistance Contracts (PRACs) and $70 million for the service coordinator program. NAHMA also requests at least $20 million for new construction of apartments to serve the elderly.
—For Section 811 Housing for the Disabled, NAHMA requests at least $126 million plus any additional funding necessary to ensure there are no contract shortfalls due to the fiscal year 2013 sequestration. HUD's request includes $106 million for section 811 PRACs. NAHMA also requests at least $20 million for new construction of apartments to serve disabled persons.
—The General and Special Risk Insurance Fund programs provide mortgage insurance for financing the development or rehabilitation of multifamily housing, nursing homes and hospitals. NAHMA supports HUD's request of $30 billion in commitment authority.
—The HOME Investment Partnerships (HOME) program is the largest Federal block grant to State and local governments designed exclusively to produce affordable housing for low-income families. NAHMA requests funding at a level as close to $1.6 billion as possible.
—The Community Development Block Grant (CDBG) offers block grants to local communities for community development purposes, including the development of affordable housing. NAHMA urges the subcommittee to provide $3.3 billion for the CDBG.
  —Both HOME and CDBG provide essential gap financing for development of Low Income Housing Tax Credit (LIHTC) properties.

PASSING COMPREHENSIVE, PRAGMATIC RENTAL ASSISTANCE REFORM LEGISLATION

NAHMA joins a broad coalition of private housing providers, public housing agencies, low-income housing advocates and other stakeholders in urging Congress to pass comprehensive rental assistance and section 8 Housing Choice Voucher (HCV) reform legislation in 2013. The most recent proposal was the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA) developed by the House Financial Services Committee in 2012. Savings and efficiencies achieved through these reforms would help stretch limited funds and minimize the risk of harsh cuts in assistance to needy families. If these reforms are enacted, it is essential to ensure the savings achieved are used to continue funding affordable multifamily housing programs. NAHMA strongly supports measures which would:

—Streamline inspections of HCV housing units by permitting owners to make minor repairs within 30 days and permitting public housing authorities to allow occupancy prior to the inspection in buildings which passed an alternative inspection (HOME, LIHTC or other inspections with equally stringent standards) within the last 12 months. These changes will help voucher-holders in tight rental markets with low vacancy.

—Expand income targeting for the public housing, HCV and project-based section 8 programs. These changes will help house more working poor families, particularly in rural areas.

—Simplify the rules for determining a family's rent and income, for example, by allowing families on fixed incomes to recertify their incomes once every 3 years instead of annually. This will reduce the administrative burdens on tenants, property owners, and management agents.

—Stabilize HCV funding by basing it on the previous year's leasing and cost data.

—Encourage self-sufficiency for residents.

—Streamline the use of HCVs with other Federal housing programs, like the LIHTC, by extending the permitted contract period for project-based vouchers from 15 to 20 years.

—Authorize HUD's Rental Assistance Demonstration (RAD) program. RAD is intended to test strategies to leverage private funds for public housing capital needs, preserve units assisted through the section 8 Moderate Rehabilitation program and allow properties assisted under the Rental Assistance Payment (RAP) and Rent Supplement (Rent Supp) programs to convert to project-based section 8 contracts.

—Authorize HUD to provide Limited English Proficiency (LEP) technical assistance to recipients of Federal funds. This program would create a stakeholder working group to identify vital documents for translations, require HUD to translate identified documents within 6 months and create a HUD-administered 1–800 hotline to assist with oral interpretation needs. This program is necessary because it will offer a higher-level of quality control over the services provided to LEP persons and ensure meaningful access to HUD's housing programs for persons with LEP. It will also relieve housing operators of an unfunded obligation to provide language services that could divert funds from repairs and maintenance of the properties.

CONCLUSION

Thank you again for the opportunity to submit this testimony. I look forward to working with the subcommittee to ensure essential HUD rental assistance programs are fully funded and properly administered.

PREPARED STATEMENT OF THE NATIONAL AIDS HOUSING COALITION

The National AIDS Housing Coalition (NAHC) is a national housing policy and advocacy organization working to end the HIV/AIDS epidemic by ensuring that persons living with HIV/AIDS have quality, affordable and appropriate housing. NAHC's network of members includes hundreds of low-income people living with HIV/AIDS, relying on Federal housing assistance to improve their ability to access and remain in care. On their behalf, we ask that you fund the highly successful and cost effective Housing Opportunities for Persons With AIDS Program (HOPWA) at a level of $365.2 million for fiscal year 2014. While this amount would provide assistance to far fewer than the actual number of people with HIV/AIDS that are eligible for and in need of housing assistance, it would permit housing help for an additional 4,250 households beyond the 61,614 unduplicated households currently served. HUD's own data indicates 146,986 households are currently eligible for HOPWA but unserved. In fact, HIV/AIDS housing providers project that half of the

1.2 million people with HIV/AIDS require some form of housing assistance during the course of their illness. This request represents the HIV/AIDS housing community's recognition of the considerable challenges of the current economic climate yet still provides for some of the most vulnerable whose access to care and health outcomes are inextricably linked to housing status.

NAHC is the only national housing organization that focuses specifically on the housing and housing-related service needs of low-income people with HIV/AIDS. A core tenet of our mission is to see housing acknowledged and funded as a component of HIV prevention and healthcare. As more people are living longer with the virus and require housing assistance, unmet need is significant across the country. We understand that as many as three new jurisdictions may become eligible for funding during 2014, requiring that providers stretch already scarce existing resources to serve more people.

