

DEPARTMENTS OF TRANSPORTATION, AND
HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS FOR 2024

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED EIGHTEENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF TRANSPORTATION, AND
HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES

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DEPARTMENTS OF TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2024

TUESDAY, MARCH 28, 2023.

INSPECTORS GENERAL OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND THE DEPARTMENT OF TRANSPORTATION

WITNESSES

HON. RAE OLIVER DAVIS, INSPECTOR GENERAL, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HON. ERIC J. SOSKIN, INSPECTOR GENERAL, DEPARTMENT OF TRANSPORTATION

Mr. COLE. The subcommittee will come to order. Today we welcome inspectors general from the Department of Transportation and the Department of Housing and Urban Development.

Good morning to our witnesses. The DOT IG, Mr. Soskin, is here, and the HUD IG, Ms. Oliver Davis, is here. Thank you for appearing before us today and for your years of service to the taxpaying public.

I would also like to welcome my colleagues from both sides of the aisle to our first hearing of the budget season, although we have had one roundtable. I thank those of you that were able to make that. It is tough on a fly-out day.

One of our fundamental roles as members of the Appropriations Committee is to make sure that the funding we allocate is spent as intended. That is why our first subcommittee hearing of this Congress is focused on oversight. We look to the Offices of Inspector General across the Federal Government to conduct much needed oversight to ensure our tax dollars are being well spent. We rely on you, Inspectors General Soskin and Oliver Davis, to help us root out waste, fraud, and abuse at the agencies under your jurisdiction.

I have some concerns regarding the management and effectiveness of both the DOT and HUD given the unprecedented Federal funding both Departments have received in recent years. This raises the risks of lax oversight and rushed decision making. Your audits and investigations provide a critical window for policymakers and members of the public to peer through.

I am most interested to learn about the outcomes of your various reports, which recommendations have been implemented and which have not, and where additional congressional attention may be warranted.

The testimony today will help members on both sides of the aisle assess the strengths and weaknesses of both Departments ahead of our budget hearings with both Secretaries next month.

I look forward to your testimony as we make tough decisions that will be required to put together the THUD fiscal year 2024 appropriations bill.

With that, I recognize my good friend, the distinguished ranking member of the subcommittee, Mr. Quigley, alongside whom I very much look forward to working with in this Congress.

So, Mr. Quigley.

Mr. QUIGLEY. Thank you, Chairman. I also look forward to working with you and this entire committee in this next Congress. There is a lot of work to do, but couldn't ask for better partners.

I want to join you in welcoming our witnesses today, and I will keep my opening statement brief. I reminded the staff here today that a gentleman named Edward Everett spoke for 3 hours at Gettysburg, and no one remembers it. Lincoln spoke for under 3 minutes; a lesson for all of us.

But examining the management challenges facing the Department of Transportation and Housing and Urban Development help the subcommittee make informed decisions about how we invest resources. Whether it is aging IT infrastructure or shrinking workforce or private sector development outpacing Federal regulation, DOT and HUD require effective oversight and fine-tuning.

With the enactment of the historic Infrastructure Investment and Jobs Act and emergency relief provided for the response to COVID and natural disasters, DOD and HUD are leading the modernization of our Nation's infrastructure, and that is no easy task. Understanding the complexities of transforming these resources into jobs and shovels in the ground will be important to today's discussion.

I believe the Transportation and Housing Secretaries have what it takes to effectively run these Departments, and I am here today to learn how I can strengthen our work with them to make sound improvements.

I look forward to learning more about how HUD and DOT are meeting their management challenges and where we can make progress.

Thank you both for being here today and for your service.

Thank you, Mr. Chairman.

Mr. COLE. Thank you.

This morning we will begin with the Department of Transportation inspector general, Mr. Soskin.

Mr. Soskin, your full testimony will be included in the record. You are recognized for 5 minutes.

Mr. SOSKIN. Thank you.

Chairman Cole, Ranking Member Quigley, and members of the subcommittee, thank you for inviting me to discuss the Office of Inspector General's oversight of Department of Transportation programs and activities.

DOT's stated mission is to deliver the world's leading transportation system, and our office supports that mission by providing independent objective oversight through investigations and audits conducted on behalf of the American public. As you know, DOT has

received substantial appropriations to improve the infrastructure underpinning America's transportation systems, including \$660 billion through the Infrastructure Investment and Jobs Act, or IIJA. This is no small task. And, at the same time, DOT must deal with a shifting economic landscape and the lingering impacts of the COVID-19 pandemic.

Against this backdrop, my testimony today describes the top challenges we have identified in three areas: safety improvements, stewardship of infrastructure spending, and new transportation and workforce concerns.

First, DOT is engaged in a continuous effort to make the U.S. transportation system the safest in the world. In the aviation sector, FAA has historically maintained an excellent safety record, helping to assure Americans that aircraft are safe to fly. However, the two overseas crashes involving Boeing 737 MAX 8 aircraft have highlighted significant challenges related to FAA's certification process and delegation of authority to U.S. manufacturers.

In addition, our audits have identified opportunities for FAA to better oversee air carriers' efforts to assess and mitigate their safety risks.

In highways, DOT is continuing its critical work to improve traffic and safety. NHTSA has enhanced requirements for notifying owners about vehicle safety defects and has adopted a risk-based approach to reviewing recalls. However, safety risks can take years to resolve. For example, faulty Takata airbags remain on the road even after years of ongoing recalls.

In addition, the Motor Carrier Safety Administration faces challenges in improving safety data and its assessments for large trucks and buses, as well as overseeing commercial driver's licenses, medical certifications, and license disqualifications.

The recent Norfolk Southern train derailment, meanwhile, has focused national attention on freight trains carrying hazardous materials. PHMSA's implementation of the PIPES Act will help advance the safe transportation of hazardous material but will require the agency to hire more inspectors and enforcement personnel, among other actions.

Rail track oversight will also remain a challenge. In that area, our recent audit work has recommended steps for FRA to improve its management of its automated track inspection program.

Alongside these and other safety challenges, DOT must identify and then manage the financial risks associated with infrastructure spending, including the IIJA funds. DOT will need to verify that contract and grant costs are based on sound pricing and also establish controls to detect and prevent improper payments.

Compliance with Made in America laws will also require attention, especially given the recent expansion of those domestic preferences in federally funded infrastructure projects.

The large scale of current infrastructure spending brings with it fraud risks too. A key challenge will be identifying and mitigating fraud in high-risk areas, such as bid rigging. DOT must monitor red flags and improve outreach to recipients and contractors about their responsibilities.

And, while all of this goes on, the Department is preparing for the future of transportation, which brings new workforce and policy

challenges to manage alongside these traditional safety and stewardship objectives. Not only must DOT hire, train, and retain a right-sized workforce to oversee its grants and contracts, it must also strive to maximize the efficiency and effectiveness of that workforce in a hybrid work environment.

In the National Airspace System, DOT must face the challenge of overseeing its consumer protection mission while delivering on systems and meeting staffing needs in ways that benefit all NAS stakeholders. And, across the board, American leadership and prosperity continue to depend on the Department's ability to strike the right balance between enabling innovation and new technologies and ensuring that that innovation does not compromise safety.

To do these things and improve information security and implement executive priorities, such as addressing climate change and advancing equity, is no small task. So we appreciate the Department's commitment to prompt action in response to the challenges we have identified. Our office will continue to work closely with DOT and will keep you informed about the results of our work.

That concludes my prepared statement, and I am happy to answer any questions that you may have.

[The information follows:]



Oversight of Department of Transportation Programs

March 28, 2023
CC2023004

Statement of Eric J. Soskin
Inspector General, U.S. Department of Transportation

Before the Appropriations Transportation, Housing and Urban Development, and Related Agencies
Subcommittee
United States House of Representatives

Chairman Cole, Ranking Member Quigley, and Members of the Subcommittee:

Thank you for inviting me here today to discuss the Office of Inspector General's (OIG) oversight of Department of Transportation (DOT) programs and activities. The Department's mission is to deliver the world's leading transportation system, serving the American people and economy through the safe, efficient, sustainable, and equitable movement of people and goods. Our office supports that mission by conducting investigations and audits on behalf of the American public. Each year, as required by law, we report on DOT's top management challenges to help the Department effectively manage its programs and operations, while also advancing its strategic goals. These goals include improving safety, supporting economic strength and global competitiveness, promoting equity and sustainability, fostering transformation, and strengthening organizational excellence.

As you know, the Department is now embarking on a significant effort to improve our Nation's infrastructure through the Infrastructure Investment and Jobs Act (IIJA),¹ which authorizes \$660 billion in transportation funding through fiscal year 2026. The volume of IIJA funds, coupled with the creation of new programs and priorities, presents significant implementation and oversight challenges. Simultaneously, DOT faces a shifting macroeconomic landscape with regard to inflation, labor, and supply chain issues. The impacts of the COVID-19 pandemic on the transportation industry and the Department's workforce—including DOT's oversight of more than \$106 billion in COVID-19 relief funding—present other challenges.

Accordingly, my testimony today will incorporate a discussion of the IIJA implementation and COVID-19 impacts within three top management challenge areas: (1) safety improvements, (2) stewardship of large-scale infrastructure investments, and (3) new transportation and workforce challenges.

Summary

Fundamental to DOT's mission is its commitment to making the U.S. transportation system the safest in the world. To meet this objective, the Department must address a number of new and ongoing challenges—from improving its aircraft certification and air carrier operations oversight to reducing motor vehicle and rail accidents while enhancing surface transportation safety program monitoring and enforcement. At the same time, a large influx of funding for large-scale infrastructure projects from COVID-19 relief and IIJA appropriations will require the Department to bolster its stewardship of taxpayer

¹ Pub. L. No. 117-58 (November 15, 2021).

dollars, including identifying and mitigating the risk of fraud. Finally, the Department faces new transportation and workforce challenges. These include managing the efficiency of DOT's workforce, addressing complexities in the National Airspace System (NAS), supporting innovation while advancing the safe integration of new technologies, strengthening cybersecurity, and implementing priorities to combat climate change and advance equity. We remain committed to helping DOT meet these challenges and maintain public trust in the Nation's transportation systems.

Background

Congress provided over \$106 billion to aid DOT's efforts to respond to and mitigate COVID-19 across all modes of transportation. The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020² provided over \$36 billion, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021³ provided over \$27 billion, and the American Rescue Plan (ARP) Act of 2021⁴ provided over \$43 billion.

Enacted in November 2021, IJA authorized about \$660 billion in funding for new and existing DOT programs for fiscal years 2022 through 2026. These funds are supporting DOT's significant efforts to improve the Nation's transportation infrastructure.

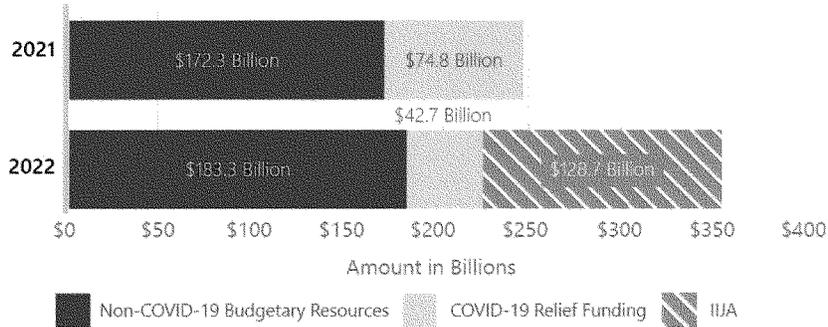
Together, these appropriations have significantly increased DOT's typical budgetary resources, as shown in the figure below.

² Pub. L. No. 116-136 (March 27, 2020).

³ Pub. L. No. 116-260 (December 27, 2020).

⁴ Pub. L. No. 117-2 (March 11, 2021).

Figure. Increase in DOT Budgetary Resources, 2021 vs. 2022



Note: Budgetary resources mean amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

Source: DOT quarterly financial statements as of June 30, 2021, and June 30, 2022 (unaudited)

Maintaining a Strong Focus on Safety Improvements

Fundamental to DOT’s mission is its commitment to making the U.S. transportation system the safest in the world. This is an undertaking that requires continuous dedication across transportation modes. Thus, sustaining the Department’s attention on aviation safety remains a top priority, including strengthening DOT’s oversight of aircraft certification processes and air carrier safety programs. In addition, a rise in fatalities on our Nation’s roads in recent years calls for effective consideration of the causes and implementation of safety programs, whether focused on roadways alone or on the intersection of transportation modes, such as highway-rail grade crossings. At the same time, DOT will need to improve its oversight of surface transportation safety programs.

Improving Oversight of Aircraft Certification and Air Carrier Operations

Maintaining safety is the Federal Aviation Administration's (FAA) primary mission, and the Agency has historically maintained an excellent safety record. However, multiple reviews following two crashes involving Boeing 737 MAX 8 aircraft highlighted significant issues related to FAA's certification process and how it delegates authority to manufacturers operating in the United States.

For example, as permitted under Federal law, FAA delegated significant work to Boeing during the original 737 MAX certification, which, according to FAA managers, is typical as aircraft systems mature. During the recertification process to return the MAX to service, FAA retained responsibility for approving certification plans containing key flight control software. However, given the resources involved, Agency managers have indicated that this level of effort is not possible for all certification projects.

Further, as we have reported, FAA's certification guidance does not adequately address integrating new technologies into existing aircraft models. The Agency also lacks a risk-based approach to delegation oversight, and FAA engineers continue to face challenges in balancing certification and oversight responsibilities. FAA is working to address recommendations from multiple organizations, including our office. Continued management attention will be critical to maintaining confidence in the aircraft certification process.

While the Agency is working to resolve these issues, it should not overlook opportunities to leverage air carrier safety management systems to ensure regulatory compliance and mitigate safety risks. FAA has taken positive steps to work more closely with air carriers to improve safety. However, weaknesses in the Agency's oversight have led to long-unresolved safety issues. For example, as we reported, FAA did not ensure that Allegiant Air, American Airlines, and Southwest Airlines identified and resolved root causes of noncompliance. We have also reported that a lack of comprehensive guidance, tools, and training for its inspectors limits FAA's oversight of carriers' safety management systems. In particular, FAA may not be effectively overseeing carriers' efforts related to assessing and mitigating safety risks and promoting an effective safety culture.

FAA has addressed or begun to address many of our 27 recommendations to improve its oversight of the safety programs at Allegiant Air, American Airlines, and Southwest Airlines. As it works to resolve our remaining recommendations, FAA also has an opportunity to assess its oversight of all air carrier safety programs and address any potential systemic issues.

Reducing Surface Transportation Fatalities and Improving Monitoring and Enforcement of Surface Transportation Safety Programs

The United States experienced a surge in fatalities on the Nation's roads during 2020 and 2021 and—based on our recent audit work—the Department continues to face oversight challenges as it strives to improve traffic safety. DOT must identify the root causes of highway-related fatalities and injuries through sustained research, data analysis, and careful coordination with DOT's Operating Administrations (OA), State and local governments, industry, and other stakeholders.

Of paramount importance is ensuring the safety of vehicles on the road. To that end, the National Highway Traffic Safety Administration (NHTSA) has enhanced its requirements for notifying owners about vehicle safety defects and adopted a risk-based approach to review recalls for adequate scope and remedy. While these are positive steps, safety defects—such as faulty Takata airbags, which remain on the road due to ongoing recalls—remain a risk. In addition, NHTSA can reduce the risk of unsafe vehicles operating on U.S. roads by updating procedures for setting and revising Federal Motor Vehicle Safety Standards, reviewing compliance test reports, and training staff.

The increase in roadway fatalities includes those from crashes involving large trucks and buses, nationwide. Our recent audits have identified challenges in improving the quality and transparency of motor carrier safety data, safety measures, and carrier safety ranking assessments; commercial driver medical certification oversight; and commercial driver license disqualification requirements.

Regarding rail safety, the February 3, 2023, derailment of a Norfolk Southern train near East Palestine, OH, focused national attention on Federal safety regulations for freight trains carrying hazardous materials (hazmat). The Federal Railroad Administration (FRA) and Pipeline and Hazardous Materials Safety Administration (PHMSA) are supporting the National Transportation Safety Board's investigation into the cause of the derailment. PHMSA's implementation of the Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020 (PIPES Act)⁵ will go a long way toward advancing the safe transportation of hazmat. To comply with the PIPES Act requirements, PHMSA will need to recruit, train, and retain pipeline inspection and enforcement personnel; evaluate innovative technologies;

⁵ Pub. L. No. 116-260 (December 27, 2020).

complete rulemaking; maintain stewardship of safety funds; and take other required actions.

In addition, DOT is continuing to take action to improve railroad safety. For example, FRA's Automated Track Inspection Program (ATIP) aids track safety oversight by providing track geometry data on roughly 100,000 track miles or more each year to assess compliance with the Federal Track Safety Standards. However, until FRA improves its ATIP utilization goals and ATIP-related track inspection reporting, it cannot ensure its resources are optimally targeted to support the Agency's track oversight.

Although the Department's OAs are structured around individual transportation modes, overall transportation safety is influenced by the relationships among transportation modes, including the intersections of modes—in such places as highway-grade rail crossings—and the choices made by passengers and freight users. Recognizing this, the Department should emphasize safety technologies that may benefit multiple modes and assess safety effects where transportation modes interact or when safety actions related to one mode may impact another.

Enhancing Stewardship Amid Large-Scale Infrastructure Investments

As a result of COVID-19 relief and IIJA appropriations, the Nation has seen a significant increase in funds invested in roads, bridges, rail, transit, and port infrastructure projects. DOT agencies face significant challenges in effectively identifying and managing risks, as well as enhancing agency contract and grant award, administration, and oversight processes to achieve legislative and departmental priorities and goals. In addition, improving grant monitoring procedures with consistent oversight and maintaining controls to detect, prevent, and reduce improper payments is critical to help the Department safeguard assets. Another key challenge will be identifying and assessing fraud in high-risk areas, such as bid rigging and materials fraud.

Managing Risks and Capacity Challenges To Implement IIJA-Funded Projects

IIJA's significant funding increase has magnified the need for agencies to focus oversight and resources to best address risk areas in pursuit of program goals. The Department and its OAs have committed to conducting organizational assessments to identify these risks, as well as the internal controls for addressing

them. As these programs operate in a dynamic environment, the Department must retain its focus on monitoring outcomes and managing risks throughout the IJA implementation effort.

IJA may exacerbate DOT's oversight challenges if the Department does not address existing OIG and Government Accountability Office recommendations to enhance its oversight policies, procedures, and guidance. For example, the Federal Highway Administration (FHWA) has not yet improved staff and external stakeholder guidance on overseeing public-private partnership projects—a particular challenge considering that IJA calls for an increase in these types of projects.

DOT will also need to remain cognizant of the challenges that non-Federal partners face and develop strategies to coordinate with those partners to mitigate risks. For example, State and local governments—often the primary recipients of Federal infrastructure investments—are facing historic shortages of skilled workers. Ensuring that DOT's grantees prioritize, plan, and budget IJA funds for transportation projects to reflect such conditions and in accordance with States' Transportation Improvement Program processes is a key initial step to promoting the efficient and effective use of such funds.

Furthermore, obtaining and maintaining accurate data on infrastructure-related risks is an essential part of DOT's work. For example, we recently reported that FHWA's tunnel inventory contains inaccurate and incomplete inspection data, affecting the Agency's ability to identify and track tunnel deficiencies and States' repairs.

Establishing Sound Pricing for Contract and Grant Awards

To efficiently and effectively achieve its missions while realizing the best value for taxpayers, DOT must verify sound pricing prior to awarding any agency-funded contract or grant. Key requirements of sound pricing include developing reasonable cost estimates and, specific to contracts, promoting competition to the extent practical.

Our reviews, however, have identified deficiencies in these areas for DOT-funded awards. For example, DOT noncompetitively and repeatedly extended four information technology (IT) shared service contracts for 12 years beyond their priced base and option periods without proper justification, contrary to the contract terms and despite prolonged contractor performance issues.

Compounding DOT's pricing challenges is the need to consider the current volatile economy. Congress has raised concerns that inflation, disruptions in the

supply chain, and labor shortages would cause States to exceed their transportation budgets. These factors also make accurately estimating increasing project costs difficult and reduce the number of firms that are able to bid on jobs—essentially limiting competition and potentially diminishing the value that taxpayers receive from IJA-funded projects. As such, States and the Department will be challenged to maximize IJA’s intended benefits to the Nation’s transportation system.

Verifying Contract and Grant Expenditures Are Supported, and Reducing Improper Payments

As DOT obligates its significant influx of funds over the next several years, the Department must also adhere to distinct requirements regarding their use and availability. A significant challenge is ensuring contract and grant expenditures are reasonable, allowable, and in compliance with contract and grant terms. However, our recent work found that FAA had modified its policy to lessen supporting documentation requirements for CARES Act funds, which expedited reviews but adversely impacted the Agency’s ability to assess eligibility and validity.

Adding to this challenge is the rigor with which DOT will need to ensure that applicable purchased products and materials comply with Made in America laws. This will be especially critical given the Build America, Buy America Act’s expansion of domestic preference coverage and application in Federal financial assistance programs for infrastructure, effective May 2022, as well as gradual planned increases to the domestic content threshold for Federal contracts beginning in October 2022. Since the May 2022 expansion, DOT has had waivers in place for the Buy America requirements for construction materials. This includes a new limited waiver, effective earlier this year, that is intended to help DOT and its financial assistance recipients transition to the expanded requirements for U.S.-manufactured construction materials without delaying projects that are well underway.

The Department also has a responsibility to help ensure that grantees meet Federal requirements by establishing internal controls to detect and prevent improper payments. DOT programs’ potential susceptibility to improper payments is likely to increase given the drastic growth in disbursements and volume of transactions related to IJA and COVID-19 relief. For example, our recent review of FAA’s oversight of CARES Act funding identified \$3 million in improper payments.

Further, DOT has an opportunity to enhance its policies and procedures for monitoring and reporting grantee spending. For example, we have communicated concerns to the Department about the OAs' untimely followup on single audit findings, counter to the Office of Management and Budget's (OMB) Uniform Guidance requirements. If the issues we identified are not corrected, future awards may be susceptible to the same weaknesses, thus increasing the risk of misuse of Federal funds. To ensure funds are put to their best use, DOT must also monitor grantee spending to identify when funds are no longer needed or are not expended in a timely manner.

