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{ REPORT
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TRANSPORTATION AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS BILL, 2010

AUGUST 5, 2009.—Ordered to be printed

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

REPORT

[To accompany H.R. 3288]

The Committee on Appropriations, to which was referred the bill (H.R. 3288) making appropriations for the Departments of Transportation and Housing and Urban Development, and Related Agencies for the fiscal year ending September 30, 2010, and for other purposes, reports the same with an amendment and recommends that the bill as amended do pass.

Amounts of new budget (obligational) authority for fiscal year 2010

Total of bill as reported to the Senate	\$67,786,573,000
Amount of 2009 appropriations	117,100,120,000
Amount of 2010 budget estimate	108,406,040,000
Amount of 2010 House bill	68,899,275,000
Bill as recommended to Senate compared to—	
2009 appropriations	– 49,313,547,000
2010 budget estimate	– 40,619,467,000
2010 House bill	– 1,112,702,000

Committee also encourages SLSDC to increase the dependability of its cost estimation process by requesting independent financial reviews of project cost estimates and independent constructability reviews of project designs prior to contract solicitation for large construction projects to better ensure that projects can be successfully bid and built.

The Committee directs SLSDC to submit semiannual reports regarding the ARP. SLSDC shall, not later than April 30 and October 31 of each year, submit to the Senate and House Appropriations Committees a semiannual report summarizing the activities of the ARP during the immediately preceding 6-month periods ending March 31 and September 30. Such reports shall include up to date information on the status of the ARP, including but not limited to the following: an update on the status of each project that has received funding; cost overruns and cost savings for each active project; total work years of employees per project to date; delays and the cause of delays; schedule changes; up to date cost projections for each project in the ARP, highlighting changes in estimates; and any other deviations from the ARP. The SLSDC is directed to include in the reports any other relevant information relating to the management, funding, and implementation of the ARP.

GAO Audit.—Last year, the Committee included language to conduct an audit and assessment of SLSDC's progress in carrying out ARP. The Committee requests GAO to continue its efforts to monitor the ARP. The first GAO report should be submitted to the House and Senate Committees on Appropriations no later than May 31, 2010, and should take a comprehensive look at ARP. In general, this audit should include, but is not limited to, an assessment of the accuracy of the cost projections presented in the ARP; a determination of cost estimates not included by the Agency in the ARP; and the need and importance of investment in each project of the ARP to the operation of the SLSDC.

MARITIME ADMINISTRATION

PROGRAM DESCRIPTION

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

tation needs. The Committee continues to fund MARAD in its support of the United States as a maritime Nation.

MARITIME SECURITY PROGRAM

Appropriations, 2009	\$174,000,000
Budget estimate, 2010	174,000,000
House allowance	174,000,000
Committee recommendation	174,000,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$174,000,000 for the Maritime Security Program. This amount is equal to the fiscal year 2009 enacted level and budget request. This level is consistent with the program's authorized level.

OPERATIONS AND TRAINING

Appropriations, 2009	\$123,360,000
Budget estimate, 2010	152,900,000
House allowance	140,900,000
Committee recommendation	154,900,000

PROGRAM DESCRIPTION

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

COMMITTEE RECOMMENDATION

The Committee has recommended an appropriation of \$154,900,000 for Operations and Training at the Maritime Administration for fiscal year 2010. This amount is \$31,540,000 more than the fiscal year 2009 enacted level and \$2,000,000 above the budget request. Funding for the subaccounts within the "Operations and training" account are provided as follows:

	Fiscal year 2010 request	Committee recommendation
U.S. Merchant Marine Academy [USMMA]: ¹		
Salaries and Benefits	\$31,677,000	\$31,677,000
Midshipment Program	8,360,000	8,360,000
Instructional Program	3,765,000	3,765,000
Program, Direction, and Administration	6,188,000	6,188,000

	Fiscal year 2010 request	Committee recommendation
Maintenance, Repair and Operations	9,067,000	9,067,000
Capital Improvements	15,391,000	15,000,000
Subtotal, USMMA	74,448,000	74,057,000
State Maritime Schools:		
Direct Schoolship Payments	2,400,000	2,400,000
Fuel Payments		300,000
Student Incentive Payments	2,000,000	2,150,000
Maintenance and Repair of Training Ships	11,240,000	11,240,000
Subtotal, State Maritime Academies	15,640,000	16,090,000
MARAD Operations:		
Salaries and Benefits	28,602,000	28,602,000
Non-Discretionary Operations	9,731,000	9,731,000
Information Technology	6,214,000	8,155,000
Discretionary Operations and Travel	1,777,000	1,777,000
Discretionary Program Expenses	1,488,000	1,488,000
MARAD-Homeland Security Port Initiative	15,000,000	15,000,000
Subtotal, MARAD Operations	62,812,000	64,753,000
Total, MARAD Operations and Training	152,900,000	154,900,000

¹ These amounts may be altered as part of the spending plan.