Anecdotal reports from the NAHC membership and supporters reveal more than 45,000 people waiting for housing assistance in just 14 reporting jurisdictions. In the southern part of United States, where the epidemic is growing the fastest, resources continue to be unavailable. In Dallas, Texas, for example, more than 4,375 people are awaiting housing assistance, not counting those who have given up, resigned to life doubled and tripled up in unsuitable dwellings, moving from shelter to shelter, or simply are navigating the streets. In places where the epidemic is most mature, the numbers waiting are even larger. In Los Angeles, for example, more than 11,000 are waiting for housing.

Research shows that homelessness increases HIV risk. In a New York City (NYC) study, for example, new diagnoses among NYC shelter users were 16 times higher than among general population. Conversely, HIV increases risk of homelessness. Research demonstrates that up to 70 percent of people with HIV/AIDS report a lifetime experience of homelessness or housing instability. In some communities as many as 70 percent of people with HIV/AIDS are literally homeless, living in shelters on the streets or in places not intended for human habitation.

For vulnerable populations the risk is even greater. For example, among a study involving HIV-positive women, research demonstrated if homeless or unstably housed at time of diagnosis, that women were at an increased risk for delayed entry into care and receipt of housing assistance was associated with access to care and reentry into care after dropping out. Unmet subsistence needs, including housing, had the strongest overall effect on physical and mental health of homeless women, with a greater effect on overall health as antiretroviral therapy.

Research, much of which has been presented through NAHC's Housing and HIV/AIDS Research Summit Series, confirms housing as a strategic healthcare intervention to reduce health disparities by addressing both HIV/AIDS and those contexts that most expose people to HIV risk, including gender, extreme poverty, mental illness, chronic drug use, incarceration, and histories of exposure to trauma and violence, as well as homelessness. In addition, housing coupled with related services reduces overall public expense and more wisely deploys limited public resources. Research presented through NAHC's Housing and HIV/AIDS Research Summit Series, including a searchable data base of more than 300 articles on housing and HIV/AIDS, can be found at the Summit Series permanent website, www.hivhousingsummit.org.

HOPWA's track record for helping people with HIV/AIDS achieve housing stability is sterling. During program year 2011–2012, more than 95 percent of people receiving tenant-based rental assistance through HOPWA achieved housing stability. Among those receiving any form of HOPWA housing assistance, over 93 percent developed a housing plan for continued on-going housing and nearly 89 percent had on-going contact with a primary care provider as specified in their service plans.

Moreover, housing is a proven cost-saving and cost-effective healthcare and housing intervention. Housing sharply reduces avoidable emergency and inpatient health services, criminal justice involvement and other crises that are costly for both individuals and communities. One of the two seminal studies in this area, the Chicago Housing for Health Partnership (CHHP) found that homeless people with AIDS who received housing consumed $6,620 less in publicly funded housing, medical and crisis care than a comparison group that continued in "usual care," not receiving a housing voucher.

The public cost "savings" generated by providing housing supports can fully offset the cost of the housing for people with AIDS, even before taking into account that each new HIV infection prevented through housing stability saves $400,000 in lifetime medical costs.

There has been some national progress on evidence-based action on housing and HIV/AIDS. The July 2010 National HIV/AIDS Housing Strategy recognizes that housing is healthcare for people with HIV/AIDS and calls for increased resources and calls on Federal agencies to consider additional efforts to support housing assistance and other services to enhance adherence. In addition, in July 2012, the Department of Health and Human Services (HHS) included housing as one of seven common core indicators to monitor HHS-funded prevention, treatment and care services. Despite these advances, no additional resources have been made available for housing.

NAHC's geographically diverse board fully supports and anxiously awaits the revision of the HOPWA formula as directed in the National HIV/AIDS Strategy to yield a fairer allocation of resources more directly tied to the current geographic distribution of the epidemic. Rural settings, the southeast and other regions . . . Until the formula is modernized, we ask that the subcommittee continue to support levels of funding for the program in its current formulation that will permit some of those waiting to be served.

In addition, HIV/AIDS providers urge adequate funding for Homeless Assistance Grants, Section 8 Housing Choice Vouchers, public housing, the 811 program for people with disabilities, and the range of housing programs relied upon by people coping with HIV/AIDS.

We respectfully request the subcommittee to consider protecting and expanding resources in the Housing Opportunities for Persons with AIDS Program, a proven, effective HIV prevention and healthcare intervention.

LETTER FROM THE NATIONAL ASSOCIATION OF COUNTIES, ET AL.

APRIL 19, 2013.

Hon. PATTY MURRAY,
Chairman, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Hon. SUSAN COLLINS,
Ranking Member, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Dear Chairman Murray and Ranking Member Collins: As you near consideration of the fiscal year 2014 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill, the undersigned organizations representing local elected officials, State and local community development practitioners, planners, development organizations, and nonprofit organizations, urge you to support $3.3 billion in formula funding for the Community Development Block Grant (CDBG) Program.

CDBG provides vital funding and flexibility to address local needs in the areas of community and economic development, housing, infrastructure and vital public services. Over 1,200 communities rely on CDBG as a direct source of annual funding. Moreover, each year, an estimated 7,250 local governments nationally have access to CDBG funds; reaching rural, urban, and suburban areas. CDBG helps create jobs through the expansion and retention of businesses.