Identifying and Managing Fraud Risks

Given the rapid distribution of, and increase in, funding, DOT has communicated to its OAs and Congress the importance of internal controls to protect departmental resources from the risks of fraud, waste, and abuse. Nonetheless, our October 2022 report on the Federal Transit Administration's COVID-19 relief funding oversight found that the Agency did not thoroughly identify these risks. Strong fraud risk assessment processes will be critical to better safeguard IJIA-funded surface transportation programs. To that end, in its fiscal year 2023 budget submission, DOT described plans to require every program that received IJIA funding to complete a fraud risk assessment by the end of the year.

Our audit and investigative work has identified particularly high-risk fraud areas that will present challenges for DOT, including:

- *Procurement fraud, collusion, and bid rigging*—where two or more firms plan the bidding on projects in order to influence pricing or the project award. A North Carolina engineering firm was recently sentenced to \$7 million in fines and more than \$1.5 million in restitution for rigging bids for aluminum structure projects that facilitate drainage underneath or around paved roads, bridges, and overpasses.
- *Disadvantaged Business Enterprise (DBE) fraud*. IJIA mandates that at least 10 percent of funds should be paid to small businesses owned and controlled by socially and economically disadvantaged individuals. DBE fraud can diminish opportunities for legitimate DBEs, increase the resources spent on fraud investigations, and divert Federal funds from intended purposes.
- *Materials fraud*—the delivery of products that are substandard or that fail to comply with domestic content requirements. For example, a Guam firm and its president pleaded guilty and received criminal sentences for substituting Korean-made reinforcement steel bars for the U.S.-manufactured steel bars required by law.

Identifying red flags will be key to detecting and mitigating such fraud. As such, effective outreach to OAs, State DOTs, and grantees is especially critical. Such outreach can help ensure those responsible for overseeing and administering funds are aware of red flag indicators of potential fraud. While our Office of Investigations conducts a number of outreach activities to increase awareness, the Department and its grantees must do their part to inform contractors about their responsibilities for preventing, detecting, and reporting fraud.

Proactive data analytics may also play a vital role in preventing and detecting fraud, particularly where DOT obtains State and subrecipient level data. By using data analytics tools to examine grant management and financial databases, DOT may be able to enhance its oversight, and OIG may be able to further target its investigative and audit activities towards high-risk areas, activities, and transactions.

Rising To Meet New Transportation and Workforce Challenges

As DOT works to enhance safety and bolster our transportation infrastructure, it faces a number of additional new and crosscutting challenges. These include managing the efficiency of the DOT workforce, addressing challenges in the NAS, supporting innovation while advancing the safe integration of new transportation technologies, enhancing cybersecurity, and implementing executive priorities such as combating climate change and advancing equity.

Managing the Efficiency of the DOT Workforce

DOT is facing immediate and long-term pressures to evolve its operations and hire and retain a right-sized workforce to meet its mission. These pressures include effective coordination to address DOT and stakeholder needs to enhance capacity and secure a skilled workforce to successfully deliver IJA programs.

In particular, according to Department officials, DOT must hire more than 1,000 employees to implement IJA in the near term and has a goal of 1,760 new hires by fiscal year 2024 and beyond. The Department reports it has had early success, hiring 348 employees and exceeding its 310-employee goal through June 2022.

Nonetheless, a key challenge will be securing sufficient resources to manage and oversee IJA's contracts and grants, as well as improving the qualifications and

training of oversight staff. For example, in 2021, we reported that FAA may be putting Federal funds at risk by allowing its acquisition workforce to manage complex, costly, and mission-critical contracts without the required training and certifications.

At the same time, DOT must take steps to maximize the benefits of workforce flexibilities and the hybrid work environment in order to enhance efficiency, effectiveness, and engagement. In spring 2022, DOT implemented new policies expanding hybrid workplace arrangements as part of its reentry into the office following nearly 2 years of COVID-19 restrictions. DOT must assess and, as needed, adapt processes for training, knowledge retention, collaboration and problem-solving, and the management of physical space.

Addressing Challenges in the National Airspace System

As travelers return to the skies in the wake of the COVID-19 pandemic, DOT faces challenges in managing the NAS, including addressing a rising number of delayed and canceled flights. In June 2022, air carriers scheduled more than 600,000 flights that included more than 100,000 delayed flights and over 18,000 canceled flights. According to DOT, over 30,000 of the delayed and canceled flights were attributable to factors related to the NAS, such as air traffic control. In light of these challenges, we recently initiated a review of the reported causes of flight delays and DOT's actions to address them. Meanwhile the number of complaints to DOT about airline service has also risen. Developing processes to resolve customer complaints and finalize rulemaking that addresses customer protections will be key to executing this part of the Department's mission.

These challenges of flight delays and cancellations may be exacerbated by air traffic controller and pilot staffing issues. As our work has shown, FAA has faced longstanding difficulties in ensuring adequate controller staffing and training to maintain the safety of the NAS. In addition, according to FAA, the COVID-19 pandemic led to a decline in the number of certificated airline pilots, which contributed to airline scheduling challenges, including service cuts to smaller airports. To maintain continuity of air traffic operations across the Nation, FAA must enhance its attention to these staffing and training issues.

In addition, although FAA's Next Generation Air Transportation System (NextGen) programs are intended to improve efficiency and reduce congestion in the NAS, they have achieved only a small percentage of their expected benefits. As we reported in 2021, FAA expects to invest \$36 billion in NextGen programs in anticipation of benefits such as reduced airspace congestion and more fuel-

efficient routes. However, these NextGen benefits depend on reducing passenger delays as air traffic increases. Moreover, FAA still needs to fully implement some NextGen technologies, such as Terminal Flight Data Manager and the Automatic Dependent Surveillance–Broadcast system. To justify its investment and convince air carriers to invest in these costly avionics, FAA should continue to develop metrics and enhance transparency regarding NextGen’s progress.

Supporting Innovation While Advancing Safe Integration of New Transportation Technologies

The adoption of new technologies is proceeding apace in ways that affect nearly all transportation modes and OAs. As such, DOT must proactively address legislative and technological changes in the transportation environment that significantly affect our Nation’s future economic prosperity, industry competitiveness, and security. A fundamental challenge will be to execute the Department’s safety mission, as well as deliver on its principles for transportation innovation.

This challenge is particularly embodied in DOT’s efforts to advance the safe integration of autonomous and electric vehicles on our Nation’s roads. The Department must develop standards, test new tools, and assess the impact of automated technologies on surface transportation, as well as manage the public’s understanding of these rapidly evolving technologies. At the same time, DOT has to identify data sources and collect and evaluate safety data to inform its policymaking. In this way, DOT will be better positioned to identify and respond to safety concerns and keep unsafe automated vehicles off public roads.

FAA faces similar challenges in its efforts to safely integrate commercial space operations, Advanced Air Mobility aircraft (including electric vertical take-off and landing, or eVTOL, aircraft), and unmanned aircraft systems (UAS), commonly referred to as “drones,” into the NAS. For example, FAA currently operates under a dual mandate of encouraging, facilitating, and promoting the commercial space industry while also regulating the safety of its operations. FAA licensed 74 commercial space launches in fiscal year 2022. As commercial space activities increase, FAA will also need to add technologies, determine the appropriate level of regulatory oversight, and coordinate with industry and other Federal agencies to ensure the safety of other airspace users and the public.

In addition, FAA is partnering with private and Government entities to safely integrate increasingly complex UAS operations and implement a UAS traffic management system. In September 2022, FAA granted the first commercial type certification to a UAS delivery provider after a 4-year process. However, FAA

needs to continue incorporating lessons learned from collaboration and experimentation efforts and ensure the availability of sufficient data to enable complex operations such as flying UAS beyond visual line of sight.

Enhancing Cybersecurity and Moving Toward a Zero Trust Architecture

DOT continues to face significant challenges related to securing the more than 400 IT systems used to carry out its mission. Our work has identified numerous weaknesses that may enable an attacker to launch a denial-of-service attack or gain unauthorized access to mission-critical systems and sensitive data. In particular, DOT's inconsistent enforcement of an enterprise information security program has made it difficult to address recurring security weaknesses. As of June 30, 2022, we have identified 9,817 open security weaknesses in departmental plans.

As DOT works to address challenges in its development of a mature and effective information security program, it must also resolve obstacles to meeting a Federal mandate to implement a Zero Trust Architecture (ZTA). ZTA is an enterprise cybersecurity architecture based on zero trust principles; it is designed to prevent data breaches and obstruct malicious actors using compromised credentials. Although DOT has created plans for adopting ZTA, it has not yet taken key steps for doing so, such as establishing a specific technical approach and schedule for implementation by OMB's fiscal year 2024 deadline.

Executing Federal Priorities Related to the Impact of Climate Change, Advancing Equity, and Promoting Resilience in Infrastructure

A primary challenge for the Department will be to balance Federal goals and priorities with the need to execute transportation projects timely, cost-effectively, and in a manner that provides value. For example, in November 2021, President Biden issued Executive Order 14052 to describe the Administration's goals for implementing IIJA. Among others, these goals included increasing the competitiveness of the U.S. economy; investing equitably, with support for disadvantaged communities; and building infrastructure that is resilient and helps address climate change.

However, DOT will be challenged to identify and select projects that benefit economic competitiveness, aid disadvantaged communities, and improve

resiliency, while factoring in the availability of labor resources to implement and oversee such projects. Recognizing this challenge, in June 2022, DOT issued interim guidance on incorporating newer or less established priorities and goals into selection criteria and other programs. Consistent implementation of this guidance, backed by transparent decision making and documentation, will be critical to achieving these goals.

Conclusion

The U.S. transportation system is at the heart of national prosperity, national security, and national identity and central to our daily lives. In recent years, DOT has made important progress to address its top priority of transportation safety and maximize its investments to maintain and modernize our transportation infrastructure. At the same time, the Department faces both new and longstanding management challenges that impact its efforts to meet its strategic goals and mission.

As such, we will continue to work closely with DOT officials to support the Department in improving safety, enhancing efficiency, protecting resources, and preparing for the future of transportation. We appreciate the Department's commitment to prompt action in response to the challenges we have identified.

This concludes my prepared statement. I appreciate this Committee's continued support and will be happy to answer any questions you or other Members of the Committee may have.

U.S. Department of Transportation
Office of Inspector General

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 **Hotline**

<https://www.oig.dot.gov/hotline>
hotline@oig.dot.gov
(800) 424-9071

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Mr. COLE. Within 5 seconds. That is a pretty impressive, on-the-mark performance.

Thank you.

We now recognize the HUD inspector general, Ms. Oliver Davis. Your full written statement will also be included in the record.

You are recognized for 5 minutes.

Ms. OLIVER DAVIS. Good morning, Chairman Cole, Ranking Member Quigley, and members of the subcommittee.

Thank you for inviting me to testify about my office's oversight of the U.S. Department of Housing and Urban Development. I appreciate the support of this subcommittee in providing us with resources to do meaningful oversight of HUD's important programs.

HUD OIG delivers outstanding value to taxpayers each year by identifying fraud, waste, and abuse that threatens HUD program and operational success. Our work generates substantial cost savings, over \$7 billion in fiscal year 2022, and our recommendations help HUD better serve the public. HUD's vast portfolio is challenging to oversee as it provides billions of dollars in grant funding for rental assistance, preventing homelessness, and recovering from disasters; ensures trillions of dollars for mortgage insurance of single and multifamily properties; guarantees trillions of dollars in housing finance; and investigates housing discrimination and enforces civil rights laws across the United States.

During my tenure as inspector general, we have worked hard to ensure that our oversight portfolio appropriately covers all of HUD's programs, and we concentrate our work on the areas of most significant risk.

My top priority is oversight of health and safety hazards in HUD's rental assistance programs. The affordable housing stock in America is old, and many HUD-assisted properties need critical repairs. Too many properties are failing physical inspections and have emergency health and safety deficiencies that must be addressed.

In recent years, our reports identified several opportunities for HUD to enhance its oversight of dangerous environmental hazards in HUD-assisted housing, including tracking lead-based paint remediation, developing a strategy to respond to unsafe levels of lead in the water supply, and enhancing strategies for identifying and mitigating risks from radon and contaminated sites. HUD's actions in response to our recommendations from these reports will make programwide health and safety improvements for the millions of households these programs serve.

Last week we reported the results of an audit of the Philadelphia Housing Authority's management of lead-based paint hazards in their public housing in which we identify the Authority needed to be more timely to assess the condition and maintenance of lead-based paint in public housing. HUD OIG is expanding our portfolio in this area, and we have initiated multiple audits at housing authorities and properties across the country to examine unit conditions and lead hazard management at the community level.

We are also committed to holding landlords accountable for upholding their obligation to provide decent, safe, and sanitary housing to HUD beneficiaries. We are opening more investigations into allegations of landlords, contractors, and inspectors failing to en-

sure maintenance work and inspections are completed and performed in compliance with environmental safety rules.

In this fiscal year, we have announced large results from our investigations, including a civil money penalty of \$1.2 million against a group of multifamily landlords for breaching their contract with HUD by knowingly failing to address water damage, mold, cracked paint, and other necessary repairs in units of an assisted apartment complex in Illinois.

We also announced a 16-month sentence for a contractor to Federal prison for failing to perform lead paint removal work safely at a home where a young child with lead poisoning was living.

An area of particular emphasis for me is investigating landlords that sexually assault or harass tenants. No one deserves to be preyed upon in their own home. We are doing important work across the rest of HUD's portfolio to promote accountability, integrity, and effectiveness.

We have ongoing audits of several large FHA mortgage lenders to examine their process for ensuring mortgage loans receiving FHA insurance, ensuring they are eligible and meet HUD's requirements. We will soon report on our audit examining Ginnie Mae's process for managing troubled issuers within its program.

We have initiated an audit to assess how emergency shelter grants that received unprecedented pandemic funding are monitoring their subgrantees and contractors. ESG-CV grantees' pandemic funding represented a 1,391 percent increase to their existing funding. We have examined fraud risk-management practices at HUD, as well as with HUD's largest disaster grantee, Puerto Rico.

With the support of the subcommittee, we will continue investing our resources in work that generates meaningful results at the ground level, protects HUD beneficiaries in funding, and influences positive change in HUD programs.

On behalf of my office, thank you for the opportunity to testify today. I look forward to answering your questions.

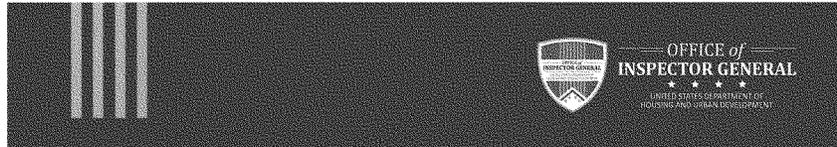
[The information follows:]

**Testimony Before the U.S. House of Representatives,
Committee on Appropriations, Subcommittee on
Transportation, and Housing and Urban Development,
and Related Agencies**

Oversight Hearing – Inspectors General of the Department of
Housing and Urban Development and Department of
Transportation



Testimony of the Honorable Rae Oliver Davis,
Inspector General,
U.S. Department of Housing and Urban Development
March 28, 2023



**Written Testimony of Inspector General Rae Oliver Davis,
U.S. Department of Housing and Urban Development**

Before:

U.S. House of Representatives, Committee on Appropriations, Subcommittee on
Transportation, and Housing and Urban Development, and Related Agencies
March 28, 2023

Hearing Titled:

“Oversight Hearing – Inspectors General of the Department of Housing and Urban
Development and Department of Transportation”

Introduction

It is my honor to have this opportunity to discuss the Office of Inspector General’s (OIG) oversight of the U.S. Department of Housing and Urban Development (HUD). My teams of auditors, evaluators, investigators, attorneys, data scientists, and professional staff are dedicated to producing quality oversight that influences meaningful improvements in HUD’s programs and operations.

My testimony will first discuss important initiatives my office has launched to expand our investigations, audits, and reviews that protect the health and safety of low-income and vulnerable populations living in HUD-assisted housing. We are dedicating more of our resources to oversight of living conditions that present dangerous threats to tenants’ health and safety, as well as to oversight of public housing agencies’ and landlords’ compliance with environmental safety laws and regulations.

Additionally, my testimony will address the Top Management Challenges that HUD faces in effectively delivering housing and community development services to the communities and individuals that rely on HUD programs. My testimony will also highlight OIG’s strategy for providing robust oversight over HUD’s major business functions and its pandemic programs, discuss some of our most significant recent work, and outline priority areas where HUD action is needed.

Initiatives to Reduce Environmental and Public Health Hazards

HUD OIG is prioritizing oversight work that promotes safe, affordable HUD-assisted housing by reducing environmental and public health hazards. We are committed to holding housing providers accountable for complying with environmental laws and regulations to protect the health of low-income households

and vulnerable populations. We will use every tool available to combat environmental crime and injustice in housing.

To that end, HUD OIG is prioritizing the following oversight objectives:

1. Ensuring public housing agencies (PHAs), landlords, contractors, and inspectors properly identify lead hazards and use safe work practices to reduce and prevent lead exposure and poisoning in HUD-assisted housing.
2. Ensuring landlords fulfill their obligations to provide housing units that are decent, safe, and sanitary, and make necessary repairs to units in a timely and safe manner.
3. Combatting financial fraud schemes that exploit vulnerable populations relying on HUD-assisted housing assistance, such as landlords who overcharge rent or housing fees.¹

Additionally, my office is expanding our efforts to ensure HUD tenants are protected from sexual misconduct in housing. Working with HUD and the Department of Justice, we will continue seeking justice for victims through criminal and civil prosecution and penalties for those who sexually assault or harass HUD tenants. No one should choose between having a roof over their head and the threat of being sexually harassed or sexually assaulted by their housing provider.

HUD's Top Management Challenges and Corresponding OIG Oversight

Over the past several years, OIG has repositioned our staff to provide more comprehensive oversight over HUD's critical programs and operations. OIG has reorganized our audit teams from being primarily regionally based to a model that aligns teams with HUD program functions to develop deeper subject matter expertise. We have aligned our investigative staff to regions of the country using a data-driven approach that focuses on risk presented to HUD funds and beneficiaries.

This approach has led to significant results. Last fiscal year (FY), OIG audits found over \$7 billion in funds that could be put to better use and almost \$12 million in questioned costs and recovered over \$18 million in collections. Similarly, our investigations resulted in over \$40 million in restitution and judgments, with over \$10 million total recoveries and receivables ordered to HUD programs. Beyond monetary impact, our office's oversight has identified ways HUD and its partners can improve outcomes for HUD-assisted individuals and communities and has held bad actors accountable through impactful investigations and resulting convictions, penalties, and exclusion from Federal programs.

To ensure comprehensive oversight of HUD's key functions, OIG work addresses what we have independently determined to be the top management and performance challenges facing the Department. Each challenge is tied to HUD's strategic plan and is informed by past OIG oversight findings, the views of Department leadership, the work of our oversight partners such as the U.S. Government Accountability Office (GAO), and input from key external stakeholders.

¹ See HUD OIG Fraud Bulletin, "Landlord Overcharging Section 8 Tenant Fraud Scheme." <https://www.hudocig.gov/sites/default/files/2022-10/Landlord%20Overcharging%20Section%208%20Tenant%20Fraud%20Scheme.pdf>

For FY 2023, we determined HUD's Top Management Challenges to be

- Ensuring access to and availability of affordable housing
- Mitigating counterparty risks in mortgage programs
- Eliminating hazards in HUD-assisted housing
- Managing human capital
- Increasing efficiency in procurement
- Improving information technology (IT) modernization and cybersecurity
- Sustaining progress in financial management
- Administering disaster recovery
- Grants management
- Fraud risk management

Additionally, OIG recently issued its first Priority Recommendations resource² that aims to focus the attention of the Department, Congress, and the public on OIG recommendations that would have the largest positive impact on HUD's programs and the individuals and communities it serves if addressed by the Department.

Our auditors, evaluators, and investigators orient their work toward addressing the top management challenges of HUD. OIG provides deliberate, targeted oversight over critical HUD programs, which results in actionable recommendations that provide a roadmap for HUD and its stakeholders to achieve program improvements. We have also ensured that our investigative work provides accountability where the greatest risk is to HUD and the taxpayer and maximizes deterrence.

Additionally, throughout this testimony, there are descriptions of how the pandemic affected each of HUD's major programs and the oversight we performed to help HUD improve its pandemic response. At the outset of the pandemic, OIG provided timely and targeted oversight to help the Department effectively stand up its program, including the use of agile work products, lessons learned reports, audits of grantee challenges, and fraud risk inventories and risk assessments. As the pandemic response funding and programs got underway, OIG shifted our oversight to determining how well HUD's programs delivered the critical services. We anticipate the Department will continue to face challenges in administering and monitoring the use of funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the American Rescue Plan (ARP) Act, and other dedicated pandemic-related programs, and will position our oversight to help those programs be efficient and effective.

A common theme in our oversight findings has been HUD's struggle to have the capacity to address the challenges it faces. HUD employees, program partners, and external stakeholders consistently describe HUD as underfunded and understaffed, with inadequate IT and support structures to address its ever-growing mission, program responsibilities, and expectations. Challenges, such as HUD's technical ability to securely collect, use, and analyze data, which is often maintained at the recipient or subrecipient level, continue to be impediments to HUD's success.

Below is a brief description of how OIG will provide oversight over HUD's major business functions, recent impactful OIG work, and priority focus areas where action by HUD is most needed to address significant challenges or priority open recommendations.

² Available at: <https://www.hud.oig.gov/priority-open-recommendations>

Ensuring Access to and Availability of Affordable Housing

The United States still struggles with creating and maintaining an affordable housing stock, a situation that worsened during the COVID-19 pandemic. HUD's FY 2023 Annual Performance Plan³ states that finding an affordable home in America is worse now than it has been at any point since the 2008 financial crisis.

HUD continues to experience challenges in efficiently and effectively overseeing its rental assistance programs. HUD acknowledged that it faces challenges in providing oversight to a program that is based on local program partner performance and is funded with limited resources. In addition, HUD has difficulty attracting new business partners, such as landlords and property owners, to participate in its tenant-based rental assistance programs. A lack of interested property owners negatively impacts beneficiaries' access to and availability of affordable rental housing. HUD is also challenged with preserving its aging housing stock to provide quality affordable housing for individuals and families, the steady deterioration of which exacerbates the shortage of affordable housing. The physical condition of HUD-assisted properties has been an ongoing concern of Congress and the American public.