USMMA.—The United States Merchant Marine Academy [USMMA] provides educational programs for men and women to become shipboard officers and leaders in the transportation field. The Committee is committed to its mission and to ensuring that the Academy's midshipmen receive the highest quality education so that they are prepared for their commissions with the U.S. Naval Reserve or other uniformed service when they graduate.

However, the Committee is concerned that for many years, officials at the Academy engaged in questionable financial and management practices that potentially compromised the education of the students at the Academy. Following an internal audit conducted by staff at the Maritime Administration [MARAD], the Committee was alerted to several potential Anti-Deficiency Act violations and other questionable management practices by officials at the Academy. In response, the bipartisan leadership of the House and Senate Subcommittees on Transportation, Housing and Urban Development and Related Agencies asked the Government Accountability Office [GAO] to undertake a thorough audit of the Academy's finances and operations.

The preliminary findings of the GAO suggest a serious lack of internal controls and accountability, as well as a disregard for funding limits contained in appropriations laws. The Committee is dismayed by the number of violations and the serious flaws in the control process at the Academy. However, these improper practices in which officials at the Academy engaged are also the result of lax oversight on the part of the Department of Transportation and MARAD.

While the GAO's work is not yet complete, the Committee anticipates dozens of recommendations aimed at establishing a fiscal control process and an organizational structure that will establish accountability and restore fiscal integrity at the Academy. These

recommendations will focus on the need to: address potential Anti-Deficiency Act violations, establish a funds control process; establish a comprehensive risk-based internal control system; address problems with nonappropriated fund instrumentalities; and reconcile midshipmen's fees collected with uses.

The Committee recognizes that many of the problems that have already been identified by MARAD as well as the ones likely to be identified by the GAO began many years ago. Moreover, officials at MARAD, DOT, and the Academy have already taken some steps to address some of the problems. In fact, soon after assuming office the Secretary notified Congress of several Anti-Deficiency Act violations. The Committee appreciates the administration's willingness to finally admit the problems at the Academy, as well as some of the proposals, including ones contained in the budget, aimed at correcting issues. In addition, the Academy has a new Superintendent at the Academy who appears to understand the challenges at the Academy, and willing to make the changes necessary to improve Academy's operations.

It is clear, though, that the internal process and organizational changes that are needed will take time to be fully implemented. Therefore, the Committee has once again included language requiring that all funding for the Academy be given directly to the Secretary, and that 50 percent of the funding will not be available until MARAD submits a plan detailing how the funding will be spent. While MARAD did submit a more detailed plan for how funding will be used as part of this year's budget submission, the Committee expects the plan to provide additional specificity as well as make any adjustments necessary to satisfy recommendations of the GAO. The Committee also believes that this process will ensure continued engagement by the Secretary and MARAD officials in the operations at the Academy, as well as establish a system of funds control and accountability.

The Committee does recognize the many capital improvement needs at the Academy, which are important to improving the experiences of the students at the Academy. Therefore the Committee has provided \$15,000,000 for capital improvements at the Academy, an increase of \$6,850,000 over the level provided in fiscal year 2009. However, the Committee wants to ensure that this funding is used for its intended purpose, and directs the DOT to include detailed information as part of this spend plan on the Academy's long-term capital plan. This plan should include new safeguards that will be established to ensure that the funding is used only for capital improvements.

Finally, the Committee expects the Academy to carefully assess the necessity of the numerous NAFIs at the Academy. While the Committee appreciates the important role that the NAFIs can play, it is clear that the management and oversight of these NAFIs was a challenge for the Academy, and warrants a reassessment of their role at the Academy.

Port Initiative.—The Committee recommendation includes \$15,000,000 that was requested by the President for a new initiative to be undertaken in partnership with the Department of Homeland Security to improve the security, capacity, and efficiency of our Nation's ports. This initiative seeks to develop the Nation's

intermodal freight infrastructure by linking coastal and inland ports to the highway and rail networks. The Committee applauds the administration's effort to recognize the important role that our ports and waterways can play in easing congestion and increasing mobility by moving both freight and passengers from our roads to waterways. The funding provided as part of this initiative will allow MARAD to designate and support specific projects that will create new or expanded services along designated Marine Highway corridors. In addition the funding will allow for the collection of data to support the expanded use of a secure national marine highway. The Committee hopes that this pilot will result in expanded use of our waterways.

State Maritime Academies.—The Committee has included an additional \$450,000 above the President's request for State Maritime Academies. The increased funding will support the efforts of the six-State maritime academies to educate and train merchant marine and commercial ship officers. These academies produce the largest number of new licensed officers in the country. The Committee has included an increase of \$150,000 for the Student Incentive Payments to adequately cover these payments to students, which were increased last year from \$4,000 to \$8,000 per student. In addition, the Committee has included a new line item for fuel payments, which are an essential, but costly part of cost of operating the ships used to train its students.

Information Technology.—Integrated, real-time data on vessels is critical to both maritime commerce and the safety and security of our ports and waterways. The Committee has provided additional resources for information technology, so that the agency can continue to improve and enhance data collection and analysis efforts.