Since fiscal year 2010, funding for CDBG has been cut by over $1 billion, yet the need for these important resources at the local level has continued to grow. While we understand the need to address the Federal budget, we also understand the value of the local investments made by CDBG. We are deeply concerned that these investments are in jeopardy due to the Obama administration's fiscal year 2014 proposed budget cuts to CDBG, funding the formula program at $2.8 billion.

The CDBG program generates additional resources, and adds to the local economy. For example, for every $1 of CDBG funding invested in a project another $3.55 is leveraged from other sources. Since its inception in 1974, CDBG has leveraged nearly $400 billion in other resources for community development and affordable housing.

What has CDBG accomplished?

ECONOMIC OPPORTUNITIES

Between fiscal year 2005 and fiscal year 2012 CDBG created or retained 302,622 local jobs.

DECENT HOUSING

Between fiscal year 2005 and fiscal year 2012 CDBG has assisted over 1 million low- and moderate-income homeowners to rehabilitate their homes, provided down payment and closing cost assistance to qualified home buyers, and assisted homeowners through lead-based paint abatement.

SUITABLE LIVING ENVIRONMENT

Between fiscal year 2005 and fiscal year 2012 CDBG-funded infrastructure projects have benefitted over 30 million Americans nationwide, by providing a suitable living environment that includes sanitary water and sewer systems, safe streets and transit-ways, improved drainage systems, and other improvements that support our communities and help grow local economies.

Between fiscal year 2005 and fiscal year 2012, CDBG has provided public services to over 95 million low- and moderate-income households nationwide. These services included employment training, meals and other services to the elderly, services to help abused and neglected children, assistance to local food banks, among others.

We urge you to support our recommendation of $3.3 billion for CDBG formula grants in fiscal year 2014 to help communities nationwide continue to provide vital programs and services to low-income persons.

Respectfully,

American Planning Association
Council of State Community Development Agencies
Habitat for Humanity International
Housing Assistance Council
International Economic Development Council
Local Initiatives Support Corporation
National Alliance of Community and Economic Development Associations
National Association of Counties
National Association for County Community and Economic Development
National Association of Development Organizations
National Association of Local Housing Finance Agencies
National Association of Housing and Redevelopment Officials
National Community Development Association
National Housing Conference
National League of Cities
National Rural Housing Coalition
Rebuilding Together
U.S. Conference of Mayors
U.S. Soccer Foundation

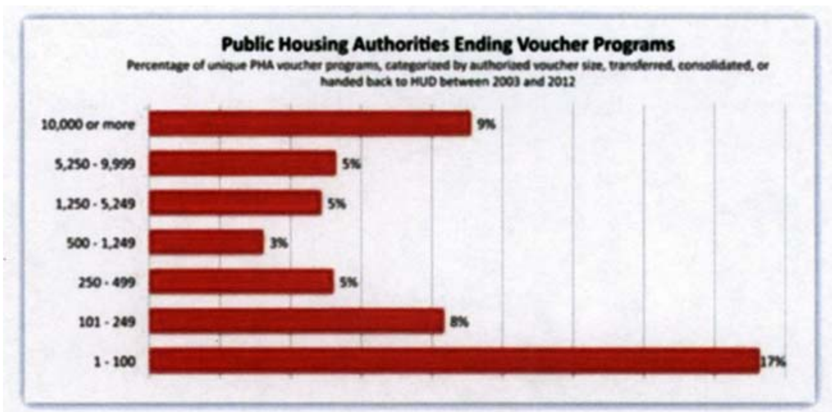
PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS

Chairman Murray, Ranking Member Collins, members of the Transportation, Housing and Urban Development, and Related Agencies Subcommittee, thank you for providing an opportunity for outside witnesses to testify with respect to the fiscal year 2014 Department of Housing and Urban Development (HUD) budget. The National Association of Housing and Redevelopment Officials (NAHRO) is one of the Nation's oldest housing advocacy organizations. It represents over 3,100 housing and redevelopment authorities nationwide who provide decent, safe and affordable housing in neighborhoods of quality for well over 2 million families—including senior citizens, the disabled and our Nation's veterans. Our members are on the front lines every day to assist vulnerable families and the homeless in both urban and rural America. They know what works, what does not and why; they are mission-driven and they remain, following decades of service to the community, an essential component of the Nation's housing delivery system.

Our national network of housing and community development (HCD) professionals stands ready to use taxpayers' dollars wisely and with integrity to move us closer to a Nation in which all people have decent, safe, affordable housing and economic opportunity in viable, sustainable communities. NAHRO calls upon the administration and the Congress to provide responsible funding levels for the core Federal HCD programs that serve low- and moderate-income families at the local level. Recognizing the fiscal realities you face, NAHRO also aggressively seeks a more rational, less administratively burdensome regulatory environment. NAHRO supports reforms, including essential statutory reforms under the purview of the Banking, Housing and Urban Affairs Committee, which will allow local agencies to stretch Federal investments further, house more families, and pursue targeted community and economic development activities with the potential to transform neighborhoods and communities.

TIPPING POINT

Our efforts as a Nation to reduce the current Federal deficit are important and well-intended. Unfortunately, their serious (though unintended) consequences are now affecting vulnerable families who would be homeless without the assistance they now receive through programs managed by NAHRO members. Limited 302B allocations to this subcommittee over many years, coupled with spending caps implemented as a result of the Budget Control Act of 2011, disproportionate reductions in domestic discretionary dollars and the March 1 sequester, have resulted in historically low funding prorations for such things as voucher program administration and the public housing operating fund. Underfunding, coupled with a lack of regulatory relief, has finally brought us to a tipping point. Increasing numbers of housing authorities have advised or must soon advise vulnerable families currently receiving housing assistance payments that they can no longer assist them. More and more housing authorities are returning vouchers—including Veterans Affairs Supportive Housing (VASH) vouchers—to HUD because they can no longer afford to administer the program (see the following chart).