OIG has dedicated considerable resources toward assisting HUD and its partners in improving the delivery of these critical programs. With respect to HUD's rental assistance programs, we targeted our oversight work to address risk reduction and operational improvements that help preserve affordable housing and improve the efficiency and effectiveness of the programs. We are also focused on targeted oversight of grantee and subrecipient performance and outcomes, coordination of services to maximize customer experience, and assessments of HUD and partner strategies for identifying best practices and impediments. Finally, OIG has been focused on foundational aspects of how HUD carries out its Fair Housing mission through the Office of Fair Housing and Equal Opportunity (FHEO) and its implementing partners, including the effectiveness of FHEO's complaint intake, case management, and compliance reviews.

Below is a snapshot of OIG's recent, impactful oversight work related to ensuring access to and availability of affordable housing.

[HUD Could Improve Its Process for Evaluating the Performance of Public Housing Agencies' Housing Choice Voucher Programs](#)

Our audit found that HUD has an opportunity to improve its process for evaluating the performance of public housing agencies' (PHA) Housing Choice Voucher (HCV) Programs. HUD uses the Section Eight Management Assessment Program (SEMAP) to remotely evaluate the performance of PHAs' HCV Programs. However, our audit found that (1) the information reported by PHAs in SEMAP may not have accurately represented the performance of their HCV Programs, and (2) HUD's process for verifying the information PHAs use for SEMAP reporting did not effectively assist HUD in evaluating and identifying PHAs' HCV Programs that may have needed improvement. These conditions occurred because (1) SEMAP uses performance indicators that are based on PHAs' self-certifications and self-reported data and (2) HUD's verification process did not capture the performance of all PHAs' HCV Programs. Without an effective performance measurement process, HUD lacked assurance that PHAs' HCV Programs met

³ Available at <https://www.hud.gov/sites/dfiles/CFO/documents/FY2023HUDAnnualPerformancePlan.pdf>

their intended objectives, which include assisting the maximum number of eligible families with obtaining affordable and decent rental units at the correct subsidy cost. In addition, HUD may have missed opportunities to identify PHAs experiencing difficulties in managing their HCV Programs. HUD would benefit from enhancing SEMAP or developing a new performance measurement process that would identify PHAs with underperforming HCV Programs and providing additional training and guidance to HUD staff to enable more effective use of the measurement processes.

[HUD Remains Challenged To Serve the Maximum Number of Eligible Families Due to Decreasing Utilization in the Housing Choice Voucher Program](#)

Our audit found that HUD remains challenged to ensure that its HCV Program benefits the maximum number of eligible families. While HUD's voucher utilization rate had decreased, HUD estimated that as of November 2020, more than 62 percent of PHAs in the Program had leasing potential and that leasing potential could increase in coming years. In addition, our audit showed that HUD had not exercised its regulatory authority to reallocate HCVs and associated funding when PHAs were underutilizing their vouchers. HUD remains challenged with voucher utilization because some PHAs continue to encounter difficulties that are not within their control to overcome and which negatively impact their ability to increase leasing in their service areas. In addition, HUD believed that it could not implement its reallocation regulation because of legislative changes dating back to 2003. As a result, nearly 81,000 available HCVs could potentially be used to provide additional subsidized housing for eligible families. Further, more than 191,000 authorized vouchers were unused and unfunded, meaning that more than 191,000 additional low- to moderate-income families could possibly benefit from subsidized housing by using these vouchers. However, HUD would need an additional appropriation of nearly \$1.8 billion to fund these vouchers.

Priority Open Recommendation: HUD's Office of Field Operation should establish and implement a plan for the unused and unfunded vouchers to mitigate or prevent additional vouchers from becoming unused and unfunded. [...]

[HUD and Fair Housing Assistant Program Agencies Can Better Document Decisions Not To Investigate Fair Housing Complaints](#)

Our audit found that although HUD and Fair Housing Assistance Program (FHAP) agencies adequately documented decisions to convert inquiries to complaints in the HUD Enforcement Management System (HEMS), the closed inquiries needed to be documented more adequately and consistently. Specifically, our audit found that HEMS did not always include (1) adequate documentation supporting the recorded closure reason, (2) sufficient information supporting jurisdictional determinations, and (3) letters properly notifying claimants when HUD lacked jurisdiction to pursue their allegations. These conditions occurred due to inconsistent and outdated HUD policies and procedures. Further, HUD officials stated that HUD staff's ability to enter all information into HEMS was negatively impacted by the large volume of inquiries received. Additionally, FHAP agencies did not enter complaint inquiries into HEMS when they decided not to investigate the allegations. HUD does not require them to enter these inquiries into HEMS and does not provide grant funding for entering this information. Our audit found that this practice hinders HUD's process for overseeing allegations closed during the inquiry stage. HUD's

management needs more complete information in HEMS to oversee jurisdictional determinations and ensure that HUD and FHAP agencies staff are properly assessing allegations of housing discrimination.

[FHEO's Oversight of State and Local Fair Housing Enforcement Agencies](#)

Our evaluation reviewed whether FHEO is providing necessary oversight to ensure that FHAP agencies meet performance standards to maintain certification from FHEO. We determined that FHEO could provide more guidance related to its performance assessment process to improve oversight of state and local fair housing enforcement agencies participating in FHAP. The FHAP Division has provided guidance that FHEO regional staff responsible for monitoring and overseeing FHAP agency performance does not consistently follow. HUD reviewers expressed a desire for more definitive guidance as to what level of compliance was acceptable and concrete examples of what constituted compliance and noncompliance. Additionally, the evaluation found that regional offices often did not place FHAP agencies with repeat deficiencies on Performance Improvement Plans (PIP) and that FHEO regional directors used different criteria when deciding to issue a PIP.

Ongoing Oversight:

- Assessment of FHEO's Fair Housing and Civil Rights Compliance Reviews: FHEO has authority to conduct compliance reviews to determine whether a recipient of HUD funds was following applicable civil rights laws and implementing regulations. Our audit will assess how the Department, through FHEO and its partners, performed compliance reviews.
- Timeliness of FHEO's Investigations for Title VIII Complaints: Federal law requires that HUD complete investigations of each Fair Housing complaint within 100 days of the date it was filed unless it is impracticable to do so. Our objective is to assess challenges faced by FHEO in meeting the 100-day investigation requirement.
- Assessment of Fair Housing Complaint Intake Process at a FHAP Agency: Our audit will focus on a FHAP agency in Kentucky to (1) determine the extent to which the FHAP agency processed fair housing complaints in a timely manner, (2) evaluate the reasons for closing complaints, and (3) evaluate how the FHAP agency provided customer service to complainants on closed fair housing complaints.
- FHEO's Implementation of Executive Order 13988: Executive Order 13988 required agencies to ensure that their programs and guidance combat sex discrimination on the basis of gender identity or sexual orientation. The audit objective is to determine whether HUD (1) established and implemented a plan to prevent and combat such discrimination; (2) ensured its FHEO Regional Offices, FHAP agencies, and Fair Housing Initiatives Program grantees identified covered allegations of discrimination; and (3) ensured that these entities notified people that their discrimination claims related to gender identity or sexual orientation may be timely and jurisdictional for filing.

Impactful Investigations:

- [Justice Department Obtains \\$4.5 Million Settlement from a New Jersey Landlord to Resolve Claims of Sexual Harassment of Tenants](#): A landlord who owned hundreds of rental units in and around Elizabeth, New Jersey, agreed to pay \$4.5 million in monetary damages and a civil penalty to resolve a Fair Housing Act lawsuit concerning his sexual harassment of tenants and housing applicants for more than 15 years. This settlement is the largest monetary settlement the Justice Department has ever obtained in a case alleging sexual harassment in housing. The

monetary damages awarded have been used to compensate numerous women and men who were sexually harassed by the landlord.

- [Former Rochester Housing Authority Chair Going to Prison for Fraud, Money Laundering, and Lying to the FBI](#): The former housing authority chair who was convicted by a Federal jury for his role in defrauding three nonprofit organizations providing supportive services for the elderly, disabled, low-income residents, and after-school and extended-day learning programs. The former chair was sentenced to serve 78 months in prison in U.S. District Court.
- [Three Family Members of the Former Director of the St. Clair Housing Commission Plead Guilty to Conspiracy and to Defrauding HUD](#): Three family members of the former executive director of the St. Clair Housing Commission pleaded guilty to various Federal offenses due to their involvement in the former executive director's fraudulent scheme to steal money from HUD. The former executive director (now deceased) had previously pleaded guilty and been sentenced to prison for conspiring with several family members to steal Federal funds provided to the St. Clair Housing Commission by HUD to administer low-income housing programs within St. Clair County. As part of her scheme, the former executive director stole approximately \$336,000 in Federal funds, including money earmarked for HUD's HCV program. In total, \$336,340.22 in restitution has been repaid to HUD as a result of the prosecutions of the family.

Ensuring Assisted Housing Is Habitable and Hazard-Free

HUD is required to ensure that its assisted properties are decent, safe, sanitary, and in good repair. Properties participating in HUD programs must be free of hazardous materials, contamination, toxic chemicals and gasses, and radioactive substances, when such a hazard could affect the health and safety of occupants or conflict with HUD's intended utilization of the property.⁴ In particular, our Top Management Challenges report discusses HUD's difficulty in addressing risks associated with lead hazards, radon hazards, physical conditions of HUD-assisted properties, and the role of inspections in identifying and remedying poor living conditions. While HUD has made progress in its efforts toward eliminating hazards in its assisted properties, several safety and health issues remain to be addressed.

OIG is prioritizing oversight work that promotes safe, affordable housing by reducing environmental and public health hazards in HUD-assisted housing. We are committed to holding housing providers accountable for complying with environmental laws and regulations to protect the health of low-income households and vulnerable populations and will use every tool available to combat environmental crime and injustice in housing.

In addition to the Inspector General's initiatives discussed above, our recent and ongoing oversight has been focused on health and safety issues found during inspections of public and multifamily housing, evaluating the state of unit conditions in all rental assistance programs and high-risk housing authorities, and determining whether conditions improve for properties that undergo the Rental Assistance Demonstration (RAD) Program.

⁴ 24 CFR 50.3(i)(1) and 24 CFR 58.5(i)(2)(i)

Management Alert: Action Needed to Ensure That Assisted Property Owners Comply with the Lead Safe Housing Rule

While conducting an ongoing audit of the Philadelphia Housing Authority's (Authority) management of lead-based paint hazards in its public housing units, we identified a significant gap in HUD's program requirements related to safe work practices. The Authority had determined a substantial percentage of maintenance and hazard reduction work performed on surfaces with lead-based paint in its public housing units was "de minimis," which exempted the work from HUD's rules requiring safe work practices. However, HUD does not require assisted property owners like the Authority and other PHAs to maintain evidence supporting that the work was minor. This lack of documentation impedes HUD's ability to conduct meaningful oversight of property owners' compliance with HUD's requirements for safe work practices. Moreover, the practice limits HUD's and OIG's ability to verify that the *de minimis* exemption is being properly applied. OIG found that HUD should take immediate steps to mitigate the risk of applying the exemption too broadly and increasing the potential for residents and maintenance staff to be exposed to lead-based paint hazards.

HUD Did Not Sufficiently Flag Unacceptable Physical Condition Scores to Assess Its Controlling Partners

Our audit examined the physical conditions of multifamily housing projects and HUD's use of accompanying REAC scores in identifying potential risks associated with controlling participants. During our initial review, we were unable to identify a universe of controlling participants with a history of poor physical inspection scores that were later approved for additional participation in multifamily business. Instead, we reviewed whether HUD properly flagged properties that received poor physical inspection scores.

HUD uses flags in the Active Partners Performance System (APPS) to assess risk associated with participants in Office of Multifamily Housing program projects. A flag does not automatically exclude an applicant from participation in HUD's programs; however, flags are considered risk factors that require appropriate mitigation, where possible. We found 13 properties with consecutive REAC scores below 60 that were missing the required flags in APPS for unacceptable physical condition. HUD did not have a quality control program to ensure that the account executives manually entered the flags into APPS, and there was no automated process for flagging a property once it received the second consecutive below-60 REAC score. As a result, HUD relied on incomplete previous participation information to make decisions about future participation. Not having sufficient information to assess its controlling participants could potentially impact the health and safety of residents at multifamily properties. We recommended that HUD implement a quality control review to ensure that successive below-60 physical inspection score flags are entered into APPS and update APPS to automatically flag a property that receives successive below-60 physical inspection scores.

HUD Lacked Adequate Oversight of Lead-Based Paint Hazard Remediation in Public Housing

OIG audited HUD to assess HUD's oversight of lead-based paint hazard remediation in public housing. The audit found HUD established procedures in the Lead Safe Housing Rule (LSHR) in 1999 to eliminate lead-based paint hazards, as far as practicable, in public housing. However, it did not have a plan to manage lead-based paint and lead-based paint hazards in public housing. Additionally, HUD generally did not monitor whether PHAs had implemented lead-based paint hazard reduction and documented the activities at their public housing developments. We found HUD relied on PHAs to implement their own methods to achieve lead-safe housing, which should have included implementing lead-based paint hazard reduction. Further, instead of monitoring PHAs for compliance with the lead-based paint hazard

reduction procedures in the LSHR, HUD relied on PHAs' annual certifications of compliance. Without a plan to manage lead-based paint and lead-based paint hazards in public housing and ensure that PHAs implemented lead-based paint hazard reduction, HUD lacked assurance that (1) families with children under 6 years of age residing in public housing were not exposed to lead-based paint hazards and, thus, protected from lead exposure and (2) its procedures for eliminating lead-based paint hazards in public housing were effective.

We recommended that the Real Estate Assessment Center (REAC) in coordination with the Office of Field Operations (1) develop a plan to manage lead-based paint and lead-based paint hazards in public housing, (2) determine whether PHAs identified as having lead-based paint in their housing developments maintain and implement a plan for controlling lead-based paint, and (3) assess the lead-based paint hazard reduction activities performed at the 19 developments associated with 18 PHAs reviewed that did not implement interim controls or adequately document that lead-based paint had been abated or treated with interim controls. If those reduction activities did not fully abate the lead-based paint, HUD should ensure that the PHAs implement interim controls and ongoing maintenance and reevaluation programs.

Improvements Are Needed to HUD's Processes for Monitoring Elevated Blood Lead Levels and Lead-Based Paint Hazards in Public Housing

Our evaluation found that HUD did not align its EBLL value to the Center for Disease Control and Prevention's (CDC) blood lead reference value (BLRV) for children under the age of 6. As of August 2022, HUD was using the EBLL value of 5 micrograms of lead per deciliter of blood ($\mu\text{g}/\text{dL}$), despite CDC lowering the BLRV to 3.5 $\mu\text{g}/\text{dL}$ in October 2021. By aligning EBLL processes with CDC's BLRV, HUD can help to ensure that cases of children with EBLs between 3.5 $\mu\text{g}/\text{dL}$ and 4.9 $\mu\text{g}/\text{dL}$ are reported and monitored. The evaluation also found ways HUD could improve the data fields of HUD's EBLL tracker to monitor cases of children with identified EBLs residing in public housing, including facilitating access to historical EBL cases, and the number of children living in a housing unit, or whether a specific unit, building, or development previously had an EBL case. Additionally, when we compared the percentage of public housing development buildings constructed before 1978 to a snapshot of the EBLL tracker we found that New York and Pennsylvania together accounted for virtually all (94.1 percent) of EBLL tracker cases of children living in public housing with an EBLL resulting from a confirmed lead-based paint hazard. This result was despite other states' having the same amount or more public housing development buildings built before 1978, when lead-based paint was banned. Additionally, HUD can improve timeliness standards for addressing cases on HUD's lead-based paint response (LBPR) tracker.

Ongoing Oversight:

- Audit Series – PHA Management of Lead Based Paint in Public Housing: OIG is currently auditing three large PHAs in Pennsylvania, Ohio, and California to determine whether the PHAs adequately managed lead-based paint and lead-based paint hazards in their public housing. The audits will focus on whether PHAs are properly disclosing lead hazards to tenants, properly conducting annual assessments, acting appropriately following confirmed cases of elevated blood lead levels in children, and documenting the PHAs lead hazard mitigation and other work.
- Carbon-Monoxide in HUD-Assisted Housing: OIG is evaluating HUD's plan to ensure all PHAs and owners of certain HUD-assisted housing comply with the requirements for carbon monoxide detector installation in accordance with the Consolidated Appropriations Act of 2021. The evaluation will also determine HUD's progress in implementing its plans and developing

guidance for PHAs to educate residents; and determine what barriers PHAs' experience in implementing the requirements.

- HUD's Oversight of Multifamily Housing Properties with Failing REAC Scores or exigent health and safety deficiencies (EH&S) Deficiencies: We are auditing HUD's oversight of multifamily housing properties with failing REAC scores or EH&S. We will assess whether HUD has adequate oversight for (1) multifamily properties that failed the most recent REAC inspection and (2) multifamily properties with EH&S deficiencies.
- Audit Series - HUD's Oversight of the Physical Conditions of Project Based Rental Assistance (PBRA) and Federal Housing Administration (FHA)-insured Project Based Voucher (PBV) Units Under RAD & non-FHA Insured PBV Units Under RAD: OIG is conducting two audits of HUD's oversight of the physical conditions of units converted under the RAD program. The first will focus on PBRA and FHA-insured PBV units converted under the RAD program. The second will focus on non-FHA insured PBV units converted under the RAD program. The audits will assess whether HUD and PHAs have adequate oversight of the physical conditions of the units converted under RAD. They will also determine if the physical conditions of the RAD units improved, remained the same, or declined.
- Audit Series – Unit Conditions of PHAs: HUD OIG is conducting audits of two PHAs, one in Massachusetts and one in Ohio - to determine whether the physical conditions of the public housing agency's HCV and Public Housing Program units comply with HUD's and the PHAs' requirements.

Impactful Investigations:

- [Apex Waukegan LLC and Integra Affordable Management LLC Fined for Breach of Contract](#): Apex Waukegan LLC (Apex), a multifamily housing landlord receiving rental assistance subsidies from the HUD, and Integra Affordable Management LLC (Integra), Apex's affiliated management agent, were ordered to pay \$1,258,671 in civil money penalties for breaching their Housing Assistance Payment Contract by knowingly failing to maintain housing units in a decent, safe, sanitary manner.
- [NYCHA Superintendents Sentenced to Prison for Accepting Bribes](#): Two superintendents were sentenced in U.S. District Court to 33 months in prison and 15 months in prison, respectively, for accepting bribes in exchange for awarding no-bid contracts at the New York City Housing Authority (NYCHA) facilities where they worked. One superintendent also obstructed justice in the weeks before his sentencing. Each superintendent previously pled guilty to one count of solicitation and receipt of a bribe.

Addressing Counterparty Risk/ Protecting HUD's Insurance Funds

HUD expands homeownership opportunities for first time homebuyers and other borrowers who would not otherwise qualify for conventional mortgages on affordable terms, as well as for those who live in underserved areas where mortgages may be harder to obtain. FHA is one of the largest mortgage insurers in the world, insuring mortgages for single family homes, multifamily rental properties, and healthcare facilities. More than 1 million individuals and families benefit from FHA's single-family mortgage insurance programs each year. As of July 2022, FHA had an active single family forward mortgage portfolio of nearly \$1.2 trillion, and there were 11,088 insured multifamily properties. Ginnie Mae supported more than 2.3 million households in our nation's urban, rural, and tribal communities.

including underserved segments of the population, and veterans. Ginnie Mae mortgage-backed security (MBS) issuance exceeded \$653 billion, and the Ginnie Mae MBS outstanding reached a historic high of \$2.284 trillion. This growth represents \$158 billion and a year-over-year increase of 7 percent.

FHA and Ginnie Mae must work with outside entities, including property owners, banks, nonbank lenders, appraisers, and issuers, to complete their missions. Each one of these outside entities has responsibilities and obligations they must meet in responsibly doing business with the government. HUD-approved lenders who originate FHA-insured single-family loans perform the necessary eligibility screenings and decisions on HUD's behalf. While partnering with outside entities allows HUD's programs to operate quicker, HUD, FHA, and Ginnie Mae must identify, mitigate, and manage risks related to each "counterparty" it works with to protect the Mortgage Insurance Fund and the Guaranty Fund.

To address counterparty risk in FHA programs and protect HUD's Insurance Funds, OIG's oversight involves (1) preventing risk through early detection, (2) strengthening controls around origination, and (3) ensuring lenders service loans correctly to mitigate losses to HUD's insurance fund. With respect to Ginnie Mae, our audits are targeting areas of risk to Ginnie Mae and the platform, focusing on governance, and ways in which Ginnie Mae can mitigate risks and increase the efficiency of its operations.

Select completed and ongoing oversight includes:

[Approximately 31,500 FHA-Insured Loans Did Not Maintain the Required Flood Insurance Coverage in 2020](#)

Our audit found FHA insured at least 31,500 loans serviced during calendar year 2020 for properties in Special Flood Hazard Area, or SFHA, flood zones that did not maintain the required flood insurance coverage. We found loans that had private flood insurance instead of the required National Flood Insurance Program (NFIP) coverage, NFIP coverage that did not meet the minimum required amount, or no coverage during calendar year 2020. As a result, the FHA insurance fund was potentially exposed to greater risk from at least \$4.5 billion in loans that did not maintain adequate NFIP coverage. We recommend that FHA develop a control to detect loans that did not maintain the required flood insurance to avoid potential future costs to the FHA insurance fund from inadequately insured properties, and make any necessary adjustments to the forward mortgage and Home Equity Conversion Mortgage, or HECM, handbooks.

Priority Open Recommendation:

Develop a control to detect loans that did not maintain the required flood insurance to put \$1.5 billion to better use by avoiding potential future costs to the FHA insurance fund from inadequately insured properties.

[FHA Borrowers Did Not Always Properly Receive COVID-19 Forbearances From Their Loan Servicers](#)

Our audit found borrowers were not always made aware of their right to a COVID-19 forbearance under the CARES Act. Based on a statistical sample, at least one-third of the nearly 335,000 borrowers who were delinquent on their FHA-insured loans and not on forbearance in November 2020, were either not informed or misinformed about the COVID-19 forbearance. As a result, any of these borrowers experiencing a hardship due to COVID-19 did not benefit from the COVID-19 forbearance. Additionally,

servicers did not always properly administer the COVID-19 forbearance. Based on a statistical sample, they improperly administered the forbearance for at least one-sixth of the nearly 815,000 borrowers on forbearance plans in November 2020, with the most common errors being unnecessary document requirements, improper periods for forbearance, and credit reporting. Servicers also performed excessive communication and collection efforts for borrowers who were already in forbearance. As a result, these borrowers experienced additional burdens from improperly administered forbearance.