SHIP DISPOSAL

Appropriations, 2009	\$15,000,000
Budget estimate, 2010	15,000,000
House allowance	15,000,000
Committee recommendation	15,000,000

PROGRAM DESCRIPTION

The Ship Disposal account provides resources to dispose of obsolete merchant-type vessels of 150,000 gross tons or more in the National Defense Reserve Fleet [NDRF] which the Maritime Administration is required by law to dispose of by the end of 2006. Currently there is a backlog of more than 91 ships awaiting disposal. Many of these vessels are some 50 years old or more and pose a significant environmental threat due to the presence of hazardous substances such as asbestos and solid and liquid polychlorinated biphenyls [PCBs].

COMMITTEE RECOMMENDATION

The Committee recommends an appropriation of \$15,000,000 for the Maritime Administration's Ship Disposal program. This level of funding is equal to the fiscal year 2009 enacted level and the President's request. The Committee strongly supports the Maritime Administration's efforts to dispose of all obsolete vessels that it has in its fleet. The Committee recognizes that the agency faces a chal-

lenge in reducing its backlog since ship disposal activities are currently suspended in the State of California due to conflicting environmental mandates and regulatory constraints. However MARAD has been successful at disposing ships in the James River and Beaumont Reserve Fleets. The Committee expects MARAD to continue its efforts to reduce the backlog.

ASSISTANCE TO SMALL SHIPYARDS

Appropriations, 2009 ¹	\$117,500,000
Budget estimate, 2010	
House allowance	
Committee recommendation	17,500,000

¹ Of the funds provided for this program for fiscal year 2009, \$100,000,000 was provided as emergency spending as part of the American Recovery and Reinvestment Act (Public Law 111-5).

PROGRAM DESCRIPTION

As authorized by section 3506 of the National Defense Authorization Act for Fiscal Year 2006, the Assistance to Small Shipyards program provides assistance in the form of grants, loans, and loan guarantees to small shipyards for capital improvements.

COMMITTEE RECOMMENDATION

The Committee is recommending an appropriation of \$17,500,000 for assistance to small shipyards and maritime communities. This level of funding is \$100,000,000 less than the fiscal year 2009 enacted level, but is equal to the level of nonemergency funding provided for this program in fiscal year 2009. The President did not request funding for this program in fiscal year 2010.

Beginning in fiscal year 2008, the Committee has provided funding for this program, which helps small shipyards improve the efficiency of their operations by providing funding for equipment and other facility upgrades. There were over 250 qualified applicants for the funding provided in fiscal year 2009, both through the Omnibus Appropriations Act and the American Recovery and Reinvestment Act of 2009 whose requests far exceeded available resources. The funding recommended by the Committee will help meet the demand for this funding, and improve the competitiveness of our Nation's small shipyards.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM

Appropriations, 2009	\$3,531,000
Budget estimate, 2010	3,360,000
House allowance	3,630,000
Committee recommendation	14,000,000

PROGRAM DESCRIPTION

The Program, established pursuant to title XI of the Merchant Marine Act, 1936, as amended, provides for a full faith and credit guarantee by the U.S. Government of debt obligations issued by (1) U.S. or foreign shipowners for the purpose of financing or refinancing either U.S.-flag vessels or eligible export vessels constructed, reconstructed or reconditioned in U.S. shipyards and (2) U.S. shipyards for the purpose of financing advanced shipbuilding technology and modern shipbuilding technology of a privately

owned general shipyard facility located in the United States. The Program is administered by the Secretary of Transportation acting by and through the Maritime Administrator. Under the Federal Credit Reform Act of 1990, appropriations to cover the estimated costs of a project must be obtained prior to the issuance of any approvals for title XI financing.

COMMITTEE RECOMMENDATION

The Committee has recommended an appropriation of \$14,000,000 for the Maritime Guaranteed Loan Title XI program. Of the amount provided, \$4,000,000 is for administrative expenses necessary to carry out the program. This level of funding is \$10,469,000 more than the fiscal year 2009 enacted level and \$10,370,000 more than the President's request. The loan guarantee amount of \$10,000,000 will provide for a total loan volume of up to \$170,000,000. The affordable financing opportunities that these loans allow are critical to ensuring that small and medium ship-owners can build ships in the United States. The Committee expects that MARAD will move quickly to approve the loan guarantees, which are critical to our domestic shipbuilding industry.

ADMINISTRATIVE PROVISIONS—MARITIME ADMINISTRATION

Section 175 authorizes the Maritime Administration to furnish utilities and services and make repairs to any lease, contract, or occupancy involving Government property under the control of MARAD. Rental payments received pursuant to this provision shall be credited to the Treasury as miscellaneous receipts.

Section 176 provides a mechanism to collect and utilize fees collected from midshipmen at the United States Merchant Marine Academy. The language also accounts for fees previously collected and held by the Maritime Administration, and allows for surplus fees from prior years to be refunded to midshipmen.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

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

ADMINISTRATIVE EXPENSES

(PIPELINE SAFETY FUND)

Appropriations, 2009	\$19,130,000
Budget estimate, 2010	18,968,000
House allowance	19,968,000
Committee recommendation	19,968,000