In addition, structural decisions impacting housing programs, such as the ill-timed reduction in public housing authority reserves in fiscal year 2012, have put many housing authorities in a vulnerable position. Under current funding scenarios, some housing and redevelopment agencies—notably smaller entities in rural areas—will in time be forced to close their doors. They will no longer be able to assist those who currently rely on them, much less families who have been on public housing and section 8 waiting lists for many years.

Building on the valiant efforts of this subcommittee to provide necessary dollars within the context of reduced allocations coupled with larger budget pressures, housing and redevelopment authorities have done more with less for years. The 2014 Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriation provides us with an opportunity and a real challenge to deal with the current set of facts on the ground in far too many communities across the Nation. A return to "regular order" in the Congress must be coupled with a return to fiscal policies that recognize our Nation's core values—notably our decades-long commitment to a decent home and suitable living environment for all Americans. In this spirit we respectfully urge your consideration and ultimate adoption of following principles:

—Preserve and revitalize the public housing inventory;
—Reform, strengthen and adequately fund the section 8 program;
—Fully fund community and economic development programs;
—Enact small housing authority reforms;
—Expand the supply of affordable housing;
—Fully fund homeless assistance grant programs; and
—Improve the regulatory environment for HCD agencies.

PROGRAM-SPECIFIC RECOMMENDATIONS

We hope this subcommittee, in conjunction with your colleagues on the Banking Committee, will let these recommendations guide your work in the formulation of funding decisions and necessary reforms for core HUD programs managed by our members. Our own fiscal year 2014 funding recommendations can be found in our testimony. For more detail, NAHRO's 2013 Legislative and Regulatory Agenda is available online at: www.nahro.org/sites/default/files/searchable/2013Agenda.pdf.

PUBLIC HOUSING

Provide full funding for the operating costs and annual capital accrual needs of public housing through direct appropriations.

Enable greater flexibility to direct available resources toward their highest priority needs, regardless of funding source.

Seek dedicated resources for the revitalization of severely distressed public housing properties.

Unlock the value of public housing assets by providing public housing authorities (PHAs) with a variety of tools to leverage and invest in the preservation of their properties.

Provide in statute for the establishment of protected capital reserve accounts to allow PHAs to plan responsibly for future needs.

Improve tools designed to allow PHAs to steward their portfolios as true asset managers, including HUD's demolition and disposition regulations.

Provide enhanced incentives for energy efficiency upgrades.

SECTION 8

Provide appropriations sufficient to renew vouchers at actual rental assistance costs for all participating households and full funding for ongoing and special administrative fees as provided in section 8(q) of the U.S. Housing Act as amended by the Quality Housing and Work Responsibility Act of 1998.

Provide for a voucher funding formula that is based on the number of families served and voucher costs for the most recent calendar year for which data are available.

Restore a responsible level of administrative fee funding under voucher programs.

Provide for new authority to allow PHAs to utilize a portion of their Housing Assistance Payment Reserves to cover unmet administrative expenses related to leasing and retaining leased households.

Enact meaningful voucher program reform legislation.

Enable the immediate implementation of long-overdue regulatory and administrative reforms that will allow for the more efficient use of resources in voucher programs.

Provide for a responsible level of funding for the renewal of section 8 multi-family project-based rental assistance (PBRA) contracts.

Maintain a level playing field in the competition for contracts under the Section 8 Performance-Based Contract Administrators initiative.

COMMUNITY AND ECONOMIC DEVELOPMENT

Restore funding for CDBG to ensure the success of State and local efforts to spur job creation and retention, provide vital public services, and expand affordable housing opportunities for low- and moderate-income families and individuals.

Provide funding for the Sustainable Housing and Communities Initiative separate from and not as a set-aside under the CDBG program.

Cover the credit subsidy for HUD's section 108 loan guarantee program, and increase the loan guarantee limit to $500 million as previously proposed by the administration.

Restore dedicated funding for HUD's Brownfields Economic Development Initiative.

Restore a responsible level of funding for the HOME Investment Partnerships Program (HOME).

Enact a budget neutral mandatory funding source for the Housing Trust Fund.

Thank you again for the opportunity to testify. We look forward to discussing our funding recommendations with this subcommittee in greater detail.

NAHRO—RECOMMENDED FISCAL YEAR 2014 FUNDING LEVELS FOR SELECTED HUD PROGRAMS

[Brackets in text indicate set-asides, and indented text indicates sub-accounts.]

Program	Fiscal year 2013 ($ millions)		Fiscal year 2014 ($ millions)	
	Enacted [1]	Sequestration [2]	Proposed [3]	NAHRO [4]
Public Housing Operating Fund	$4,253	$4,054	[5] $4,600	[6] $5,168
Public Housing Capital Fund	1,871	1,777	2,000	3,750
ROSS Program	[50]	[47]	....	50
Emergency Capital Needs	[20]	[19]	[7] [20]	20
Choice Neighborhoods Initiative	120	114	400	[8] 400

NAHRO—RECOMMENDED FISCAL YEAR 2014 FUNDING LEVELS FOR SELECTED HUD PROGRAMS—Continued

[Brackets in text indicate set-asides, and indented text indicates sub-accounts.]