[Ginnie Mae Did Not Ensure That All Pooled Loans Had Agency Insurance](#)

OIG performed a corrective action verification examining whether Ginnie Mae had successfully resolved 2016 audit findings that it had improperly allowed uninsured loans to remain in MBS pools. We found that Ginnie Mae established a maximum time single-family loans could remain pooled without insurance and established a process for requiring removal of pooled loans that remained uninsured after that time. However, the loan-matching process did not ensure that pooled loans would be insured by an agency of the Federal Government as required by the MBS Guide. As a result, at least 3,206 pooled loans with a principal balance of at least \$903 million were not matched to agency insurance data files before the certification date. Because Ginnie Mae relied on the Federal guarantee of insured loans to prevent or limit losses when loans defaulted, not knowing whether a loan was insured increased the risk of financial loss. Also, loans that were not matched to Federal insurance increased the risk of prepayment. OIG recommended that Ginnie Mae update and synchronize its procedures to include notifications that provide issuers with unmatched loans adequate time to take corrective action to comply with the requirements of the MBS Guide.

Ongoing Oversight:

- COVID-19 Loss Mitigation: Our audit will determine whether delinquent borrowers of FHA-insured loans received all available options to stay in their homes after COVID-19 forbearance ended. We will review a statistical sample of FHA servicers' actions taken during the COVID-19 pandemic for delinquent borrowers.
- COVID-19 Loss Mitigation: Our audit is reviewing a nationwide mortgage servicing company that provides servicing and origination for FHA loans to determine if the servicer provided all available options to borrowers with FHA insured loans to help them stay in their homes after the COVID-19 forbearance ended.
- FHA Appraiser Roster: Our audit will review whether Single Family's FHA appraiser roster, which is the list of individuals approved to conduct valuations for FHA-insured properties, is accurate and contains only eligible appraisers. HUD's appraiser roster is the foundation for these valuations and consists of approximately 40,000 different appraiser IDs.
- Audit Series - Quality Control Programs for Originating and Underwriting FHA Loans: We are auditing four large and mid-sized mortgage originators' quality control programs for originating and underwriting loans, including the companies' reviews of rejected mortgage applications. The lenders were selected following a risk assessment using origination, default, monitoring, and complaint data from HUD, HUD OIG, and the Consumer Finance Protection Bureau.
- Ginnie Mae Process and Guidance for Troubled Issuers: We are auditing Ginnie Mae's guidance and processes for troubled issuers, including to assess whether Ginnie Mae's guidance and processes provide reasonable assurance that the risks and challenges identified by Ginnie Mae and HUD OIG of its use of rapid relocation extinguishments have been addressed.
- Ginnie Mae Financial Crisis Readiness: To ensure its mission, Ginnie Mae must be prepared for a broad range of crises, including financial crises, that could impact itself or its issuers. Our audit

will determine whether Ginnie Mae implemented a financial crisis readiness program that meets industry best practices.⁵

Impactful Investigations

- *Real Estate Agent and Her Husband Sentenced for Fraud Using Stolen Personal Identifying Information:* A Merrifield, Virginia couple was sentenced for stealing at least nine people's identities and using the stolen personal identifying information to fraudulently buy a luxury vehicle, lease high-end residences, and obtain loans and credit. The couple even impersonated victims in state court eviction proceedings to prolong their stay in residences they fraudulently leased.
- *California Mortgage Lender Agrees to Pay More Than \$1 Million to Resolve Fraud Allegations:* A mortgage lender based in Brea, California agreed to pay \$1,037,145 to resolve allegations that it improperly and fraudulently originated government-backed mortgage loans insured by FHA. The settlement resolves allegations that between December 2011 and March 2019, the mortgage lender knowingly underwrote certain FHA mortgages and approved for insurance certain mortgages that did not meet FHA requirements or qualify for insurance, resulting in losses to the United States when the borrowers defaulted on those mortgages. The settlement further resolves allegations that the mortgage lender knowingly failed to perform quality control reviews that it was required to perform.

Grants Management

HUD's grant programs are vast and varied, and are often the largest source of flexible grant funding available to communities for broad economic and development activities. HUD must effectively oversee and manage over \$100 billion dollars in grant programs, thousands of grantees, and even more subrecipients. Our Top Management Challenges report has identified concerns with key aspects of how HUD manages this portfolio. Several recent HUD OIG audit reports identified grants management challenges and offered recommendations for improvements. Below we discuss the challenges faced by HUD in (1) ensuring that grantee expenditures are eligible and supported; (2) meeting the need for reliable and complete financial and performance information; (3) the timely spending of grant funds and execution of grant programs; (4) navigating efficient and effective solutions to complex societal challenges when there are multiple sources of funding; (5) HUD's, grantees', and subrecipients' capacity to oversee grant programs; and (6) subrecipient monitoring.

At the outset of the pandemic, OIG was focused on identifying the challenges that HUD and grantees might face in implementing the pandemic programs. As more of the pandemic funding has been spent, OIG is tailoring its oversight to ensure HUD pandemic and other grant funding is spent as intended, that timely assistance is being provided, and assessing the program outcomes. OIG is assessing how well

⁵ According to GAO, best management practices refer to the processes, practices, and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization's performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency.

HUD, its grantees, and subrecipients are performing monitoring activities, the strength of their internal controls, and the fraud prevention measures they have in place.

HUD Could Improve Its Tracking and Monitoring of Continuum of Care Grantee Spending Levels

We audited HUD's monitoring and tracking of Continuum of Care (CoC) grantees that have been slow to spend their grant funds to determine whether HUD was effectively tracking and monitoring CoC grant spending and to determine the impact of COVID-19 on CoC grantee spending. HUD generally tracked and monitored its grantees; however, it did not prioritize grantees that encountered challenges in spending their CoC grant funds before the grants expired. HUD did not have written guidance that detailed how field offices should review grantees for spending issues. Between 2017 and 2020 HUD recaptured nearly \$257 million from CoC grantees that had not fully spent their funds. While several factors outside of HUD's control contributed to the spending challenges, improved tracking and monitoring could help ensure that the grantees timely address those factors and mitigate their impact. Our recommendation that HUD implement written procedures to ensure consistency among field offices in reviewing spending could prevent up to an estimated \$47 million in annual CoC recaptures.

Emergency Solutions Grants CARES Act Implementation Challenges

We audited HUD's Emergency Solutions CARES Act (ESG-CV) program to determine what challenges ESG-CV grant recipients faced in implementing the program and using grant funds. We surveyed grantees to gather feedback and insight directly from the 362 recipients of ESG-CV grants. We found that ESG-CV grant recipients faced challenges in implementing the program and using grant funds. The grant recipients needed an extension beyond the spending deadline of September 30, 2022, to use a majority or all of their ESG-CV funds, which HUD subsequently provided. The top challenges identified included staff capacity and coordinating with other sources of pandemic related funding. In addition, a majority of the grant recipients that provided ESG-CV funds to subrecipients stated that the pandemic impacted their ability to effectively monitor their ESG-CV subrecipients. HUD can use the results of our survey to potentially improve the continued implementation of the ESG-CV program and to inform its risk assessment of ESG-CV grantees.

The Los Angeles Homeless Services Authority, Los Angeles, CA, Did Not Always Administer Its Continuum of Care Program in Accordance With HUD Requirements

We audited the Los Angeles Homeless Services Authority's CoC program to determine whether the Authority met the goals and objectives of housing and helping the homeless become self-sufficient through its CoC program and administered the program in accordance with HUD requirements. We found that the Authority did not fully meet the goals and objectives of the program and did not always follow program requirements. The Authority (1) did not use \$3.5 million in CoC grant awards and left the funds to expire, (2) did not support Homeless Management Information System and planning grant costs, and (3) did not submit timely annual performance reports (APR). As a result, the unused CoC funds represent a missed opportunity to meet the program's goals of assisting the homeless, and HUD does not have assurance that \$879,847 in salary and rent costs were for the CoC grants. We recommended that HUD require the Authority to ensure that grant agreements are executed in a timely manner and effective monitoring is performed to prevent similar occurrences of grant funds going unused, (2) support payroll and rent costs or repay its CoC grants \$879,847 from non-Federal funds, and (3) ensure APRs are submitted in a timely manner and personnel are routinely trained on the grant closeout process.



Testimony: Inspector General Oliver Davis, March 2023

Ongoing Work:

- **ESG CARES Act Subrecipient and Contractor Monitoring:** We are auditing HUD's ESG-CV program, which is a grant program that funds rapid re-housing, homelessness prevention programs, and emergency shelters for people experiencing homelessness. Our objective is to assess HUD's monitoring of the \$4 billion supplemental ESG-CV grantees to ensure grantee monitoring of subrecipients and contractors that carry out the program meets program requirements.
- **Effectiveness of the Foster Youth to Independence Initiative (FYI) Program in Preventing and Ending Youth Homelessness:** The Foster Youth Initiative is a special purpose voucher program administered by HUD to expand the availability of housing assistance to youths with a history of foster care. We are auditing the program to determine the effectiveness of the FYI program in preventing and ending youth homelessness.

Impactful Investigations:

- **Conspirators Sentenced for Scheme To Defraud Local Housing Programs**
A housing specialist and three associates were collectively sentenced in U.S. District Court to 51 months and 1 day incarceration, 8 years supervised release, and 3 years probation. For more than 2 years, the housing specialist defrauded his employer, a nonprofit corporation funded in part through HUD's HOME Investment Partnerships and ESG programs, by falsely representing that the three associates were landlords eligible to receive funds dedicated to the nonprofit's programs. The housing specialist used fake rental agreements with stolen applicant identities and other documentation to cause the nonprofit to write 34 checks payable to the three associates, who then cashed the checks and split the proceeds with him. The housing specialist was sentenced in connection with his earlier guilty plea to conspiracy to commit wire fraud and aggravated identity theft and was ordered to pay jointly and severally with the three associates \$101,053 in restitution to the nonprofit and an insurance company.
- **La Joya Residents Sentenced for Fraud Schemes**: The former mayor of La Joya and two others have been ordered to Federal prison for wire fraud. The Former mayor pleaded guilty July 19, 2021, while his daughter and another individual both admitted to their guilt June 17, 2021. The former mayor was sentenced to 33 months in prison, while his daughter was ordered to serve a 39-month-term of imprisonment and the other individual received nine months. All must also serve three years of supervised release following their sentences. The former mayor entered his plea in relation to a public relations contract his daughter had drafted and brokered with the city on behalf of another individual. She was, in turn, to receive some of the proceeds resulting from that deal. The daughter was not a city employee, but used her relationship with the mayor to get the contract approved so she could receive a significant amount of the contract's proceeds. The mayor used his authority to approve and city funds to pay for the contract. Additionally, the daughter admitted to wire fraud in connection with loans received for a children's day care project. During 2017, the La Joya Economic Development Corporation, which the mayor headed, provided approximately \$341,000 in loans to his daughter and other individuals to pay for the construction of the project. The daughter stole some of the funds and also received kickbacks from some of the subcontractors. The other individual was hired by the daughter as a general contractor. He also received kickbacks from the project.

Disaster Recovery and Mitigation

OIG is focusing its oversight on ways in which HUD and its grantees' programs can be improved and deliver better and quicker disaster relief, while minimizing fraud, waste, and abuse. Our office has placed a recent emphasis on assessing core program functions, including the timeliness of funding reaching disaster-affected communities, how HUD oversees requirements that grantees meet low- and moderate-income requirements, and ways HUD can monitor and assist slow spending grantees. OIG is also assessing outcomes of the program by reviewing grantees and subrecipients before they have expended a significant portion of their funding to assess what they have been able to accomplish and where improvements can be made for the duration of the grant, with the goal being to help HUD and the grantee or subrecipient early on to produce better disaster recovery outcomes. Finally, OIG is assessing how well HUD, its disaster grantees, and subrecipients are performing monitoring activities, as well as the strength of fraud prevention measures and other internal controls.

OIG has issued oversight reports recommending that HUD codify, or seek permanent authorization for, its disaster recovery program. HUD has taken consistent, meaningful steps to address OIG's recommendations. Successive administrations have expressed support for permanent authorization in testimony before Committees of Congress, and HUD is again seeking permanent authorization in its Congressional Budget Justification for FY 2024. We believe legislation permanently authorizing HUD's disaster recovery program would streamline, reform, and inject greater fiscal responsibility into the program, while also mitigating funding lags and duplicative requirements.

Examples of recent and ongoing oversight can be found below:

[Opportunities Exist To Improve CPD's Oversight of and Monitoring Tools for Slow-Spending Grantees](#)

We assessed the Office of Community Planning and Development's (CPD) monitoring, and oversight tools related to the progress of grant expenditures and determined the status of grants and impacts of COVID-19 grantee spending. We found opportunities for CPD to improve its oversight and monitoring for slow-spending Community Development Block Grant Disaster Recovery (CDBG-DR) grantees. CPD can enhance its (1) monthly CDBG-DR grant financial report, (2) use of DRGR system flags, (3) use of grantee expenditure projections, (4) documentation of quality performance report reviews, and (5) documentation for monitoring reviews. We made nine recommendations for CPD to (1) identify, define, and track slow spenders, (2) update policies and procedures to address variances between actual and projected expenditures, and (3) resolve the red flags identified in the report.

Priority Open Recommendation: Update its policies and procedures for tracking expenditures related to slow-spending grantees, including steps for assisting the grantees to expedite spending (including the grantee's steps or actions to address slow spending), identifying the reasons for the delays with the grant, and documenting the outcome of its efforts.

Ongoing Oversight:

- Audit Series: Key Steps in HUD's implementation of its CDBG-DR and CDBG-MIT Programs: OIG is conducting four audits of key aspects HUD's CDBG-DR and CDBG-MIT programs, including HUD's

oversight of Low- and Moderate-Income Requirement, Grantee Use of Program Income, Program Timing, and Preventing Duplication of Benefits.

- Assessment of Puerto Rico CDBG-DR Grantee's Fraud Risk Management Practices: We are auditing the Puerto Rico Department of Housing's control activities to prevent, detect, and respond to fraud when administering the over \$20 billion in grants it received after the 2017 disasters.
- U.S. Virgin Islands (USVI) Monitoring of 2017 CDBG-DR: We are auditing the USVI's Housing Finance Authority's monitoring of its 2017 CDBG Disaster Recovery funds following HUD awarding USVI \$1.14 billion in CDBG-DR funds to address unmet needs following hurricanes Irma and Maria. We will determine whether the Authority effectively monitored its CDBG-DR funded activities administered by itself and by subrecipients to ensure the national objectives and performance measures were met.
- State of GA Monitoring of CDBG-DR Harvey, Irma, and Maria (HIM) Grants Activities and Subrecipients: We are auditing the State of Georgia's monitoring of its CDBG-DR hurricane HIM grants' activities and subrecipients. We will determine whether the State was effectively monitoring its CDBG-DR HIM grants' activities and subrecipients to ensure that the activities address the unmet long-term recovery needs.

Impactful Investigation:

[Former West Haven Employee and State Representative Admits Stealing COVID Relief and Other City Funds](#): A State Representative who was also employed by the City of West Haven, most recently serving as the Administrative Assistant to the City Council, pled guilty to conspiracy charges stemming from involvement in schemes that resulted in the theft of more than \$1.2 million dollars in COVID relief funds and other funds from the City of West Haven. The individual conspired with others to steal the funds through the submission of fraudulent invoices, and subsequent payment, for COVID relief goods and services that were never provided.

Financial Management & Fraud Risk

For the past 2 years, OIG has highlighted that HUD's overall financial maturity continues to progress. This result is largely due to HUD's financial statements for the FYs 2021 and FY 2022 cycles being presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles. However, HUD needs to remediate ongoing material weakness in financial reporting. Specifically, the identification of new instances of financial reporting material weaknesses and noncompliance with significant laws and regulations occurred during the FY that were not prevented by HUD's existing internal controls. This condition, coupled with continued weaknesses in HUD's internal control framework and financial management systems, is keeping HUD from achieving a fully "capable" level of financial maturity under the U.S. Treasury's Financial Management Maturity Model. HUD must continue sustaining the improvements it has made in financial management to produce reliable and timely financial reports consistently and to ensure compliance with significant laws and regulations.

HUD has long struggled to come into compliance with the Payment Integrity Information Act of 2019 (PIIA), and is unable to fully and accurately estimate improper payments in its largest grant programs and a key disaster recovery program. HUD OIG will continue to focus audit resources to improving

HUD's financial programs through statutorily required oversight of the Department's financial programs. We will also continue to test HUD's programs for systemic weaknesses in fraud risk controls and other gaps that could negatively impact HUD's programs.

HUD Compliance with PIIA

We audited HUD's FY 2021 compliance with PIIA and implementation of OMB guidance on preventing and reducing improper payments. Our objectives were to assess (1) whether HUD had met all requirements of PIIA and OMB Circular A-123, Appendix C-Requirements for Payment Integrity Improvement and (2) HUD's efforts to prevent and reduce improper and unknown payments. OIG found that, while making some progress, HUD was noncompliant with PIIA in FY 2021. Significant efforts are needed to bring the Office of Public and Indian Housing's Tenant-Based Rental Assistance (PIH-TBRA) and Office of Multifamily Housing Programs' Rental Subsidy programs into compliance. For HUD's noncompliant programs, OIG recommended that HUD (1) develop and implement a sampling methodology that allows for the timely testing of the full payment cycle and (2) consult with OMB on the appropriate reporting for untested portions of the payment cycle.

OIG recommended that HUD develop and implement a plan that ensures adequate internal controls over the PIH-TBRA program to detect and prevent improper payments, which can be implemented in a virtual environment. OIG also recommended that HUD work with grantees to better identify the risks of improper and unknown payments throughout the payment cycle in CPD programs and ensure that its risk assessments and improper and unknown payment estimates fully consider these risks.

Priority Open Recommendation⁶: For the MF-RAP, PIH-TBRA, and CPD-HIM programs, ensure that the program improper payments rate estimates adequately test for and include improper payments of Federal funding that are made by State, local, and other organizations administering these programs and adequately disclose any limitations imposed or encountered when reporting on improper payments, to a degree that fairly informs users of the respective reported information.

Priority Open Recommendation: In collaboration with all involved program offices, develop and implement a sampling methodology that allows for a sample size that reasonably allows for the testing of the complete payment cycle within the PIIA reporting timeframe.

Improvements are Needed in HUD's Fraud Risk Management Program

We audited the maturity of HUD's fraud risk management program at the enterprise and program-office levels, including control activities to prevent, detect, and respond to fraud. We found that in all four phases of HUD's fraud risk management program was in the early stages of development, or at an "ad hoc" maturity level.⁷ HUD's program is still in its infancy because HUD had not previously dedicated sufficient resources to lead and implement fraud risk management activities. Although HUD has

⁶ This priority recommendation was made as a part of HUD OIG's 2021 audit reviewing HUD's reporting and improper payment reduction requirements for FY 2020. That report is available at: <https://www.hud.gov/reports-publications/report/hud-did-not-fully-comply-payment-integrity-information-act-2019>

⁷ The Antifraud Playbook established by the Chief Financial Officers Council and the U.S. Department of the Treasury assess maturity of an agency's fraud risk management program in four phases: (1) culture, (2) identifying and assessing fraud, (3) preventing and detecting fraud, and (4) turning insight into action.

recently taken steps to mature its program, HUD needs to commit resources to enhancing antifraud controls and promoting a culture of fraud risk management. Without improvements to its program, HUD may miss opportunities to identify and eliminate fraud vulnerabilities, leaving its funds and reputation at risk. OIG recommended HUD take several actions to assess and improve the maturity of HUD's fraud risk management program, as well develop policies, procedures, and strategies for collecting and analyzing data to identify fraud within HUD's programs, promote fraud awareness, and develop antifraud risk mitigation tools. We also recommend that the Chief Financial Officer determine and seek to fulfill an appropriate level of dedicated staff resources to administer HUD's enterprise and fraud risk management programs effectively and increase fraud risk awareness and strengthen antifraud controls in HUD's program offices.

Audit of HUD's Fiscal Years 2022 and 2021 Financial Statements⁸

We contracted with the independent public accounting firm of CliftonLarsonAllen LLP (CLA) to audit the financial statements of HUD as of and for the FYs ended September 30, 2022 and 2021, and to provide reports on HUD's 1) internal control over financial reporting; and 2) compliance with laws, regulations, contracts, and grant agreements and other matters, including whether financial management systems complied substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA). In its audit of HUD, CLA reported that the financial statements as of and for the FYs ended September 30, 2022 and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.

CLA identified one material weakness for FY 2022 in internal control over financial reporting, based on the limited procedures performed. The material weakness was related to (a) FHA's financial accounting and reporting controls over borrowing authority and loan receivables and (b) HUD's financial reporting controls over grant accruals and Public and Indian Housing's cash management process.

CLA also identified two reportable matters for FY2022 of noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

- Noncompliance with Federal financial management system requirements, Federal accounting standards, and the U.S. Standard General Ledger at the transaction level.
- Noncompliance with the Single Audit Act.

Ongoing Oversight:

- CDBG Grantee Federal Financial Reporting: Our audit will review HUD CDBG-Non-State Grantee Federal Financial Reporting to determine (1) whether the financial information collected from CDBG entitlement grantees is sufficient to monitor grantee financial reporting and performance as required by Federal rules; (2) whether HUD is properly reporting this information; and (3) whether HUD's monitoring of grantee's excess cash on hand is sufficient to ensure compliance with cash management requirements and to safeguard funds against fraud, waste, and abuse.
- HUD's Compliance with PIIA for FY 2022: Our audit will assess (1) whether HUD has met all requirements of PIIA and OMB Circular A-123, Appendix C-Requirements for Payment Integrity improvement and (2) HUD's efforts to prevent and reduce improper payments. We will also review and collect evidence of the internal controls HUD has in place to identify, prevent,

⁸ HUD OIG contracted with CLA to audit the financial statements of Ginnie Mae and FHA, as well.

detect, and recapture improper payments, including, but not limited to, controls in place related to Single Audit Act requirements.