Program	Fiscal year 2013 ($ millions)		Fiscal year 2014 ($ millions)	
	Enacted [1]	Sequestration [2]	Proposed [3]	NAHRO [4]
Rental Assistance Demonstration	....	....	10	....
Tenant-Based Rental Assistance	18,901	17,964	19,989	....
Section 8 HAP Renewals	[9] [17,207]	[16,349]	[11] [17,968]	[11] 18,540
Ongoing Administrative Fees	[1,322]	[1,258]	[1,635]	1,994
Additional Administrative Fees	[50]	[48]	[50]	50
Tenant Protection Vouchers	[75]	[71]	[150]	150
Incremental HUD-VASH Vouchers	[75]	[75]	[75]	75
Family Self-Sufficiency (FSS) Coordinators	[60]	[57]	[11] 75	87
Sec. 8 Project-Based Rental Assistance	[12] 9,321	8,852	10,272	Fully Fund [13]
Community Development Fund	3,301	3,135	3,143	....
Community Development Block Grant Program	[3,242]	[3,078]	[2,798]	3,300
Neighborhood Stabilization Initiative	....	....	[200]	....
Integrated Planning and Investment Grants	....	....	[75]	....
Section 108 Loan Guarantees	5.94	5.64	[14]	12
HOME Investment Partnerships Program	998	948	950	1,600
Housing Opportunities for Persons with AIDS	331	315	332	365
Homeless Assistance Grants	2,029	1,933	2,381	2,381

[1] Enacted levels from Consolidated and Further Continuing Appropriations Act, 2013, as signed by the President on March 22, 2013. Figures reflect application of 0.2 percent across-the-board cut as required by the legislation.
[2] Figures reflect 5 percent across-the-board sequestration reductions as calculated by the Office of Management and Budget on March 1, 2013.
[3] Obama administration's proposed budget for FY 2014. Figures do not reflect proposed Transformation Initiative set-asides.
[4] NAHRO recommendations are for standalone/line-item funding. Blank indicates no position.
[5] The budget proposes to reduce eligibility by a total of $63 million through changes to flat rent and the medical expense deduction threshold.
[6] NAHRO's recommendation assumes that eligibility is determined according to current statutes and regulations governing such calculations.
[7] Proposes the elimination of safety and security measures as an eligible use of funding.
[8] NAHRO's support for this funding level is contingent upon responsible funding levels for the Operating and Capital Funds and the enactment of authorizing legislation requiring that two-thirds of each year's funding be awarded to projects where PHAs are the lead or co-applicants.
[9] The act authorizes the use of the housing assistance payments (HAP) adjustment fund "for PHAs, that despite taking reasonable cost savings measures, as determined by the Secretary, would otherwise be required to terminate participating families from the program due to insufficient funds."
[10] Assumes $235 million in savings from proposed changes to income targeting, minimum rents, the medical expense deduction threshold, and the determination of utility allowances. Also assumes an unspecified amount of indirect funding through offsets of "excess" HAP Reserves from non-Moving to Work (MtW) PHAs and MtW PHAs.
[11] The Administration proposes eliminating the section 8 family self-sufficiency (FSS) set-aside in favor of a standalone consolidated program to serve Public Housing and section 8 housing choice voucher (HCV) residents.
[12] The act authorizes the use of "unobligated balances, including recaptures and carryover, remaining from funds appropriated" for fiscal year 2013 and prior years under the headings of "Housing Certificate Fund," "Annual Contributions for Assisted Housing," and "Project-Based Rental Assistance" for "renewal of or amendments to section 8 project-based contracts and for performance-based contract administrators."
[13] NAHRO supports a stable, reliable subsidy stream in the form of full 12-month contract renewal funding.
[14] In lieu of appropriations, the Administration proposes collecting a fee from borrowers to cover the program's credit subsidy costs.

LETTER FROM THE NATIONAL ASSOCIATION OF LOCAL HOUSING FINANCE AGENCIES, THE U.S. CONFERENCE OF MAYORS, AND THE NATIONAL COMMUNITY DEVELOPMENT ASSOCIATION

APRIL 19, 2013.

Hon. PATTY MURRAY,
Chairman, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Hon. SUSAN COLLINS,
Ranking Member, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Dear Chairman Murray and Ranking Member Collins: The undersigned organizations of local elected officials and local and State housing and community development practitioners write to you concerning fiscal year 2014 appropriations for the Community Development Block and HOME Investment Partnerships (HOME) programs. Specifically, we wish to urge the Transportation and Housing and Urban Development Appropriations subcommittee to reject recommendations contained within the administration's fiscal year 2014 budget recommending set-asides and other "reforms" of these programs.

Like other national organizations we urge you to support $3.3 billion in formula funding for the Community Development Block Grant (CDBG) Program.

However, we do not support the administration's proposal to reduce overall CDBG formula funds by $275 million, for a $200 million Neighborhood Stabilization Program Initiative and $75 million for Integrated Planning Grants (formerly known as the Sustainable Communities Initiative). This has the effect of transferring formula funds which benefit the many into two categorical grant programs that would benefit the few. Similarly, the HOME budget request contains an up to $10 million set-aside for the Self-Help Homeownership Opportunity Program (SHOP). These set-asides are for activities that could be funded under the CDBG or HOME programs respectively.

We also want to advise that we do not support the establishment of a minimum funding threshold for CDBG entitlement grants. This would adversely affect an estimated 340 smaller communities who are currently implementing programs that are responsive to their needs. This would force them to compete for limited State funds without any positive benefit to either them or the State. We also oppose the administration's proposal to repeal the grandfathering provisions in CDBG for metropolitan cities and urban counties. Again, this would seriously disrupt on-going programs.

Based on fiscal year 2012 allocations (the Department of Housing and Urban Development (HUD) has not released the fiscal year 2013 allocations) in Washington State the following communities would lose direct funding because they fall below the $350,000 threshold: Anacortes, East Wenatchee City, Longview, Marysville, Mount Vernon, Olympia, Redmond, Richland, Shoreline, and Wenatchee.

CDBG provides vital funding and flexibility to address local needs in the areas of community and economic development, housing, infrastructure and vital public services. Over 1,200 communities rely on CDBG as a direct source of annual funding. Moreover, each year, an estimated 7,250 local governments nationally have access to CDBG funds reaching rural, urban, and suburban areas. CDBG helps create jobs through the expansion and retention of businesses.

Since fiscal year 2010, funding for CDBG has been cut by over $1 billion, yet the need for these important resources has continued to grow. While we understand the need to address the Federal budget deficit, we also understand the value of the local investments made by CDBG. We are deeply concerned that these investments are in jeopardy due to the Obama administration's fiscal year 2014 proposed budget cuts to CDBG, funding the program at $2.8 billion.

The CDBG program generates additional resources, and adds to the local economy. For example, for every $1 of CDBG funding invested in a project another $3.55 is leveraged from other sources. Since its inception in 1974, CDBG has leveraged nearly $400 billion in other resources for community development and affordable housing.

As a companion to CDBG, the HOME Investment Partnerships program has suffered severe cuts since fiscal year 2010, from $1.8 billion then to $950 million in fiscal year 2013, following sequestration. We urge that its funding level be restored to $1.6 billion in fiscal year 2014.

HOME serves as a critical source of funding for the expansion of affordable ownership and rental housing for low- and moderate-income households. The types of activities HOME assists are the construction and preservation of affordable rental housing usually as gap assistance, the construction and rehabilitation or affordable ownership housing as well as for homeownership assistance and tenant-based rental assistance. Since HOME was enacted in 1990 it has produced over 1 million affordable homes, including 612,792 homeownership new construction and rehabilitation units and 423,154 new construction or preservation of rental units. Every $1 of HOME funds leverages an additional $4 in non-HOME funds.

The administration's fiscal year 2014 budget proposes funding for HOME at the $950 million finally approved for fiscal year 2013. It is estimated that this will decrease production of HOME units by 34,000 units and result in the loss of an estimated 8,935 jobs.

Thus, we urge you to support our recommendation of $3.3 billion for CDBG formula grants and $1.6 billion for HOME in fiscal year 2014 to help communities nationwide continue to provide vital affordable housing and neighborhood revitalization programs and services to low-income persons.

Respectfully,

U.S. Conference of Mayors, National Association of Local Housing Finance Agencies, and the National Community Development Association.

LETTER FROM THE NATIONAL COUNCIL OF STATE HOUSING AGENCIES

APRIL 19, 2013.

Hon. PATTY MURRAY,
Chairman, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

Hon. SUSAN COLLINS,
Ranking Member, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies,
Washington, DC.

DEAR CHAIRMAN MURRAY AND RANKING MEMBER COLLINS: We appreciate this opportunity to provide testimony in support of the HOME Investment Partnerships (HOME) program. HOME program funding is vital to the production and provision of housing affordable to low-income families. Yet HOME has received devastating cuts—cut almost in half in just the past few years. Just since fiscal year 2011, HOME has been cut by 41 percent from $1.6 billion to an estimated post-sequester level of $948 million in fiscal year 2013. Cuts to the HOME program are being felt deeply across the country. For example, the HOME funding allocation to the State of Washington has decreased by 43 percent, from $34.5 million in fiscal year 2010 to $19.8 million in fiscal year 2012, and the allocation to the State of Maine has fallen 44 percent, from $8.5 million in fiscal year 2010 to $4.7 million in fiscal year 2012.

To begin restoring funds for HOME, we implore you to fund HOME in fiscal year 2014 at $1.6 billion, equal to its fiscal year 2011 funding level. We ask that you resist additional, disproportionate cuts to HOME and recognize both the successful track record of the program and the need for its continued funding at a time when our housing market, and broader economy, continues to struggle and the need for affordable housing continues to grow.

Authorized in 1990, the HOME program provides grants to State and local governments to produce affordable housing for low-income families. HOME funds are a vital and unique source of financing for numerous affordable housing developments—many of which would not be possible without HOME assistance. States and localities use HOME for affordable housing production and rehabilitation, preservation, and rental and homeownership assistance.

By flexibly working with and supporting many critical Federal housing programs, including the Low Income Housing Tax Credit and rural housing programs, HOME uniquely empowers States and localities to respond to the housing needs they judge most pressing. States and localities use HOME to serve the whole spectrum of housing need, from homeless to ownership to disaster recovery, from urban to rural areas, and all low-income populations, including families with children, the elderly, veterans, and persons with special needs. HOME also enables for-profit and nonprofit developers to provide affordable housing in their communities.