- FY 2023 HUD Financial Statement Audit: OIG has contracted with CLA to conduct the annual HUD financial statement audit. The objectives of CLA's audit are to (1) express an opinion on whether HUD's fiscal years 2023 and 2022 financial statements are fairly presented and adequately disclosed, in all material respects, in accordance with U.S. generally accepted accounting principles; (2) report any significant deficiencies and material weaknesses in internal control over financial reporting that come to its attention during the audit; and (3) report on the results of its tests of HUD's compliance with selected provisions of laws, regulations, and contracts.

Enterprise wide Support Functions: Human Capital Management, Information Technology, Cybersecurity, and Procurement

A common thread woven through HUD's Top Management Challenges has been HUD's challenges with managing human capital, Information Technology (IT) modernization and cybersecurity, as well as efficiencies in procurement. These are not unique to HUD, as the IG community has found these issues to be Top Management Challenges throughout the Federal government. HUD has also taken recent steps to address some of the challenges, notably through improved communications between offices responsible for these services and the program offices that rely on them. We encourage HUD to continue to address these challenges to more successfully achieve its mission.

Employees and program participants have consistently described HUD as being underfunded and understaffed, with inadequate infrastructure to address the growing mission, program responsibilities, and mandates of the agency. HUD has 30 percent fewer employees than it did 10 years ago, while its budget and programmatic funding has steadily increased, making human capital management more critical.

In turn, the efficiency and effectiveness of HUD's programs relies on its ability to effectively modernize its IT systems and to protect them from cybersecurity vulnerabilities. HUD's legacy systems are major impediments to effectively addressing necessary operational enhancements, and HUD's legacy systems take an inordinate amount of scarce resources and hinder HUD's ability to provide IT support for emerging and changing program office needs. Further, HUD must address concerns about its technical ability to securely collect, retain, process, analyze, and effectively share and compare data, concerns often connected to outdated IT systems. HUD has made great progress over the last several years with consistently addressing and closing longstanding cybersecurity recommendations.

Almost all of HUD's program areas rely on contracting and procurement services, whether to provide services to support HUD personnel or to take a major role in executing key operations. OIG has long reported on the challenges HUD faces related to procurement and acquisition management. Notably, in our Top Management Challenges Report, we identified acquisition management risks as including untimely procurements, inefficient acquisition processing, insufficient staff training and excessive workloads, and inadequate contract oversight as overarching risks.

Additionally, OIG reoriented our Office of Evaluation (OE) to focus its expertise on enterprise-wide management support challenges the Department faces. OE will continue its robust oversight over all

aspects of HUD's information technology programs and operations. That will include not only HUD's cybersecurity posture but also how HUD and its components manage information technology investments and initiatives. First and foremost, OE will continue to perform the statutorily mandated FISMA evaluation, as well as conduct critical penetration testing and threat analyses of HUD's IT systems. The Office of Evaluations will also focus on other critical HUD operations that support the success of the program offices, including procurement and human capital management. HUD's most recent Strategic Plan shows how the Department has dedicated considerable effort to strengthening its internal capacity. OIG's oversight has and will provide actionable recommendations that HUD can act upon to further those efforts.

HUD FY 2022 Federal Information Security Modernization Act of 2014 (FISMA) Evaluation⁹

In this year's FISMA evaluation, we found that although HUD is addressing weaknesses and closing unresolved recommendations, HUD must take additional actions to overcome the significant challenges the Department still faces. Notably, through the annual FISMA evaluation, HUD OIG found HUD's information security program to be at an ineffective maturity level of "defined." The FY 2022 FISMA evaluation focused on OMB-identified "core" cybersecurity metrics that address the most critical areas of priority for the Administration and other highly valuable controls for agencies' information security programs. HUD dropped from the consistently implemented to the defined maturity level. Within those core metrics, HUD was able to increase maturity in 3 of the 20 core metrics, remaining at the same maturity level for 16 of the 20 core metrics, and dropping in maturity for 1 core metric. HUD also continues to make significant progress in addressing our prior years' recommendations, closing 21 recommendations in FY 2022 alone. HUD must continue to focus its efforts on addressing known cybersecurity issues to make progress in addressing this management challenge.

HUD's Robotic Process Automation Program Was Not Efficient or Effective

We assessed the maturity of HUD's Robotic process automation (RPA) activities and determine whether HUD had implemented related controls to address technology and program management risks.¹⁰ We found that HUD lacked adequate controls and capacity to operate its RPA program efficiently and effectively. After more than 3 years since its inception, HUD's program had achieved minimal progress and results, and did not effectively oversee and manage the program. The program lacked a clear vision or set measurable metrics to define program success. HUD also did not maintain adequate oversight of bot development and operations to ensure that limited RPA program funds were used efficiently. As a result of these weaknesses, HUD missed opportunities to capitalize on the potential benefits of RPA and expended IT resources inefficiently on projects that provided minimal value. We recommended HUD implement new internal controls and further develop its internal capacity to manage and oversee the RPA program.

Ongoing Oversight:

- HUD's Employee Retention: Our evaluation will determine whether HUD has a high voluntary separation rate relative to similar agencies, and which program offices or demographic groups, if

⁹ The FISMA report is not publicly available. Additional information from the report can be found in the recent Top Management Challenges report.

¹⁰ RPA is a software technology used to emulate human actions on a computer. RPA software programs, referred to as "bots," can complete repetitive tasks quickly and consistently, freeing up employees to work on other, higher value activities.

any, have high rates of attrition. The evaluation will also determine what retention-relevant programs HUD employs, the extent to which program offices use them, and where HUD's retention strategies align with best practices.

- HUD's Recruitment Efforts To Address Underrepresentation of Employees Who Identify as Hispanic or Latino: Our evaluation will assess HUD's recruitment efforts to address underrepresentation of employees who identify as Hispanic or Latino to (1) determine the status of HUD's recruitment plans and (2) identify how HUD tracks the effectiveness of associated recruitment actions.
- HUD FY 2023 FISMA Evaluation: HUD is conducting the FY 2023 evaluation of HUD's information security program and practices to assess the maturity of the program and practices based on the annual IG FISMA reporting metrics.

Conclusion

There are millions of families across the United States who rely on HUD's programs to provide decent, safe, and affordable housing. HUD, and its tens of thousands of partners across the country, face serious, multifaceted obstacles that they must overcome. For our part, HUD OIG will continue to strive to be a force of positive change for the Department, its stakeholders, and beneficiaries through impactful oversight that helps HUD operate more efficiently and effectively, and helps protect HUD's programs from fraud, waste and abuse so that our communities receive the critical housing assistance they need.

Mr. COLE. Thank you.

I know that members on both sides of the aisle have a lot of questions, so we are looking to both of you for answers. We will proceed in the standard 5-minute rounds, alternating sides, recognizing members in order of seniority as they were seated at the beginning of the hearing, and we will try to move quickly so that everyone can get their questions in.

Please be mindful of your time. I know this is a wasted admonition, but try not to ask them a question in the last 2 seconds and put both them and us in a time bind if you possibly can.

And let me just say up front, without making any commitments because nobody knows where our allocations are, I looked at the budget requests from both of you. They are very reasonable. I think this is money well spent, so thank you for the job that you are each doing.

Ms. Oliver Davis, when we last had a hearing with the inspectors general, a long time ago, 2017, your predecessor, Mr. David Montoya, said the financial management was HUD's most significant challenge due to—and I quote—quote, failure of leadership at all levels, unquote.

Since then, it appears some positive steps have been taken, and the Department has been receiving a clean audit opinion on its financial statements for the last 3 years. Sound financial management is critical given HUD's loan portfolio is almost \$3.5 trillion. The Department, however, still has a ways to go, and your annual top management challenges list continues to include financial management as one of HUD's most serious challenges. There are still open recommendations from the OIG and Government Accountability Office to be implemented. Your office continues to find reporting errors in financial statements and perhaps even a violation of the Anti-Deficiency Act in fiscal year 2022.

Given all of that, can you give us your latest assessment of the Department's financial management position, what we need to do to resolve weaknesses and avoid making errors and potential ADA violations?

Ms. OLIVER DAVIS. Thank you for that question, Chairman.

We have characterized HUD's financial management over the last 2 years as sustained progress. And you mentioned my predecessor's testimony about the lack of leadership. We have actually been quite encouraged to see very strong leadership in this area with the previous administration and continuing presently to the CFO who is currently in the seat.

What you are speaking about, in respect, is the potential ADA violation. And what we did find, even though we have had clean opinions with HUD's consolidated financial statements for the last couple of years, we still see material weaknesses.

Particularly you are speaking about an incident where the Department exceeded its borrowing authority, which it was authorized to do from OMB. It was by \$7 billion. So it was a considerable amount of money. And then, in turn, we saw FHA didn't appropriately book the interest on that amount of money. Our contractors caught it. They did make the CFO's office aware of it, and it is turned over to the—the ADA violation was turned over for inves-

tigation to the CFO's office to their appropriations law division. So we will anxiously await the outcome of that investigation.

In that particular instance, I would say what we need is better governance. I think we need the CFO's office to have better insight into, certainly FHA, but all of the program offices and their financial reporting and have real-time access to information so they can get ahead of these things.

You also mentioned, I believe, improper payments. Improper payments is something that they are struggling with. This is the ninth year in a row that we have seen HUD not be compliant with the Improper Payments Act. You know, this is a control we really want to see in place at the Department. It is really, in our mind, a way they can continuously improve. It is a way they make an estimate of what they are paying out there that is improper. They test it. They put controls in place, and they have continuous improvement year after year.

Thank you.

Mr. COLE. Good. That is good news to hear.

Mr. Soskin, last year you noted the FAA has not assessed its internal resources or organizational structures to more effectively establish counter-UAS programs. You were in Oklahoma recently. That is an area of focus both at FAA and, frankly, more broadly in the State.

In your view, what more needs to be done by the FAA internally to effectively engage with other Departments in this really important security matter?

Mr. SOSKIN. Well, you know, it is so hard to watch the videos coming in from the land war over in Europe over in Ukraine and see the innovative use of UAS in threatening ways there and not think about our needs in terms of counter-UAS. And, as we reported last year, although the FAA has begun the testing of counter-UAS systems as required by the 2018 FAA Reauthorization Act, there is still a lot of progress to be made. Completing just phase 1 of their five-phase counter-UAS introduction plan is something that will take, we estimate now, until at least 2024, and that is just the testing of 10 potential counter-UAS systems at 5 airports.

They have made progress. I learned recently that they have graduated five detection systems that have been rolled out to a number of airports around the country. And there is additional testing of some of the counter-UAS systems that will hopefully come this year as the year goes forward.

FAA has attributed elements of this delay to supply chain challenges, to the decisions they made to protect FAA staff during the COVID-19 pandemic. But FAA needs to take into account the risks of inaction and nondeployment in this area and set milestones that they can achieve in order to roll out and make more rapid progress testing and deploying these systems.

Mr. COLE. Thank you.

We will now go to my good friend Mr. Quigley for any questions he might have.

Mr. QUIGLEY. Thank you again, Chairman.

You both did a good job spelling out your task, the challenges you have, given limited resources. From safety, whether it flies,

floats, or rolls, there are issues that we are dealing with right now. And, obviously, in housing, there are issues of lead paint, mold, fire hazards, and neglect by people who should know better. And then the magnitude of the work that is involved sorting out fraud, waste, and abuse given the landmark and historic infrastructure bill, the question is, how do you prioritize, given all of these challenges, given your limited resources, and perhaps, more importantly—if you could divide this up a couple minutes a piece—what if you are facing a significant cut somewhere between 10 or even 20 percent, how do you prioritize? And what is at risk?

Mr. SOSKIN. I can take that one first, Representative Quigley.

To start with the prioritization question, we have a 24-month audit planning cycle in which we use a risk-based and data-driven approach to prioritize the audits that we think will have the greatest benefit to go alongside those audits that are mandated for us and requested of us.

And, on the investigation side, we set expectations by prioritizing the most impactful public safety and fraud cases for our investigators to pursue. And so, regardless of the scope and extent of our resources, these are prioritization methods that we can use effectively to deploy our resources.

But our budget is composed of, you know, 75 percent of salaries and people-associated cost benefits, and most of our nonsalary benefit items are for things like rent and contributions to the working capital fund, over which we have little or no control.

So when budgets are tight, and if our budget is rolled back or we don't receive the requested amounts, what that ultimately means is that we have to cut people. And we will seek to do so by attrition and through retirements as we can. But, since what we do is audits and investigations and those are people-driven activities, having fewer people will mean fewer audits and fewer investigations, and we will work our way far less down the priorities list that we establish.

Ms. OLIVER DAVIS. We are similarly situated, I suppose.

I could not be happier with the strategy around our portfolio right now in terms of looking at HUD's management challenges at the program level and then being able to go out into the field, looking at specific grantees, looking at specific partners, because that is really what HUD is. It is made up of tens of thousands of partners.

We just announced our audit from the Philadelphia Housing Authority where, you know, they lacked documentation between 2019 on compliance with lead paint. We are doing sexual harassment and misconduct in housing cases. These are all extremely people, man-force intensive. We have one case that is pending, so I won't go into great detail, but we just executed a series of interviews in a sexual harassment matter where a landlord is preying upon victims. We did that with main DOJ, as well as the U.S. Attorney's Office out in the field. But it is 60 interviews, and those are sit-down interviews with victims, so they require travel, they require manpower.

So, as my colleague said, if we were in a budget crunch, I would fear that our impact would be lessened in that respect.

We also are driving hotline complaints to our new hotline. We recently turned the hotline back on. We had, for the longest time, the only way beneficiaries could contact us was via our website, and now we have people that answer the phones. So, if we have victims of sexual misconduct in housing, if we have parents who have children with lead issues in housing, they can reach us now by picking up the phone. But we need to continue the manpower there. We also need to do data analytics, updated analytics of our hotline, analyze the complaints that are coming in to further inform our work.

And, as my colleague said, 75 percent of our budget, as this subcommittee well knows, is salaries. So there is little left for innovation. We have to keep pace with inflation.

I have to say I echo what my colleague said about attrition. I think that would play a big part in what we would face if there were to be severe budget cuts.

Thank you for the question.

Mr. COLE. We will next go to my good friend from California, Mr. Valadao.

Mr. VALADAO. Thank you, Chairman. But my good friend from Florida here has to go, so I am going to give my spot to him if that is okay.

Mr. COLE. You are a very generous person for our former chairman.

The gentleman is recognized.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. His kindness will cost me something later. We know that. Right? And I apologize; I do have to go to another hearing. And I want to be brief.

Mr. Soskin, we spent a considerable amount of money in the last number of years on NextGen, and this is something that has been talked about and worked on for, now it seems like, you know, forever. And yet we now recently have read about, you know, close calls and other kinds of problems. And I understand that we have had some factors that are not necessarily under our control, whether it is, you know, shutdowns or CRs or COVID.

But if you would give us an idea as to—because my frustration is, again, we spent a considerable amount of money, and it seems that we are obviously not there yet. And if you could give us some sense of where you think we are and where are we missing the mark.

Mr. SOSKIN. That is a great question.

NextGen, of course, has been a topic for this committee and for FAA for 15 years or longer now, and it is something that is best viewed as a suite of ongoing upgrades and programs at this point, rather than one fixed package of things that will somewhere be completed.

But as our audit work has shown, each of those individual upgrades and programs has faced challenges, has fallen behind schedule, and the planning process for all of them has not always taken into account the ways that they are interlinked together. And progress in one area, or a lack of progress in one area, can hinder the development of those systems.

The failure to achieve some of the anticipated benefits—whether it is because of inadequate forecasts for air traffic that failed to

take into account the range of potential traffic scenarios or the lack of planning for how one system's nondelivery would impact others—means that the private partners whose investments are key to achieving full progress on things like ADS-B [Automatic Dependent Surveillance–Broadcast] and other technologies that require private investment to attain, it is hard to persuade the private partners, the private industry to take those steps when they are not seeing, you know, the benefits.

We hope to see advancement in the deployment of controller automation tools. I think we have an audit coming up of TFDM [Terminal Flight Data Manager tool] that will take into account the efforts to move to electronic flight strips.

But one of the things that we have seen across the board for FAA is the need to set achievable milestones and then prioritize resources and carry out and execute a plan to achieve and accomplish those milestones.

Mr. DIAZ-BALART. I appreciate that.

Mr. Chairman, thank you. And, again, I apologize that I have to leave. I don't envy the chairman and the ranking member's job. This subcommittee has a lot of fixed costs that you don't have a lot of flexibility with, and they are going to have great challenges. But I don't think it has ever been led by two more able people than we have in the subcommittee right now.

So thank you for your kindness, Mr. Chair.

Mr. COLE. That tells me how bad it is going to be when you are that nice.

Mr. QUIGLEY. Then he leaves.

Mr. COLE. Yeah, and then he leaves.

Next go to my good friend from Labor-H, Mrs. Watson Coleman. Good to see you again.

Mrs. WATSON COLEMAN. Good to see you too, sir, and we will figure out how to split ourselves up and be in two places at one time right now.

Thank you for your presentations to us. I have some questions. I just want to rotate.

So I am interested in how well you are suited right now to meet the challenge of all of your investigations, inspections, and job in general, and then how long it takes for investigations to be completed, and then how are you positioning yourself with the possibility of losing 10 to 20 percent of your resources.

So let us—let me start with you, Ms. Oliver Davis.

And I am going to ask you the same question, Mr. Soskin.

How many people do you have on your staff right now that do the inspections, the investigations, the oversight?

Ms. OLIVER DAVIS. We have roughly 525 FTEs. Now, some of those folks are support staff, but they all keep the machine going and all produce the deliverables at the end of the day certainly.

Mrs. WATSON COLEMAN. You, Mr. Soskin?

Mr. SOSKIN. I think our fiscal year 2023 budget request was for 397 FTEs, so we are a little bit smaller than HUD OIG.

Mrs. WATSON COLEMAN. So how many open investigations, inspections do you have at the moment, Ms. Oliver Davis?

Ms. OLIVER DAVIS. That is a very good question.

I can tell you right off the bat, within multifamily, we have 160 alone, and that is just one program. We have, I would venture—I am going to have to get back to you with the exact amount—the exact number there, but we have many, many investigations.

Mrs. WATSON COLEMAN. You, sir?

Mr. SOSKIN. I will have to get back to you with that number. We have about 100 special agents who are in the field, and each of them has several ongoing investigations.

Mrs. WATSON COLEMAN. Do you have sort of an understanding of how long it takes to complete the normal investigations?

Ms. OLIVER DAVIS. It is tough because we have such a varied portfolio. I mean, we may have a false statement case. We may have a long complex case against a corporate landlord. It is impossible to know the timeframe for an investigation. We certainly urge our investigators and our attorneys who work on these matters to work expeditiously. You know, we impress upon them the importance of the portfolio and the sense of urgency in getting matters out to the public, and—the investigations, certainly, help with HUD's programs as well, their efficiency, preventing fraud. We are always thinking in terms of getting those done as fast as possible.

Mrs. WATSON COLEMAN. Is it unusual for a case to be open for a year?

Ms. OLIVER DAVIS. I would say it is not unusual for a case to be open for a year.

Mrs. WATSON COLEMAN. It is not unusual?

Ms. OLIVER DAVIS. I would say that is not unusual. Usually we are—

Mrs. WATSON COLEMAN. Is it unusual for a case to be open for 5 years?

Ms. OLIVER DAVIS. We would hope to not have a case open for 5 years. I mean, obviously, there are statute of limitations, but some cases are more complex than others, and some are ongoing schemes.

Mrs. WATSON COLEMAN. Mr. Soskin.

Mr. SOSKIN. I think IG Oliver Davis well summarized the diversity of investigations. The same thing is true in our portfolio. They may range from simple investigations related to, say, a misuse of a drone over a public event. They may be long and complex fraud investigations that take years to complete.

Mrs. WATSON COLEMAN. So, on my list, the last two questions, one to you, has to do with notification of action that needs to be taken on properties in which there has been a 60-percent or 60 measurement of noncompliance or nonconformance, if it gets a rating of 60.

Ms. OLIVER DAVIS. Oh.

Mrs. WATSON COLEMAN. I need to know how we are working out getting through those.

With you, sir, I want to know how well we are doing with oversight in the expectations of the use of minority-owned businesses and women-owned businesses with the infrastructure program and what mechanisms we have in place to ensure that these businesses are given these opportunities and what corrections that need to be made.

So you first, ma'am, and then you, Mr. Soskin. And then I would yield back, sir.

Ms. OLIVER DAVIS. Certainly. I believe you are speaking about a troubled—like a troubled property that would receive a failing score below 60—

Mrs. WATSON COLEMAN. Right.

Ms. OLIVER DAVIS [continuing]. On its REAC inspection. That is something that we are spending a considerable amount of time on is looking at the REAC process. It has long been in need of overhaul. It is something our colleagues at GAO have recommended. We have recommended it as well. The Department is currently in a demonstration of incorporating new standards into that process. It is called NSPIRE, and we have work going on in the moment as we speak on that process. And I believe our draft is actually with the Department, so it will be coming out soon. But that is something we are committing great resources to because the below 60 score is certainly a reflection of poor living standards.

We are also looking at how HUD does oversight of those failing properties, and so we are examining their tools to see how they keep pace, and we are finding that they need reform all around.

Thank you.

Mrs. WATSON COLEMAN. Thank you.

Mr. SOSKIN. We have put a real priority on investigations of Disadvantaged Business Enterprise fraud. In the past, we have also done some audit work in that area. Most of our DBE fraud cases are focused on prime contractors or subcontractors who misrepresent their use of DBEs. And, you know, we think it is just essential that those opportunities are preserved for legitimate DBEs, for women-owned businesses, for veteran-owned businesses. And, of course, that the purpose of the DBE program—which is to build competition and make sure there is plenty of competition in contracting—to make sure that purpose is achieved.

Mrs. WATSON COLEMAN. Thank you.

Thank you, Mr. Chairman.

Mr. COLE. You are welcome.

We will now try again, Mr. Valadao.

Mr. VALADAO. Thank you, Mr. Chair.

Thank you both to our guests for your testimony today and your time.

Recent audits of Section 8 Housing Choice Voucher Program found that HUD did not effectively monitor and enforce program requirements leading to potential waste and misuse of taxpayer funds as ineligible participants received funding.

Has HUD taken action to address deficiencies identified in your report? And how can HUD ensure that the Section 8 Program is effectively serving low-income families and preventing fraud and abuse?

Ms. OLIVER DAVIS. Thank you for the question.