In its 20 years of existence, the HOME program has successfully produced more than 1 million affordable homes, in addition to making homes affordable for hundreds of thousands of families with rental assistance. From 1992 to 2012, States and localities have used HOME funds to produce 460,692 home buyer homes, 423,154 rental homes, and 212,100 rehabilitated home buyer homes. Another 264,715 families have received rental assistance through the HOME program. States and localities leverage HOME funding by generating more than $4 in other private and public resources for every $1 of HOME. Over the program's lifetime, HOME funds have been used to leverage $100.2 billion in funds for affordable housing.

HOME funding is used exclusively to create affordable housing for low-income households, those earning incomes of 80 percent or less of area median income (AMI). While the statute requires that at least 90 percent of families receiving rental assistance through HOME have incomes at 60 percent of AMI or less, almost 100 percent of those receiving tenant-based rental assistance and 97 percent of families living in HOME-assisted rental units have incomes of 60 percent of AMI or less. One out of four families helped with HOME are extremely low-income, with incomes of 30 percent of AMI or less.

In addition to providing needed affordable housing, HOME funds contribute to job creation, especially in the hard-hit construction sector. Every $1 billion in HOME creates or protects approximately 18,000 jobs. Restoring funding to $1.6 billion in fiscal year 2014 would create 11,736 more jobs than created by HOME's fiscal year 2013 funding level.

Based on projected production levels included in HUD's fiscal year 2014 budget request, if HOME is funded in fiscal year 2014 at the administration's proposed level of $950 million, we expect almost 34,000 fewer affordable homes will be produced in fiscal year 2014 than were produced in fiscal year 2011. This means fewer home buyer and rental units, fewer homeowner rehabilitation projects, and fewer tenants assisted.

As we face decreased investment in the production of affordable housing, we face a continued growing need for it. According to HUD's latest Worst Case Housing Needs report, in 2011 nearly 8.5 million very low-income families—who received no government housing assistance—paid more than half their monthly income for rent, lived in severely substandard housing, or both. This number is up 2.6 million, or 43.5 percent, since 2007.

Today, there are only 57 affordable rental homes available for every 100 very low-income renter households, those earning 50 percent of AMI or less. For the 10.1 million households with extremely low incomes, there are only 30 affordable homes available for every 100 households. Only one in four households eligible for Federal rental housing assistance receives it.

As a capital program, HOME is a vital resource for addressing this growing housing need. HOME funds produce new units of affordable housing and thus are necessary to increasing the overall supply of affordable housing. The Bipartisan Policy Center's Housing Commission in its recent report entitled Housing America's Future: New Directions for National Policy, called for an increase in HOME appropriations to serve as the gap financing needed to support new developments that would expand the supply of affordable rental housing.

A HOME program appropriation of $1.6 billion in fiscal year 2014 would only go partway towards restoring HOME program funding, but it would provide States and local communities with the critical resources needed to help address the spectrum of affordable housing needs they face. Therefore, we urge you to support the proven outcomes of the HOME program by providing a fiscal year 2014 appropriation of $1.6 billion. Thank you for this opportunity to testify on the need for HOME funding. Please do not hesitate to contact us with any questions.

Sincerely,

Council for Affordable and Rural Housing
Council of State Community Development Agencies
CSH
Enterprise Community Partners
Habitat for Humanity International
Housing Assistance Council
Housing Partnership Network
Mercy Housing
National Alliance of Community Economic Development Associations
National Association for County Community and Economic Development
National Association of Home Builders
National Association of Housing and Redevelopment Officials
National Association of Local Housing Finance Agencies
National Community Development Association
National Council of State Housing Agencies
National Housing Conference
National Leased Housing Association
National Low Income Housing Coalition
National Rural Housing Coalition
Stewards of Affordable Housing for the Future
The Community Builders, Inc.

Prepared Statement of the National Council of State Housing Agencies

Thank you for the opportunity to provide testimony on behalf of our Housing Finance Agency (HFA) members regarding fiscal year 2014 appropriations for housing programs. As you consider your fiscal year 2014 Department of Housing and Urban Development (HUD) appropriations bill, we urge you to restore HOME Investment Partnerships Program (HOME) formula grant funding to $1.6 billion, equal to its fiscal year 2011 funding level, and provide section 8 funding adequate to renew all expiring project-based contracts for a full year, fully fund all authorized Housing Choice Vouchers (vouchers), provide new incremental vouchers in fiscal year 2014, allocate new flexible rental assistance to State HFAs, and ensure that successful HFA voucher and project-based contract administrators continue in and are adequately compensated for these roles. We also ask you to provide authority for Ginnie Mae to securitize Federal Housing Administration (FHA)-HFA Multifamily Risk-Sharing program loans.

The National Council of State Housing Agencies' (NCSHA's) members are the HFAs of the 50 States, the District of Columbia, New York City, Puerto Rico, and the U.S. Virgin Islands. HFAs administer a wide range of affordable housing and community development programs, including HOME, section 8, homelessness assistance, down payment assistance, State housing trust funds, tax-exempt Housing

Bonds, and the Low Income Housing Tax Credit (Housing Credit). HFAs effectively employ these resources to advance their common public-purpose mission of providing affordable housing to the people of their jurisdictions who need it.