We have been doing considerable oversight about Section 8 and considerable oversight with respect to voucher utilization. And we found that the occupancy rate in the PHAs was often 60 percent or more where they didn't have occupants, where they had—pardon me—62 percent of the PHAs were not fulfilling their role with the vouchers. They weren't getting people in housing units.

The ineligibility issue I am not familiar with. I am going to have to get back to you on that one in terms of that particular issue.

Mr. VALADAO. So do you mind clarifying a little bit, on the 60 percent where they are not being used, are facilities not available, or people not showing?

Ms. OLIVER DAVIS. I don't believe that we have the answer to that question. It is something that we encouraged HUD to get with the PHAs to work further to make sure that every voucher is utilized. You know, the voucher is really in so many ways the optimal thing that the tenant has. The tenant can go out with the voucher and find their own unit, but there are many restrictions in that area we are learning. Often landlords won't take the vouchers. Sometimes the vouchers don't help the tenant make up the rent that they have to pay. It only goes to a certain amount. And, if the rent is higher than the fair market value that HUD has attributed to the voucher, then the individual has to come up with that amount.

Mr. VALADAO. All right. And I know you touched on it earlier, but your testimony also referenced efforts to ensure HUD tenants do not have to choose between having a roof over their head and being sexual harassed or assaulted by their housing provider.

The fiscal year 2024 budget requests states that your office is committing resources to stop other instances of this inexcusable conduct. Can you go into detail of the actions your office is taking to prevent the sexual harassment or sexual assault in those HUD programs?

Ms. OLIVER DAVIS. Certainly. And thank you so much for that question.

This is something that we are taking particular attention to. And, when I first learned of this activity, I learned that it has been going on for quite some time. We have heard instances of this in previous years, and we have just really put concerted effort in addressing it.

We have success in this area. Thankfully, we have the case out of New Jersey where we worked with locals and our DOJ partners to bring a landlord to justice who was preying upon tenants in his housing. He was at times, you know, extorting sexual acts for rent, telling people either they couldn't live in the housing if they didn't come through to his advances, or they were at times evicted because they didn't submit to his advances.

And we had over a \$4.5 million settlement in that case against the landlord. It was unprecedented. And the individual agreed to sell his properties and never be a landlord again. So these cases are extremely important to us.

One thing that we are trying to do right now is really trying to get the word out, let people know that we are a resource in this area—to the extent that we can—drive these complaints to our hotline. We know these are everywhere. We think they are in everyone's district, and we are doing the best we can to address these.

Mr. VALADAO. All right. And then one more question, one more.

Recent reports of the Department's oversight of public housing authorities showed HUD did not adequately ensure that public housing agencies complied with Federal regulations, did not always enforce penalties for noncompliance.

A 2019 report said that HUD provided public housing agencies with multiple opportunities to correct the noncompliance, such as addressing health and safety hazards in public housing units before enforcing penalties.

Another report in 2021 found that HUD again did not ensure public housing agencies took action to address health and safety concerns in public housing.

How is the Office of the Inspector General working to ensure that this does not continue to happen and Federal housing funds are being used efficiently and effectively?

Ms. OLIVER DAVIS. We are working to shine considerable light on safe and sanitary issues. We have ongoing work that we have launched in multiple areas. We are continuing to look at lead, which is an issue. We are hoping to open more cases against landlords who aren't keeping their properties in safe and sanitary conditions.

We recently announced a settlement for \$1.2 million against a property owner in Illinois for not keeping the property in safe and sanitary condition, and I hope to see more of that. I think this is an area where we could really partner with the Department.

Mr. VALADAO. All right. Well thank you.

And I yield back the time that I don't have.

Mr. COLE. Thank you very much.

We go next to my good friend, old Rules Committee colleague—we miss her there a lot—Mrs. Torres from California.

Mrs. TORRES of California. Thank you, Mr. Chairman. I miss you, but I am not sure I miss the committee work.

Mr. COLE. That is a pretty common sentiment, not missing that committee.

Mrs. TORRES of California. Yes.

Thank you both for being here.

I would like to hear your perspective, you know, your role that you have played in the allocation of resources from the Infrastructure Investment and Jobs Act.

Mr. SOSKIN. Well, as co-chair of the Inspector General Communities Infrastructure Investment and Jobs Act Working Group, I guess I will take that question first.

You know, we as inspectors general provide independent and objective oversight on the use of those funds, so we are not directly involved in allocating the funds.

Mrs. TORRES of California. Does that objective include previous violations, for example? I am specifically thinking about housing authorities that might have had State violations for failing to maintain, failing to keep their tenants safe, having predator employees, you know, preying on young girls living within housing authorities' jurisdiction. How does that bad record play in your investigations to ensure that Federal funding is being utilized by good actors? And I am not just talking about the private contractors. I am talking about public agencies, sister agencies who often get a pass, you know, a slap on the hand. And, when we issue violations, it is the same victims that are paying for those violations, because then it becomes lack of infrastructure that is readily available for them.

Ms. OLIVER DAVIS. Well, thank you. Thank you for that question.

I mean, HUD is in a situation where, throughout its portfolio, it depends on its program partners, whether they are grantees, PHAs, lenders. And there is an accountability issue there certainly, whether it is the PHAs keeping lead out of public housing or whether it is the landlords maintaining safe and sanitary housing—

Mrs. TORRES of California. How about asbestos?

Ms. OLIVER DAVIS. Asbestos, I think—you know, HUD has an obligation to keep HUD-assisted properties hazardous free; asbestos being a hazardous. I am not aware of any issues where PHAs or landlords have to test for asbestos, but I would assume that some of these issues might come up in the inspection process, whether it is REAC or the annual inspection that landlords have to do.

Mrs. TORRES of California. So can you continue to expand on the role that your Department plays in maintaining that oversight of State and local housing authorities, again, public agencies? When you discover that they have been issued a willful violation, you know, basic issues, what is your role there? What steps do you take to ensure that we protect the hardworking taxpayer dollars?

Ms. OLIVER DAVIS. Certainly. We risk-assess throughout HUD's portfolio, and I believe that, you know, the safe and sanitary issues are some of the most difficult parts of HUD's portfolio and some of the most trying and most important to citizens. This is a very intimate mission. It is something we place a lot of importance on. We risk-assess and see, you know, where the riskiest public housing associations are. We look at those when we can. You know, we are currently doing oversight, like I said, of REAC earlier. We are also looking at public housing conditions, post-RAD conversions, so we are actually doing boots on the ground, going into the properties and seeing the kind of situations that HUD beneficiaries are living under.

Mrs. TORRES of California. I just hope that we are not taking the too-big-to-fail approach with some of these housing agencies that are massive and that we are still holding them to, you know, the same standard that we would hold a private owner, a private landlord, a private contractor.

Ms. OLIVER DAVIS. May I.

Mrs. TORRES of California. Yes.

Ms. OLIVER DAVIS. Look, I couldn't agree more. And I can tell you, from talking to HUD principals, none of us want bad actors in the programs. That is certainly the case.

I do think we have to recognize there is a tension here. When we take a landlord out of the game, when we do something like shut down Alexander County in Illinois and relocate people, or whether it is Memphis, Tennessee, where Peppertree has been a very well publicized instance of tenants having to be relocated, HUD has to consider, where will these people go? So they would have to continue to drive the right kind of program participants to the programs.

Mrs. TORRES of California. Thank you.

And I yield back to the Chair.

Mr. COLE. Thank you very much.

Next is my good friend from Virginia, Mr. Cline.

Mr. CLINE. Thank you, Mr. Chairman. Good to be on the subcommittee with you. And I appreciate our witnesses being here today. I was kind of moving in the direction of asking some questions about eligibility determinations, and I have been distracted, unfortunately, by Mr. Valadao. And I said I would give him credit, but I am going to give him credit for the distraction.

I want to talk to you, Ms. Oliver Davis, about the process and procedures you follow when it comes to your attention that there is sexual harassment, any kind of sexual violence. I see you were an AUSA. I was a prosecutor as well. It always—I tend to believe that local law enforcement, local prosecutors are going to be responding faster to these incidents.

Can you talk about the timelines? Say a call comes in on your hotline. I mean, most of the people in public housing are going to go to a law enforcement officer first. But talk to me about your procedures that you go through.

Ms. OLIVER DAVIS. Sure. Thank you so much for the question and the interest in this initiative.

Well, first of all, I have to say we are not getting as many complaints via the hotline as you would expect in this instance. And I think that is one thing we are hoping to do is improve that outreach, let people know that we are here to talk to them about this.

Locals absolutely have a seat at this table. In the instance in New Jersey, the case I referenced there, we had an ongoing pattern-of-practice case that we worked, you know, a civil money penalty case.

Mr. CLINE. Was there a criminal action—

Ms. OLIVER DAVIS. Yes.

Mr. CLINE [continuing]. In parallel.

Ms. OLIVER DAVIS. Yes.

Mr. CLINE. Okay.

Ms. OLIVER DAVIS. And also each of these individuals have a fair housing complaint, so we have to make sure that FHEO at the Department knows about that and looks into that as well. Our cases are pattern and practice. We are looking for landlords that are—that have a handful of victims, that have people—sometimes we have seen 30 victims, 40 victims.

Mr. CLINE. Do you refer to DOJ?

Ms. OLIVER DAVIS. We do. We work with our DOJ partners. I should be clear about that, we have.

And, in the case I mentioned earlier, the one where we did 60 interviews, that was DOJ Civil Rights and a local U.S. Attorney's Office. So we had trial attorneys and AUSAs alongside with our agents out in the field interviewing victims, both men and women, who have been preyed upon by their landlords.

And there are State cases. There is also—to your point about States responding, you know, we had specialized training in this area. We have sought out training for our agents. I mean, this is a different type of investigation.

Mr. CLINE. Yeah. But talk to me about the time it took from when it first became evident that this landlord was engaged in these practices to justice for the victims in, say, the criminal trial, which may have come before the civil, but—

Ms. OLIVER DAVIS. Well, I don't believe we had a trial in the New Jersey case, and the trial has not yet happened in the associated State case.

Mr. CLINE. So it has been years?

Ms. OLIVER DAVIS. I don't know that it has—I will have to—I tell you what, I would love to talk to you more about this, love to talk to you more.

Mr. CLINE. Okay. But I am just trying to make sure that we ensure that justice is delivered for the victims as soon as possible. And so the resources at the local level often would enable a local prosecutor, local law enforcement to engage and get that justice more quickly.

Now, in sizeable cases like the one you are talking about in New Jersey, I would assume that that would need to be a DOJ case. But how much cooperation is there between DOJ—I guess you don't know this, but we can find out—DOJ and local law enforcement? I guess they keep you apprised, so there has to be—

Ms. OLIVER DAVIS. Well, the Centanni matter in New Jersey was worked alongside local law enforcement—

Mr. CLINE. Okay.

Ms. OLIVER DAVIS [continuing]. DOJ and local law enforcement and our agents working together on that matter.

Mr. CLINE. Okay. Well, I appreciate that. I want to make sure that the people in public housing do have the information they need to be able to reach out, whether it is a hotline or making sure that there is a—that one of the factors is time because it does become an issue when, just because it is happening on a Federal project, that they have to wait that much longer for DOJ.

Ms. OLIVER DAVIS. Well, Congressman Cline, if I can make a point. Another thing that I think is very good about us committing our resources to this is it is part of the agreement, the civil settlement, that this individual gets rid of their properties and is never a landlord again. And that is something that I am not sure that the State criminal courts can accomplish. It is something that we can with DOJ's authority.

Mr. CLINE. Okay. Thank you.

Mr. COLE. Next go to my good friend, Ms. Wexton, from Virginia.

Mr. WEXTON. Thank you, Mr. Chairman. I am so glad to have this opportunity to be here. I want to thank the witnesses for appearing before us and for everything you guys do to help be good stewards of our money, which is first and foremost very important.

Mr. Soskin, I want to start with you. Last November your office named air traffic control and airspace modernization as one of its top management challenge areas for fiscal year 2023. It is not surprising to me because my congressional district includes three air traffic control towers, a TRACON, an air route traffic control center, and the air traffic control systems command center, so lots and lots of air traffic control in my district.

My priority is always to ensure that we have a good, well-trained workforce and that that workforce is sustainable. One of the things I keep hearing is that there are real issues with that, and I am glad to hear that it is being acknowledged by your agency.

So, in your November report, your office identified staffing shortages and training delays as some of the key challenges facing the air traffic control workforce.

The report also noted that the FAA had room to improve in how it tracks and manages controllers' scheduling and fatigue. With air traffic reaching pre-pandemic levels and even getting above it sometimes, how is your office working with the FAA to address these challenges to develop a robust, well-trained controller workforce? What kind of resources would you find would be useful to your team in supporting this work?

Mr. SOSKIN. We have been engaged now on, and are bringing to a close, our audit on FAA's air traffic controller workforce that is going to look—that is looking into these issues in more detail. And we look forward to releasing that and sharing it with this committee and the public.

The pandemic has certainly proven challenging to FAA from a workforce perspective, both in terms of air traffic controllers and in other roles, like in aviation maintenance technicians, where we have another audit underway. One contributing factor was that FAA, in response to the COVID-19 pandemic, paused its training activities at the FAA Academy out in Oklahoma City.

Mr. WEXTON. My understanding is they are catching up on that at this point. They are really—they have got very full classes, and they are trying to catch up. It is my understanding that they are doing everything they can to make that happen.

Is that what you found that they are making progress in making it happen?

Mr. SOSKIN. That's right. There is a backlog that they are making progress on. There is a limited size to the facility and only so many folks that they can, you know, run through. We have seen now that what counts most in busy air traffic control facilities is the presence of the fully trained controllers. And, in places like New York and Chicago and other major facilities around the country, there is currently a shortage of staffing.

Congress in the ACSA [Aircraft Certification, Safety, and Accountability Act] has provided additional funding to expand hiring in some of those facilities. But one of the things that we have seen is that FAA has seen challenges in finding qualified people to fill those roles. That is going to be a key item for us to watch going forward.

Mr. WEXTON. Would you be able to say what would happen if you suffered a cut of 10 to 20 percent, let's just say up to 20 percent? What would happen to that controller workforce? What would happen with that, with the progress we have made and with the controller workforce moving forward?

Mr. SOSKIN. Well, with a budget cut, it would, of course, be FAA's responsibility to figure out how to cut that budget and where the cuts would take place. If it led to a reduction in the number of controllers, what we would see is an inability for FAA to meet its controller targets. And that would have impacts for the National Airspace System.

Mr. WEXTON. Your report also highlights that DOT received a significantly higher volume of consumer complaints regarding airlines, airline on-time records, right, canceled flights, things like

that. We all heard the news over the summer about all of these flights being canceled for weather reasons but also for staffing shortages. Is that correct?

Mr. SOSKIN. FAA has acknowledged, particularly recently, the contributions of staffing challenges to that and, as you may have seen in the media, has been working with carriers in some of the most crowded aviation cities, air traffic control spaces.

Mr. WEXTON. And DOT issued a proposed rule last summer talking about—you know, clarifying times that consumers would get refunds. Is that correct?

Mr. SOSKIN. I believe FAA has a proposed rule out for that and some voluntary agreements with airlines in place.

Mr. WEXTON. Voluntary agreements, but do you know what process would be taking place in order to make sure that it is enforceable?

Mr. SOSKIN. I believe that will be completion of the proposed rule and issuance of a final rule.

Mr. WEXTON. Very good. Thank you very much.

No further questions.

Mr. COLE. I will now go to my good friend from Florida, Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

And I will just follow up on that conversation. I can tell you the—I am from northeast Florida, so we have got that Florida funnel, and that control center there in Jacksonville is overwhelmed. During the COVID situation, I heard from controllers regularly about that situation and then, of course, the pause on the training. And I understand that. Just knowing whatever we can do to help alleviate that staffing problem, whether it is hiring bonuses or retention bonuses, whatever great ideas you can come up with, we really need to address these staffing issues because they are becoming severe.

So thank you for that.

Ms. Davis, first, I want to thank you and your team. You know you have put a priority on safety within our HUD facilities. And, you know, being from Jacksonville, we just recently had a really horrible situation with Eureka Gardens. New ownership is taking care of that, and so it looks like we have got that fixed.

But my question is when—and you mentioned lead earlier. We have a plan to get the lead out, but I didn't see—or it seemed like there were difficulties—it looked like there were going to be difficulties in actually following these facilities and whether they are actually complying with your plan to get the lead out.

Can you tell me what do we need to do to help with that?

Ms. OLIVER DAVIS. Thank you.

Lead, as you said, I mean, it continues to be a problem. We have made recommendations, GAO has made recommendations that the Department have a plan for overseeing lead in public housing. We have done back-to-back work in this area. We have looked at PHAs' compliance with the lead safety hazard rule, and we looked at HUD's oversight of PHAs and remediation in lead. And, in each instance, it is lacking. So there needs to be more attention to it for sure.

We find—

Mr. RUTHERFORD. Excuse me.

So do we need to do more of that at the local level, requiring somehow putting teeth into the oversight?

Ms. OLIVER DAVIS. Well, there are Federal regulations that govern this, and HUD has requirements that landlords have to abide by, and they have to identify lead and remediate lead.

One area of tension here is that PHAs have stricter guidelines than landlords that participate in the housing choice voucher program, and we have a dearth—there isn't going to be more public housing. So HUD is repositioning this into the private sector. So those individuals participating in that program need strict standards, just like public housing.

Mr. RUTHERFORD. Right.

Ms. OLIVER DAVIS. But we do see a lack of oversight from the Department at the public housing level as well.

Now, to be fair, there are 3,300 public housing authorities.

Mr. RUTHERFORD. Yes.

Ms. OLIVER DAVIS. So, you now, we have made priority recommendations in this area. Two of our priority recommendations deal with the lead in public housing. It is a remarkable effort to oversee. It is an important one, certainly.

Mr. RUTHERFORD. Is there a way to stop adding to the problem by, when we transition to RAD, is there any step in that process that requires a lead determination before that property can actually become a RAD facility?

Ms. OLIVER DAVIS. There are inspections that are required along the way, and when a property is converted to RAD, there is a capital needs assessment and a financing plan. And looking for lead hazards should be, and I believe it is, part of that process certainly.

We have work that we have announced looking at RAD conversions in the units and the safe and sanitary standards post-RAD conversion to see if there is actually an improvement. So I hope to have more to tell the subcommittee on that.

Mr. RUTHERFORD. Okay.

And very quickly, on the COVID-19 situation where they had forbearance on these loans, but they weren't informed or they were misinformed, I mean, did we make it really tough on some people that actually should have had forbearance during that time? Or how did that play out in real life?

Ms. OLIVER DAVIS. It appears that there were at one point, I guess, maybe a third of the individuals who were delinquent in their FHA loans who were not informed appropriately of the information.

Mr. RUTHERFORD. A third.

Ms. OLIVER DAVIS. And then there was one-sixth that were actually in forbearance where forbearance was misapplied. So there were considerable people there that didn't get to take advantage of the pandemic relief, yes.

Mr. RUTHERFORD. Okay. Thank you.

With that, I yield back.

Mr. COLE. I next go to my friend from New York, Mr. Espallat.

Mr. ESPALLAT. Thank you, Mr. Chairman.

Mr. Soskin, in your testimony, you cited your work in addressing challenges in the National Airspace System, including matters that

have already been brought up: flight delays and cancellations, 600,000 flights scheduled, 100,000 delayed, 18,000 canceled, which have impacted many of my constituents, particularly those traveling to the Caribbean, to Puerto Rico, the Dominican Republic, and other places, especially during the holiday season as we approach the Easter break.

Moreover, I have heard, like, many complaints from constituents about their inability to get fairly compensated for these delays or cancellations.

What are some of the next generation transportation system programs that DOT should implement to improve efficiency and reduce passenger delays as air traffic increases?

And do you see any potential cuts being proposed impacting this arena? Will folks continue to experience delays, as I am sure all of us have here in this States?

And what do you see the implications are if these cuts are implemented?

Mr. SOSKIN. We have recently announced an audit where we will be looking at the reported causes of flight delays in the air traffic system, and we will also be looking at FAA's oversight of the reporting of those delays. But we have a good sense of what the causes are for delays and what the reliability of our information—

Mr. ESPAILLAT. Why would you say that there are those good in your opinion? You have a sense. What is your sense that these causes are?

Mr. SOSKIN. So we see that in our work, what is widely reported on are shortages of staff on the part of the airlines, shortages of staff at FAA in terms of air traffic controllers. Severe weather, of course, was a major factor reported on for the holiday season disruptions, and then Southwest's cascading set of failures that have—

Mr. ESPAILLAT. Well, we may not have control over severe weather, but, I mean, we maybe environmentally could do things that can improve the weather.

But how do you see these cuts impacting what we must accomplish to reduce delays and cancellations?

Mr. SOSKIN. We haven't done any work looking at the potential impact of any particular set of resource cuts to FAA. FAA will have to, if there are cuts in their budget, will have to determine how to allocate its resources and how to try to maintain safety in the National Airspace System while also accommodating its consumer protection mission.

Mr. ESPAILLAT. Will you be looking at that in your audit?

Mr. SOSKIN. I don't think we have any planned audit work right now to look at the impacts of budget cuts on FAA.

Mr. ESPAILLAT. My recommendation is that you do. I mean, there is a real potential threat of some budget cuts that will potentially impact further on delays and cancellations being experienced by travelers. And so, in your quest to take a look at this issue, I think that is something that you must consider.

Mr. SOSKIN. We certainly welcome the input, and our staff can discuss how we could shape our audit work in a way that will be

useful to answering that or any other questions that you might have.

Mr. ESPAILLAT. Thank you.

Ms. Davis, quickly, according to your testimony also on the fiscal year 2023 annual performance plan, finding an affordable home in America is harder now than it has been since the 2008 financial crisis.

If we were to return to fiscal 2022 funding level, how will this exacerbate HUD's ability to connect people with affordable housing and reliable housing?

Ms. OLIVER DAVIS. I think that that funding level would certainly impact HUD's ability to provide more affordable housing. It would impact HUD across its entire portfolio, frankly. There is a lack of affordable housing. You know, we see the need for more landlords in the program. We see the need for fair market rents to be set at an appropriate level so individuals can actually benefit from the vouchers they are given. It would absolutely impact that, certainly.

Mr. ESPAILLAT. Thank you, Mr. Chairman. I yield back.

Mr. COLE. Thank you very much.

I will next go to my good friend, Mr. Gonzales, from Texas.

Mr. GONZALES. Thank you, Mr. Chairman.

My first question is for Ms. Davis.

Many of the colonias in my district lack proper water and sewage infrastructure. Colonias are, essentially, unincorporated communities, oftentimes along the border.

In 2008, your office published an audit regarding HUD's Community Development Block Grants set aside for colonias and not used for its intended purposes. How can we ensure that the residents of the colonias receive funding to replace, repair critical infrastructure?

Ms. OLIVER DAVIS. Thank you for the question.

Well, first, the 2008 audit may not speak to the problem. So certainly there needs to be renewed dialogue in this area. I am happy to meet with you all and speak with you about this.

I understand this is part of the CDBG grants. You know, we always want to ensure those grants go for their intended purpose, and we want to hear about any struggles that that community is having in either utilizing the grants, whether they need more work, more time, whether they need more technical expertise.

So I am happy to discuss that more with you.

Mr. GONZALES. Right. No, I would love to work together on this. There are a lot of communities that, I mean, lack literally indoor plumbing, access to water. I mean, it is just Third World-ish, if you will. I would love to be able to find a way to deliver who some results for those communities.

My next question, also to you, Ms. Davis, moving on to IT. Your office recently published a report regarding HUD's IT infrastructure. In this report, you found there were significant delays in processing computer security updates, network performance issues, passport—password exploration policy was not enforced, and the help desk system did not capture complete data.

Because of this inadequacy of Department's IT infrastructure, was the PII of people at risk?

Ms. OLIVER DAVIS. We have reported on HUD's struggles with IT for years now, and I believe the report that you are talking about references our look at HUD's migration to telework during the pandemic, and we did identify certain areas of concern, and there were problems with the network. I believe those were addressed.

There are some longstanding cybersecurity issues that does put PII at risk. Outside of the mandatory telework issue, we have old computers, old mainframe computers. We have old IT infrastructure that doesn't always support PII, and that is costly to repair and maintain.

We are encouraged in some way by some of the advancements we see. They have implemented one of our priority recommendations in cybersecurity, which was web applications have to be authorized by the CIO's office. That is important so there is not this sort of shadow IT structure that the Department is maintaining.

So there are a number of good things in that respect. We have a number of priority recommendations that are still outstanding. My team tells me, though, that is the hard stuff, right.

Mr. GONZALES. I spent 20 years in the Navy as a cryptologist, and oftentimes these organizations, the IT infrastructure is the last to eat, but it is the absolute critical that is under attack on a daily basis.

This is the world that we live in, and when you think of HUD, you don't think of their IT infrastructure. When you think of DOT, you don't think of their IT infrastructure. But every organization is now an IT company first and then you do other stuff.

And I get it. I get it. It is a difficult problem. You have legacy systems, and when you are struggling for dollars, but this is something that is absolutely critical to get ahead.

In 2014, Congress enacted the Federal Information Security Modernization Act of 2014. The goal of this legislation was to improve Federal cyber security and clarify governmentwide responsibilities.

Can you speak to why HUD received an F in the most recent edition?

Ms. OLIVER DAVIS. Well, we did see improvements, actually, in our FISMA review, and we did have the administration identify core metrics, which were helpful. We saw some improvements, but they weren't in the core metrics that HUD improved. So they actually performed worse in our FISMA evaluation they had in prior.

You know, all of this is IT modernization what you and I are talking about, of course. It is going to require prioritization.

Mr. GONZALES. Yes.

Ms. OLIVER DAVIS. It is going to require—

Mr. GONZALES. I don't have much time and—

Ms. OLIVER DAVIS. Okay. Certainly.

Mr. GONZALES [continuing]. I get that. I would love to speak on it more.

And I just want to highlight, to Mr. Soskin, you also received an F in this 2014 edition, and so what I am seeing is I am seeing two F students come before us asking for more money, which we absolutely want to make sure that your organizations have what you need. But please do not forget the critical aspects of the IT infrastructure.

Thank you, Mr. Chairman. I yield back.

Mr. COLE. To be fair, neither of our inspectors general got an F. It was the Departments they are working on that did. I just want to make that clear for the record.

Mr. Ciscomani.

Mr. CISCOMANI. Thank you, Mr. Chair.

And thank you, Ms. Davis and Mr. Soskin, for being here with us today.

In my home State in Arizona, the I-10 connects Phoenix and Tucson, and it desperately needs funding for expansion. This is what I like to call the artery for both trade but also security for our State. It is the main road connecting the two major cities.

And the Department of Transportation recently applied for a mega grant through DOT and was denied despite a clear and evident need.

On December 16, 2021, the Federal Highway Administration issued a policy memo to States encouraging them to prioritize using Infrastructure Investment and Jobs Act formula funds for road and bridge repair over capacity expansions. This memo, which has since been rescinded, prioritized the implementation of partisan policies and disregarded congressional intent.

In December, GAO determined that the guidance memo is a rule under the Administrative Procedure Act. I find it highly concerning that the Federal Highway Administration went beyond its reach here and expressed policy, preference, and what was supposed to be a guidance memo.

While I recognize that this is a bit outside the scope of your role as the IG, I am wondering if you can give any insight on if your agency has taken a look at this in a similar way to how GAO reviewed it, and if not, I would encourage you, as the IG, to look into and keep a close eye on how DOT is issuing policy preference in their decisions.

Mr. SOSKIN. We haven't looked into and done any work relating to the now-withdrawn 2021 highways memo, and I understand that there have been general expressions of favor towards their replacement with the new memo.

Mr. CISCOMANI. Well, then how is DOT going to take into account the needs of States moving forward here with the Infrastructure Investment and Jobs Act formula when it comes down to the implementation process?

Mr. SOSKIN. From our work in interacting with the Department in its Infrastructure Act oversight, one of the things that we have certainly seen is an effort by the Department to engage in outreach and to provide technical assistance to communities and to States that are seeking to apply for the discretionary grants.

And we and GAO, in their work, have encouraged the Department to be transparent with their decision making, to document that decision making, and to apply lessons learned from successful projects, as well as unsuccessful projects.

Mr. CISCOMANI. Well, I sure hope that that gets implemented and also that that is successful. That could have been and still can be helpful in the process here of my State applying for the I-10 expansion, which, again, is in clear need and a strong case for it.

I have a couple minutes. So I would also like to bring up another quick issue here.

The use of drones in Arizona and nationwide present a substantial opportunity for economic and technical development. For several years, the FAA has been working to accelerate safe integration and enable more complex UAS operations. What is the status of the FAA's efforts to integrate more complex UAS operations into the National Airspace System?

Mr. SOSKIN. Last year we released a report on our audit work related to the FAA's drone integration activities. We looked at two of the FAA programs in it. One was called the IPP. That was kind of their initial phase of an Integration Pilot Program. That flowed over into a program called Beyond, which was the successor program, which we also looked at.

And what we found was that, while FAA made some progress, for example, helping out five, four or five companies become certified to do initial work doing drone-based package delivery, at the same time, there are still some substantial challenges to be overcome. And the private partners, and some of them are actually public partners, engaged with FAA in those programs and have generally not seen their expectations reached.

Mr. CISCOMANI. Sure. Well, I appreciate that.

And I have one more question for Ms. Davis.

Many tenants of public housing may be more vulnerable to human and drug trafficking. In districts like mine that is a border district with high instances of these forms of trafficking, is HUD doing anything to ensure tenants are safe from these things?

Ms. OLIVER DAVIS. So thank you for the question.

I am not aware of instances of human trafficking in HUD-assisted housing. If there are instances of that, I certainly want to be aware of that. I want to engage my agents. I want to engage with my DOJ partners.

I was a part of a human traffic investigation years ago when I was a line attorney at DOJ. So that would be something I would certainly want to know about. So we should talk about those challenges.

Mr. CISCOMANI. Let's do that.

Ms. OLIVER DAVIS. Okay.

Mr. CISCOMANI. Thank you, Ms. Davis.

Thank you, sir. I yield back.

Mr. COLE. Thank you very much.

We will now move on to the second round of questioning. Should any additional members who have not yet had the chance to ask a question arrive, we will have them take priority in the ordering.

My Democratic colleagues, I think quite legitimately, have expressed concerns about what would happen in this agency or that agency or this portion of the Departments you both represent if we had cuts of 10 to 20 percent. I don't know what our top-line number here is going to be at this point, but I think that is a prudent question to be raising.

So I am going to do a terrible thing to both of you. I am going to ask you to abandon your lofty positions as IGs and become Congressmen for a day. What, in your respective Departments, if you had to prioritize, facing something like that, what are the most im-

portant things? Your own budgets aside. We will set those aside for a moment. They are pretty modest parts of this.

But if you are thinking like a Secretary had to think or a Member had to think with a low allocation, what respective functions would you emphasize? What would you discount?

I will start with you, Mr. Soskin, and then we will go to you, Ms. Oliver Davis.

Mr. SOSKIN. Well, Chairman Cole, I think the critical mission for the Department of Transportation across its different modes is the safety function, and DOT, administration after administration, has been very consistent about emphasizing that mission.

I don't envy the challenges, the difficult decisions that this subcommittee, this committee, that Congress and policymakers in the executive branch face. Limited funds and determining how best to put them to use are challenging questions.

We personally try to always be realistic and responsible in the budget requests that we submit, and we will continue to prioritize our work towards the most important safety and fraud issues, whatever the budget levels are that are set.

Mr. COLE. Okay.

Same question, obviously, to you, Ms. Oliver Davis.

Ms. OLIVER DAVIS. That is an amazing question. It is difficult.

Mr. COLE. A very unfair question.

Ms. OLIVER DAVIS. Yes. Yes. Yes, it might be.

And, again, Chairman, if I can ask for clarification, putting myself in the secretary's role?

Okay. HUD has such a vast mission. I don't need to tell this subcommittee. Disaster relief, affordable housing. I think, given the affordable housing crunch, coupled with these safe and sanitary challenges that we see in housing, which further limits the housing stock, I think I would be forced to focus my efforts there.

That said, HUD, Ginnie Mae, they hold a remarkable place in our housing arena. They both have trillion dollar portfolios that carry tremendous risk, and they both have the faith, full faith and credit of the government behind them. And that is a remarkable thing to carry on HUD's shoulders, and I believe I would have to put my attention there.

Mr. COLE. Thank you.

Let me ask you an additional unrelated question. We talked, and I am very impressed and very pleased with your work in terms of sexual exploitation of tenants by landlords.

Years ago, I worked for a guy named Frank Keating who was actually chief—later Governor of Oklahoma but was at one point chief legal counsel at HUD and Acting Secretary. And he had a law enforcement background. He had been an FBI agent, been a prosecutor, been an associate attorney general, all before he arrived at HUD.

And, of course, his big concern—I asked him once. We were chatting about this, and he said: My number one concern was actually crime inside some of these facilities because we have lots of good people in tough circumstances.

But you get some predators in there as well, whether they are drug dealers, whether they are—so what are the actions that are taken to protect tenants within various housing projects from if we

have inadvertently let somebody in that honestly shouldn't be there? They are hard to get out sometimes.

So what are your observations on that?

Ms. OLIVER DAVIS. Well, certainly, if we are talking about my sexual harassment initiative, we are talking about the landlord being the predator, and that, of course, is the most problematic fact pattern.

We do hear—you know, for instance, in Peppertree, a Memphis, Tennessee, property where HUD just abated the contract, and the city of Memphis got involved and had some discussions with HUD and was basically declaring this a nuisance. And part of that was ongoing reports of crime coming out of that property.

So I think, in some instances, this is a real problem. We have talked internally about how we can address it with our toolkit. We might do some special review in that area. It is something we would be willing to speak with you about certainly.

There are eligibility requirements, of course, for people that come into the PHA arena. We have had discussions around that as well. I know HUD monitors that, but we are still looking into that.

Mr. COLE. Okay. Thank you very much.

I go to my good friend, ranking member, Mr. Quigley.

Mr. QUIGLEY. Thank you, Chair.

As someone who occasionally teaches, I want to help improve those F grades mentioned earlier. So extra credit is available.

But let's focus in on a different aspect of this. The IT systems at HUD contain sensitive, private information relating to the multitrillion dollar portfolios at FHA and Ginnie, including financial information on every FHA mortgage applicant.

You know, as you know, HUD is carrying on a multiyear investment, Catalyst, that began in 2019, supported by funding directed by this subcommittee to modernize that infrastructure to reduce cost, risk, and fraud, and bring them in line with current industry practices. But having a strong infrastructure backbone for FHA not only protects the privacy of individuals but our overall reliability of its role within the mortgage industry.

How is that going? What is its biggest challenge? And are there other vulnerabilities that this subcommittee needs to be aware of?

Ms. OLIVER DAVIS. We reviewed the work progression of FHA Catalyst at the request of this committee. So we are certainly aware that it is a concern.

What we want to see with IT, whether it is at FHA or throughout the Department, is we want to see modernization, right. I mean, that is what we want to see in this entire portfolio. With that requires collaboration. It requires collaboration between the CIO's office and the program offices to ensure that, frankly, they are fitting the bill. The IT modernization efforts have functionality at the Department level, have functionality to the end user, certainly.

We want to see better project management. You know, there is a roadmap for modernization, which is encouraging to us. I think it would be helpful if it included lessons learned.

I know the subcommittee is concerned about some of the history in IT funding over the years. I think taking some lessons learned from that and incorporating that into the roadmap would be good.

And ultimately we want prioritization, especially with Catalyst. I think in our review—

Mr. QUIGLEY. Especially with what?

Ms. OLIVER DAVIS. Catalyst.

Mr. QUIGLEY. Okay.

Ms. OLIVER DAVIS. Which I believe is the concern.

Prioritization, certainly. I believe, in our review, we uncovered that the modules were coming forward in a piecemeal fashion with Catalyst, right. And I think that provided an opportunity for priorities to shift.

I think we are back on track. You know, we are in constant collaboration with the CIO's office. We have a very good relationship there, and I believe we can see this hopefully come through in March of 2025, if not sooner. That is my hope.

Mr. QUIGLEY. Part of my concern is what we have learned from other massive hacks is often the entity doesn't know they have been hacked for years. And, second, the—I am talking about large government and private sectors. They are often—companies, major corporations don't know they have been hacked for years. Someone else had to tell them they were hacked.

Do we have some sense if we are flying blind here at all?

Ms. OLIVER DAVIS. We have certainly priority recommendations in the area of cybersecurity that are still unimplemented. We want HUD to be able to monitor all of the inbound and outbound traffic on their network and all of their devices. That is something we are hoping they can implement. This will help in this respect.

We need to do penetration testing. That is something that our office needs to be doing as well. We let them know of any vulnerabilities in real time as soon as we are aware of them, but we still have some progress to be made there.

Mr. QUIGLEY. Very good. Thank you.

I yield back.

Mr. COLE. Well, I would advise my friend, since it is just him and me right now, take as much time as you want on any question you would like.

I have a couple I want to get in for the record. And, again, if the ranking member wants, if another question comes up or something, please, I will certainly give him the time to do that.

Inspector Soskin, a core responsibility of the Pipelines and Hazardous Materials Safety Administration, PHMSA to make it short, is ensuring that companies, you know, transport hazardous materials, or hazmat, in a safe and secure manner.

With 3.3 billion tons of hazmat valued at 1.9 trillion transferred by air, highway, rail, and sea annually, it is a pretty critical task. In the East Palestine derailment, we have seen real risk involved in transporting hazardous material.

Last year you audited PHMSA's Office of Hazardous Material Safety and their ability to conduct fitness reviews of applicants seeking approvals and permits.

I understand that, of your 12 recommendations in your report, PHMSA has completed all but two. So that is a good sign.

Can you speak to the progress that PHMSA has made in your view in conducting hazardous material review and permitting process?

Mr. SOSKIN. We certainly appreciate the spotlight being put on our March 2022 report on PHMSA and hazardous materials. I am sure the Department and PHMSA will appreciate being recognized for having addressed 10 of our 12 recommendations.

I believe the two recommendations that are outstanding in there, one pertains to some of the communication of the agencies' software systems with each other so that the inspectors and decision-makers have all of the information in front of them when they are evaluating the applications for hazardous materials, approvals, and special permits, which are a form of exemption from the hazmat regulations.

And the other outstanding recommendation I believe relates to revising and entering into a revised version of an agreement with the other Federal agencies that regulate the transportation of hazardous materials. The current agreement was signed in 2014, and this is with agencies such as the Coast Guard, the FAA, and the Federal Railroad Administration—obviously important in that East Palestine derailment, as well.

And the key reason for having an up-to-date agreement is just to make sure that the agencies are all correctly assigning the roles and responsibilities to get the information to each other in the intermodal transportation of hazardous materials when more than one regulator and more than one mode is involved, making sure that these exemption decisions are made with all the possible information in front of the decision-maker.

Mr. COLE. Do you think that would make a real difference in what we have seen in terms—you know, obviously, this isn't the rule, but they do happen, and they are pretty awful when they do.

Do you think it would make a material difference if we had that interagency agreement?

Mr. SOSKIN. We can't judge whether any particular incident would be ameliorated by a circumstance like this. There are, of course, a lot of factors that go into this. NTSB is still investigating that particular derailment. But overall, making sure that decisions are made based on the best available data and information, has been a consistent theme of all of our work, and it is applicable in the hazardous materials transportation area, as much as anywhere else.

Mr. COLE. Okay.

Let me ask you both one last question, if I may. You know, obviously—and this is not a partisan question because I would say this would be true in both the last—the current administration and the last administration.

We are dealing with unprecedented crisis in COVID and had a lot of economic ramifications, had a lot of impacts on the lives of individual Americans, and we put an extraordinary amount of money through the systems, you know, and quite often without much in the way of oversight or checking. And I think we have seen some pretty—again, I am not questioning what people do in an emergency. You do what you have to do.

But there are certainly plenty of players out there that have taken advantage of that in one program after another, and some of these have come up.

How great a concern—No. 1, do we have the oversight capability in place to handle something like this? I guess, by definition, we don't, but what should we do to get better at this if we ever face another crisis like this?

Again, nobody saw a pandemic coming, and nobody did much in the way of preparation, but we now have seen one. We live in a world where it could happen again.

So, if you were building guardrails, so if we had to rise to another occasion quickly, you know, what things beyond what we have in place now would you add so that we would have a better sense, as Congress, that we actually were putting lead on the target and making a difference and minimizing the amount of money that bad actors might be taking out of these systems?

Ms. OLIVER DAVIS. Thank you for the question, Chairman.

I would say fraud risk management throughout the Department, certainly in the program level. The people who are implementing these programs, whether it is nonpandemic times or pandemic times, they know the programs best.

And incorporating our insight into that process and having just a culture of antifraud, being able to spot improper payments, you know, better oversight of all of our program participants and our grantees, ensuring they have the capacity they need to carry out this tremendous funding.

I think I mentioned in my opening statement certain grantees received 1,379 percent more funding than typically. That had to put a strain on their capacity. So ensuring we have capacity in individuals and the entities that get the money.

But the fraud risk piece, the fraud risk piece is certainly key. Identifying that early on and mitigating against it over time.

Mr. SOSKIN. And, consistent with that, one of our ongoing audits in the Infrastructure Act area is of the Department's efforts in the surface transportation modes to evaluate fraud risk, and then to employ a risk-based approach to addressing that.

We have certainly learned a number of lessons across government from the pandemic implementation. Our office, you know, is part of the PRAC, the Pandemic Response Accountability Committee, and, you know, there we have seen some important lessons that we continue to apply in our audit and investigative work.

For example, the need to provide targeted oversight where self-certification is the method that is being used by those eligible for a program to say, hey, we are eligible. That is certainly an efficient way of getting large sums of money out the door quickly. But if there isn't the follow-on oversight to have documentation for that and to have targeted drill downs to make sure that those folks are eligible, then you are going to see the kinds of problems we have seen in pandemic programs.

Mr. COLE. I would again direct this to both of you.

Are you satisfied that the Departments which you both have oversight roles in are spending enough time on lessons learned coming out of COVID?

And, again, I am not aware of what they are doing. I am sure they are. I mean, you can't go through something like this and not have an after-action report.

But, number one, are you aware if they are doing it? And, number two, if they are, are they sharing that with you? Are you participating in that sort of thing?

I will start with you, Mr. Soskin.

Mr. SOSKIN. In our Top Management Challenges report, one of the issues we looked at and talked about is in terms of the workforce of the future, making sure that the Department has drawn lessons from and is taking advantage of the new era of increased hybrid work, increased telework, and ensuring that they are getting effective and efficient work out of the workforce in that environment, as well as leveraging it to recruit and retain employees.

As a broader lesson, I think that, as we look at some of the effects and the continuing effects of the Department and the government's COVID-19 responses, some of which we have talked about today, we do have to make sure our minds are open, even in an emergency, to evaluating what are the different kinds of risks of the actions that we are taking, as well as the risks of inaction.

Mr. COLE. Ms. Oliver Davis.

Ms. OLIVER DAVIS. I think we are all learning. I certainly see HUD principals learning from this and, as my colleague pointed out, navigating around the workforce and return to the office, certainly.

Something that my colleague said earlier when he talked about self-certification, you know, that is something we have repeatedly pointed out as a huge risk if it is the only internal control.

As we come out of this, I would like to see stronger certifications, and what I see a lot is my agents coming to me with a certification of the Department, whether it is a low-level certification or a certification from a PHA who says the PHA has complied with lead remediation. The certifications aren't strong enough. They aren't strong enough for us to take them to our DOJ partners and have them prosecuted. They are nuanced.

We need to have strong certifications, and so often at the Department we are dealing with different program offices and different certifications. There just needs to be an overall look at strengthening those, and I think that would help governmentwide.

Mr. COLE. Just overall, this is my own personal opinion, I know we have other committees looking at COVID in a variety of ways, but I would much prefer, in addition to knowing where it came from, which I am very interested in, that some of the focus was on these kinds of questions. I mean, what did we really learn confronted with really the ultimate stress test for the Federal Government? How did it do? How can it do better again?

I doubt this is the last crisis we are going to face. Hopefully, we won't see another one like this.

With that, let me turn to my good friend, the ranking member, for any additional questions he might have or any closing remarks he wants to make.

Mr. QUIGLEY. No, Chairman, that is good.

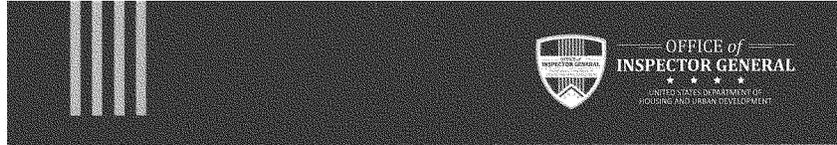
I want to thank both of our guests today for their service and their effective participation today. Thank you.