HOME INVESTMENT PARTNERSHIPS PROGRAM

HOME program funding is vital to the production and provision of housing affordable to low-income families and has a long record of tremendous success in doing so. Yet HOME has received devastating cuts in recent years. HOME has been cut almost in half since fiscal year 2010. Just since fiscal year 2011, HOME funding has been cut by 41 percent—from $1.6 billion to an estimated post-sequester level of $948 million in fiscal year 2013. This is the lowest funding level in the program's 20-year history. We appeal to you to spare the HOME program from further cuts and to fund HOME at an amount as close to its fiscal year 2011 funding level of $1.6 billion as possible. The need for HOME funding vastly exceeds the amount available.

We also request that the subcommittee resist further reducing the amount of this flexible funding source going directly to States and localities by not including any set-asides within the HOME program account.

In these tight budgetary times, the HOME formula grant is one of the best housing investments Congress can make. HOME's flexibility allows States and localities to determine how to put limited HOME funds to their best use. HFAs use HOME to serve the whole spectrum of housing need, from homeless to ownership to disaster recovery, from urban to rural areas, and all low-income populations, including families with children, the elderly, veterans, and persons with special needs. HOME funding is necessary to help States and localities respond to urgent housing needs.

HOME funds must be used to assist families with low incomes, those earning 80 percent of area median income (AMI) or less. State HFAs report using more than half of their HOME funds in 2011 to assist very low-income families, those earning 50 percent of AMI or less, and more than a quarter of the funds to assist extremely low-income families, those earning 30 percent of AMI or less.

HOME has an outstanding track record of success. States and localities have used HOME funding to produce more than 1 million affordable homes, in addition to making homes affordable for hundreds of thousands of families with direct rental assistance.

Further, every Federal HOME $1 generates more than $4 in additional public and private investment. HOME funds have leveraged more than $100 billion in additional funds for affordable housing. HOME funding is a vital piece in financing numerous affordable housing developments—many of which would not be able to move forward without its assistance. HOME complements and supports many critical Federal housing programs, such as the Low Income Housing Tax Credit, making developments financially feasible and achieving deeper income targeting than would otherwise be possible.

NCSHA also supports the State-administered Housing Trust Fund and seeks a dedicated and sustainable funding source for it. However, the Housing Trust Fund is needed as a new resource for developing housing affordable to those with very low and extremely low incomes. It is not a replacement for appropriations to HOME and other HUD programs and should not be funded at their expense.

RENTAL ASSISTANCE

We recommend Congress provide adequate funding for vouchers and project-based section 8 contracts. These two programs serve some of our lowest income, most vulnerable people. We urge the subcommittee to ensure the section 8 accounts are funded such that all vouchers already in use are renewed and all contract renewals are funded for a full 12 months in order to maintain owner confidence in the program.

We also ask that you provide the funding necessary for public housing agencies (PHAs) to effectively administer the voucher program. PHAs have experienced year-over-year proration of administrative fees, which has negatively impacted PHAs' ability to administer the voucher program. HFA voucher and project-based contract administrators play critical roles in providing rental assistance and we ask that you ensure that they are adequately compensated for them.

Thank you for funding new incremental Veterans Affairs Supportive Housing (VASH) vouchers in fiscal year 2013. However, additional new unrestricted incremental vouchers are needed so we can help some of the millions of families who qualify for rental assistance but do not receive it. According to HUD's most recent report on Worst Case Housing Needs, there was a 43.5 percent increase from 2007 to 2011 in households with worst case housing needs—defined as very low-income

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renters not receiving government housing assistance who either pay more than half of their monthly income for rent, live in severely inadequate conditions, or both.

We urge you also to provide flexible rental assistance to State HFAs that they can use for either project-based or tenant-based rental assistance. Such funding would allow States to address their production and affordability needs most effectively and to serve more extremely low-income families by combining it with State-administered Housing Credit, Housing Bond, HOME, and other production resources.

States consistently target their Housing Credit, Housing Bond, and HOME resources to households with incomes below the programs' statutory income limits. Yet it is difficult—and sometimes impossible—to reach these households at a rent level they can afford without rental assistance.

GINNIE MAE SECURITIZATION OF MULTIFAMILY RISK-SHARING LOANS

We request that you provide authority for Ginnie Mae to securitize FHA-HFA Multifamily Risk-Sharing loans. Providing this authority will allow HFAs to reduce the cost of financing rental housing developments, making it possible to achieve lower rents and reach even lower income tenants.

Under the FHA-HFA Risk-Sharing program, HFAs meeting rigorous financial standards are able to underwrite FHA multifamily loans in return for sharing the risk of any losses on those loans. This program has been very successful, with 26 HFAs financing nearly 1,000 loans, totaling more than $5 billion in principal and supporting more than 101,000 affordable rental homes.

If Ginnie Mae were to securitize FHA-HFA Risk-Sharing loans, HFAs predict the interest rate on the underlying mortgages could be reduced by as much as 200 basis points, or 2 percent. This rate reduction would lower rents and potentially reduce the need for and cost of other Federal housing subsidies. This authority would not increase Government spending. In fact, it would generate revenue for the Federal Government according to the Congressional Budget Office (CBO), which estimates that allowing Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would result in $20 million in mandatory savings over 10 years, or $2 million annually.

We recognize the continued constrained fiscal environment in which you must craft your fiscal year 2014 appropriations legislation. We urge you to consider the proven effectiveness of HOME and section 8 rental assistance and the great unmet need for them, which has been further exacerbated in these difficult economic times, as you make your funding decisions. NCSHA appreciates this opportunity to offer a statement on behalf of these programs and we are ready to assist you in any way we can as you move forward with the fiscal year 2014 appropriations process.

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