Mr. COLE. Let me associate myself with the ranking member's remarks.

Thank both of you for being here. Thank you for your testimony and cooperation. Thank you for the service to the country, and we look forward to working with you going forward.

With that, we are adjourned.

[Answers to submitted questions for the record follow:]



Written Responses of Inspector General Rae Oliver Davis, U.S. Department of Housing and Urban Development

To Questions for the Record

Subcommittee on Transportation, Housing, and Urban Affairs, Committee on
Appropriations, U.S. House of Representative, March 28, 2023

Questions Submitted by Representative Pete Aguilar

Fairness in the FHA Loan Program

Question Background: The Federal Housing Administration (FHA) loan program gives working individuals with little savings for a down payment or a lower credit score, but who are lending worthy, a viable option to pursue homeownership. Specifically, the program insures a mortgage to incentivize private lenders to extend credit to these worthy borrowers and to mitigate the risks of a loan defaulting or foreclosing.

One of the ways FHA helps borrowers prevent foreclosure and stay in their homes is by paying a claim to servicers. Claims provide borrowers temporary relief from catching up on deferred mortgage payments and allow lenders to continue to service the loan.

This foreclosure risk-mitigation strategy helped roughly 232,000 borrowers in 2022 and 550,000 borrowers since the beginning of the pandemic.

Question 1: Inspector General Davis, can you discuss the recommendations your office has made to HUD to improve or increase its foreclosure risk-mitigation measures?

Question 2: What steps has HUD taken based on your recommendations to improve the FHA program and ensure individuals continue to have access to this important program?

Answer to Questions 1 and 2:

The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG), has identified Mitigating Counterpart Risks in Mortgage Programs as a Top Management Challenge for HUD. OIG has strategically emphasized oversight of both FHA's efforts to assist homeowners through the COVID-19 pandemic, and the risks to integrity, efficiency, or effectiveness of the FHA program.

We have devoted significant oversight resources to FHA operations, including during the pandemic, to help FHA find ways of operating more efficiently and effectively. To address counterparty risk in FHA programs and protect HUD's Insurance Funds, OIG's oversight involves (1) preventing risk through early detection, (2) strengthening controls around origination, and (3) ensuring lenders service loans correctly to mitigate losses to HUD's insurance fund. We are also auditing key aspects of FHA's pandemic response programs, some of which are not yet final.

Early in the pandemic, we reported to HUD important considerations from prior audits of the HUD Single Family Default Monitoring System and the partial claim loss mitigation option. We noted HUD's previous lack of effective controls to ensure that lenders reported default information accurately and in a timely manner, lenders promptly filed and reported partial claims, and partial claims fully reinstated delinquent loans.¹ Prior audits also identified that the current design of partial claims results in an inferior lien position on the securing property during a foreclosure sale. While the report did not include new recommendations, it did provide HUD actionable information to enhance program effectiveness and integrity.

Additionally, OIG has recently initiated or completed audits of FHA's pandemic programs. One example is OIG's December 2021 audit of FHA oversight of the COVID-19 forbearance option.² Several media reports and complaints filed with the Consumer Finance Protection Bureau indicated instances when servicers did not properly administer or offer COVID-19 forbearance. The audit found borrowers were not always made aware of their right to a COVID-19 forbearance under the CARES Act. Based on a statistical sample, at least one-third of the nearly 335,000 borrowers who were delinquent on their FHA-insured loans and not on forbearance in November 2020, were either not informed or misinformed about the COVID-19 forbearance. As a result, many of these borrowers experiencing a hardship due to COVID-19 did not benefit from the COVID-19 forbearance. Additionally, servicers did not always properly administer the COVID-19 forbearance. Based on a statistical sample, they improperly administered the forbearance for at least one-sixth of the nearly 815,000 borrowers on forbearance plans in November 2020, with the most common errors being unnecessary document requirements, improper periods for forbearance, and credit reporting. Servicers also performed excessive communication and collection efforts for borrowers who were already in forbearance. As a result, these borrowers experienced additional burdens from improperly administered forbearance.

HUD has closed all but one recommendation issued in the December 2021 audit. HUD took action to address our recommendations that included, but was not limited to:

- data analysis of FHA's portfolio to identify borrowers who are delinquent and did not fully benefit from the COVID-19 forbearance, including those in bankruptcy;
- developing educational material to inform delinquent borrowers of their right to forbearance under the CARES Act; and

¹ Key Considerations From Prior Audits of the Single Family Default Monitoring System and the Partial Claim Loss Mitigation Option, March 12, 2021 (2021-KC-0801), Available at <https://www.hudoig.gov/reports-publications/memorandum/key-considerations-prior-audits-single-family-default-monitoring>

² FHA Borrowers Did Not Always Properly Receive COVID-19 Forbearances From Their Loan Servicers, Dec. 15, 2021 (2022-KC-0001), available at <https://www.hudoig.gov/reports-publications/report/fha-borrowers-did-not-always-properly-receive-covid-19-forbearances>

- ensuring that this information is distributed to delinquent borrowers so it can benefit the greatest number of borrowers to put \$5.43 billion to better use by avoiding potential future losses on 112,160 loans.

We audited also loan servicers' compliance with FHA requirements for providing loss mitigation assistance to borrowers after their COVID-19 forbearance ended.³ We initiated the audit based on the large number of borrowers exiting forbearance, because the loss mitigation programs available to these borrowers were new and created a risk for both borrowers and the FHA insurance fund when servicers do not properly provide loss mitigation.

We found that servicers did not provide proper loss mitigation assistance to approximately two-thirds of delinquent borrowers after their COVID-19 forbearance ended. Based on a statistical sample drawn from 231,362 FHA-insured forward loans totaling \$41 billion, servicers did not meet HUD requirements for providing loss mitigation assistance to borrowers of 155,297 FHA-insured loans. Nearly half of the borrowers did not receive the correct loss mitigation assistance. These borrowers did not receive the loss mitigation option for which they were eligible, had their loss mitigation option not calculated properly, or received a loss mitigation option that did not reinstate arrearages, which refers to any amount needed to bring the borrower current. Approximately one-quarter of the borrowers received the correct loss mitigation option, but servicers did not follow COVID-19 loss mitigation guidance to help borrowers with payments that were missed during forbearance.

Among other actions, we recommend that HUD (1) review the sampled loans for which borrowers did not receive appropriate loss mitigation options to ensure that the borrowers are remedied by the servicers, (2) engage with the servicers in our sample to determine reasons for noncompliance and develop a plan to mitigate it going forward, and (3) design and implement a data-driven methodology to determine the appropriate mix of origination and servicing lender monitoring and desk reviews.

HUD OIG has ongoing audits that will provide additional insights into how HUD can improve or increase its foreclosure risk-mitigation measures. A key example is our audit examining HUD's Office of Single Family Housing's oversight of the COVID-19 foreclosure moratorium, which temporarily prohibited most foreclosures, to determine if servicers followed the requirements of the COVID-19 pandemic foreclosure moratorium. As this and other relevant audits are finalized, we look forward to providing you with additional information and continuing to discuss our recommendations for how HUD can improve or increase its foreclosure risk-mitigation measures.

Housing Voucher Utilization

Question Background: Congress has made important investments in the Housing Choice Voucher program by providing HUD nearly 50,000 new vouchers since fiscal year 2021 with an additional 70,000 Emergency Housing Vouchers under the American Rescue Plan to help individuals access housing.

³ HUD OIG concurrently performed an audit of a single servicer provided loss mitigation for borrowers coming out of COVID-19 forbearance. See HUD OIG audit report: "Nationstar Generally Did Not Meet HUD Requirements When Providing Loss Mitigation to Borrowers of Delinquent FHA-Insured Loans".

This investment is critical at a time when more than 582,000 people are already experiencing homelessness and nearly eight million households in the United States with the lowest incomes pay more than half of their income towards rent, live in severely inadequate conditions, or both.

Question 1: Inspector General Davis, what recommendations does your office have for HUD to ensure the maximum eligible families have access to housing vouchers?

Question 2: What resources can Congress provide HUD to implement the OIG's recommendations to improve voucher utilization?

Answer to Questions 1 and 2:

Last year, HUD OIG launched our first ever Priority Open Recommendations resources, highlighting the open recommendations that, if implemented, will have the greatest impact on helping HUD achieve its mission to create strong, sustainable, inclusive communities and quality affordable homes for all. One of the Priority Open Recommendations came from our audit of HUD's oversight of voucher utilization and reallocation in the Housing Choice Voucher Program⁴.

We are pleased to announce that HUD has recently closed a Priority Open Recommendation from that report by establishing and implementing a plan for the unused and unfunded vouchers to mitigate or prevent additional vouchers from becoming unused and unfunded. By taking these steps HUD will be in a better position to ensure that voucher authority is used to its fullest extent.

Additionally, in 2021 HUD OIG conducted a limited review to determine the use of landlord incentives to increase landlord participation and retention and expand housing options for program participants outside areas of low-income or minority concentration.⁵ As a part of that review, HUD OIG surveyed Moving-to-Work (MTW) Public Housing Agencies that used the program and funding flexibilities of the MTW program to offer landlord incentives. While the report contained no formal recommendations we did encourage HUD to consider:

- conducting further studies to determine the effectiveness of incentives,
- assessing whether expanding implementation of incentives beyond MTW PHAs is appropriate, and
- using the results of this review to assist with its Landlord Task Force and Housing Choice Voucher Mobility Demonstration.

More recently, on March 29, 2023, we issued an audit highlighting opportunities for HUD to enhance its oversight of the Foster Youth to Independence (FYI) Initiative to improve program

⁴ HUD Remains Challenged To Serve the Maximum Number of Eligible Families Due to Decreasing Utilization in the Housing Choice Voucher Program, Sept. 15, 2021 (2021-CH-0001), available at <https://www.hudoig.gov/reports-publications/report/hud-remains-challenged-serve-maximum-number-eligible-families-due>

⁵ Use of Landlord Incentives in the Housing Choice Voucher Program, January 25, 2019 (2021-LA-0803), available at <https://www.hudoig.gov/reports-publications/memorandum/use-landlord-incentives-housing-choice-voucher-program>

effectiveness.⁶ Our audit found that HUD did not (1) implement strategies or provide guidance to maximize voucher utilization, (2) have assurance that youths were informed of supportive services or that the services were available for the duration of their participation, (3) include FYI in its annual risk assessment and did not have FYI program-specific risk assessment or monitoring policies and procedures, or (4) establish specific and measurable objectives for FYI or collect data that would allow it to assess the program's overall effectiveness.

The initiative is relatively new and, though funding for the initiative represents a small portion of HUD's overall rental assistance programs, it is important that the FYI vouchers are fully utilized to reach the vulnerable population it is intended to serve. We made several recommendations for areas where HUD has an opportunity to improve the FYI Initiative's effectiveness, including (1) developing and implementing a plan to assist PHAs in improving voucher utilization, (2) including FYI in HUD's voucher risk assessment and develop monitoring controls, and (3) establishing and implementing methods for assessing the effectiveness of the program. We look forward to working with HUD to respond to our recommendations and take corrective action during the audit resolution process.

Question 3: How would cutting the number of housing vouchers to match FY22 funding levels impact public housing authorities' ability to utilize and distribute housing vouchers?

A decrease in funding would generally reduce public housing authorities' ability to utilize and distribute housing vouchers. While HUD OIG has not independently verified the Department's analysis, in response to a request from Ranking Member DeLauro Secretary Fudge has previously estimated that funding at the FY 2022 level "eliminates funding for 350,000 families."⁷

Questions Submitted by Representative Jennifer Wexton

Protecting Vulnerable Communities

Question Background:

In your budget documents, you provided several examples of how your Office is working to protect these types of tenants from abuse, whether it's financial fraud or physical or sexual violence.

Questions:

How do the OIG's investigations expose abuse and improve the lives of those impacted by it?

⁶ Opportunities Exist to Enhance Oversight of the Foster Youth to Independence Initiative to Improve Program Effectiveness, March 29, 2023 (2023-LA-0004), available at <https://www.hudoig.gov/reports-publications/report/opportunities-exist-enhance-oversight-foster-youth-independence>

⁷ Letter from HUD Sec. Marcia Fudge to U.S. House of Rep. Committee on Appropriations Ranking Member Rosa DeLauro, March 17, 2023, available at: <chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://democrats-appropriations.house.gov/sites/democrats.appropriations.house.gov/files/Department%20of%20Housing%20and%20Urban%20Development%20Letter%20-%20Impact%20of%20Spending%20Cuts.pdf> (last accessed May 10, 2023).

How would additional resources assist you and your team in this work? On the other hand, how would a cut in funding impact your ability to protect the most vulnerable?

Is there special training or other resources that your Office requires to work most effectively with different vulnerable populations, such as domestic violence survivors, transgender people, or people who don't speak English as their first language?

Answers:

Our investigative efforts are a critical component to exposing fraud, waste, and abuse affecting the individuals and communities served by HUD. Last fiscal year our investigations resulted in over \$40 million in restitutions and judgments, with over \$10 million total recoveries and receivables ordered to HUD programs. However, we also measure success in terms of the positive impact on HUD's beneficiaries through investigative outcomes in the Inspector General initiatives to investigate Sexual Harassment and Misconduct in HUD-assisted housing, financial predation on vulnerable HUD tenants, and HUD business partners that fail to uphold their obligations to protect HUD tenants and workers from health and safety hazards including lead. Our work rooting out public corruption is also critical to protect the integrity of programs that award millions of dollars designed to help cities and public housing agencies carry out improvements and day-to-day operations.⁸

We measure success in the outcomes our work generates. Justice provided to the victims of the crime is one of the most important outcomes we can drive. For example, our case against a landlord who has owned hundreds of rental units in and around Elizabeth, New Jersey, resulted in the landlord paying \$4.5 million in monetary damages and a civil penalty to resolve a Fair Housing Act lawsuit concerning his sexual harassment of tenants and housing applicants for more than 15 years.⁹ Less than a month ago, a HUD OIG investigation resulted in another landlord in New London, Connecticut, entering into a consent decree related to allegations he violated the Fair Housing Act by sexually harassing female occupants and tenants.¹⁰ Under the agreement, he will be required to pay \$350,000 to compensate individuals harmed by the harassment and pay a \$50,000 civil penalty to the United States.

We are proud of our investigative, data analytics, attorneys, and other staff that work tirelessly to achieve these important investigative outcomes. Our Office of Investigation has an investigative training plan that includes resources for ensuring that they have the soft skills needed to work with vulnerable populations, such as those focusing on trauma-informed responses and investigative practices, substance abuse, and interviewing. We also leverage the resources and best practices

⁸ E.g., <https://www.hudoint.gov/newsroom/press-release/three-family-members-former-director-st-clair-housing-commission-sentenced-0> (February 22, 2023)

⁹ Justice Department Obtains \$4.5 Million Settlement from a New Jersey Landlord to Resolve Claims of Sexual Harassment of Tenants, available at <https://www.hudoint.gov/newsroom/press-release/justice-department-obtains-45-million-settlement-new-jersey-landlord-resolve>

¹⁰ Justice Department Secures \$400,000 in Sexual Harassment Lawsuit Against Connecticut Landlord, available at <https://www.hudoint.gov/newsroom/press-release/justice-department-secures-400000-sexual-harassment-lawsuit-against>



from our partners at the Department of Justice, HUD, state and local law enforcement, and other local partners.

We are constantly trying to improve our own operations to support our oversight, including through enhanced data analytics that make investigators more efficient and our hotline complaints more actionable. Downward budgetary pressure would negatively affect our oversight capabilities. The President's Budget for FY 2024 requested \$154 million for OIG, which would allow for a small investment in additional personnel to support OIG's oversight of critical HUD programs. Funding reductions below the resource needs detailed in our congressional budget justification would make it challenging to maintain both the staffing base and operational requirements necessary to support our mission.

The Honorable Eric J. Soskin, Inspector General, Department of Transportation
**Oversight Hearing – Inspectors General of the Department of Housing and
 Urban Development and Department of Transportation**
 Rep. Pete Aguilar
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Disadvantaged Business Enterprise (DBE) Program

Question Background: The Disadvantaged Business Enterprise (DBE) Program gives small businesses owned by women and people of color the opportunity to compete for transportation-related federal funding. However, there have been concerns that larger companies are paying disadvantaged businesses to try to get access to DBE funding.

Question 1: Inspector General Soskin, since Congress passed the Bipartisan Infrastructure Law and made more transportation funding available, can you discuss how your office is reviewing any fraud in the program?

We have conducted substantial work related to DOT’s Disadvantaged Business Enterprise (DBE) program. Allegations of DBE fraud come from a variety of sources: the granting operating administration, primarily FHWA; our DOT OIG Hotline; State DOTs; State and local OIGs; and other law enforcement partners. Our outreach with DOT and others ensures people understand the indicators of fraud and know how to contact us. Moving forward, we will continue to investigate potential fraud schemes in the DBE program. DBE fraud deprives legitimate DBE businesses of opportunities, discourages potential legitimate DBEs from entering the DBE program, and inhibits the development of DBE firms into entities that can compete successfully in the marketplace outside the DBE program and thereby enhance competition. We have conducted both audit and investigative work in this area, but our primary efforts have been investigations into DBE fraud. Many of our investigations have focused on prime contractors or subcontractors that have misrepresented their use of DBEs, which is commonly referred to as a DBE pass-through scheme. Other typical DBE fraud schemes are net-worth schemes and disguised ownership/control scams. In a net-worth scheme, business owners underreport their net worth to qualify as a DBE. In a disguised ownership/control scheme, a member of a disadvantaged group, typically a relative or employee, is set up by a non-DBE as the “owner” of the company so it can be certified as a DBE. That individual does not meet the long-term or day-to-day control requirements for the DBE program. Moving forward, we will continue to investigate potential fraud schemes in the DBE program.

Question 2: If Congress cuts our appropriations levels to match FY22 funding levels, will DOT have the capacity to monitor for fraud in the program and ensure the program’s funding is going to its intended recipients – disadvantaged business enterprises?

DOT OIG does not have visibility into how DOT may choose to allocate resources under alternative budget scenarios, including one in which appropriations levels match fiscal year 2022 funding levels. However, our capacity to investigate DBE fraud and conduct audit program

oversight directly supports the Department's ability to monitor for DBE fraud. This capacity is related to our ability to meet our investigative priorities, and currently there are competing demands; general grant/procurement fraud and safety investigations each make up 30–40 percent of our cases. While we place a high emphasis on DBE fraud, the volume of Infrastructure Investment and Jobs Act (IIJA) and COVID-19 relief appropriations, along with the speed by which they are disbursed, put these funds at increased risk for fraud on several fronts (of which DBE fraud is just one). As a result, a reduction in appropriations levels for DOT OIG may lead to reduced staffing and thus less capacity to carry out the activities that directly support the Department's ability to monitor for DBE fraud. Further, in our 2023 Top Management Challenges report, we noted a key challenge facing DOT is to identify and assess fraud in high-risk areas, such as bid rigging and materials fraud, as well as DBE fraud. Another key challenge facing DOT is to proactively manage fraud risks, for example, by strengthening oversight procedures and increasing outreach efforts to educate staff, grantees, and their contractors on how to recognize, prevent, and report potential fraud.

I previously introduced a bill, the DBE Supportive Services Expansion Act, to increase the DBE Supportive Services program's funding cap from \$10 million to \$25 million and create similar programs at the Federal Aviation Administration (FAA) and the Federal Transit Administration (FTA).

Question 3: What resources would you recommend that Congress can provide DOT to ensure the funding from the DBE program reaches its intended recipients?

The substantial increase in funding to DOT programs from IIJA presents a risk of fraud in these programs, including the DBE program. We have therefore continued to emphasize combating procurement and grant fraud, including in IIJA funding, as one of our principal investigative objectives. We have conducted IIJA fraud-related outreach, which includes a focus on DBE fraud, to State DOTs, our law enforcement partners, and contractors. Further, OIG investigators' examinations of contract fraud take DBE fraud schemes into account. To best support these activities, we recommend that DOT OIG funding be approved as submitted for fiscal year 2024. Retaining DOT OIG's funding at the fiscal year 2022 levels will negatively impact our ability to replace investigations and audit personnel as they retire or separate, which will in turn reduce our overall investigative capacity.

Transportation Workforce

Question Background: We were proud to pass the Bipartisan Infrastructure Law, which provided the Department of Transportation with over \$660 billion in new and existing infrastructure funding. As a result of this funding, the Department has noted that it needs to hire over 1,760 new employees by the next fiscal year to oversee this funding.

To meet this need, the Bipartisan Infrastructure Law created the Transportation Workforce Outreach Program, which will increase diversity and encourage young professionals to consider careers in the transportation sector.

You discussed in your testimony that the Department has been exceeding its hiring goals as of June 2022.

Question 1: Inspector General Soskin, what resources should Congress provide DOT to ensure the agency can best manage and oversee the bipartisan infrastructure law's contracts and grants?

DOT is facing both immediate and long-term pressures to evolve its operations and hire and retain a workforce with the right size and mix of skills to meet its missions, including contract and grant management. Our Top Management Challenges report highlighted the challenge that DOT will face to successfully implement IIJA due to the Department's need to acquire and retain sufficient staff and contractors to achieve program goals. DOT will also need to remain cognizant of the challenges that non-Federal partners face and develop strategies to coordinate with those partners to mitigate risks. According to plans and officials' statements, DOT aims to hire 1,760 new employees by fiscal year 2026 to implement IIJA. To meet this goal, DOT officials state they are working to coordinate across the Department to establish additional hiring flexibilities. DOT plans to address limited stakeholder capacity by building on technical assistance that it provides through the Build America Bureau. However, prior work by our office and the Government Accountability Office indicates the Bureau may not yet have the capacity needed to effectively carry out these efforts. Later this year, we plan to assess DOT's plans and implementation of workforce management strategies to carry out new programs and priorities under IIJA. A potential outcome of that assessment might be the identification of additional resources—perhaps coming from Congress—to help the Department better manage its contracts and grants.

THURSDAY, MARCH 30, 2023.

MEMBERS' DAY

WITNESS

HON. KIM SCHRIER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. COLE. The subcommittee will come to order.

Good morning. Welcome to this year's Member Day hearing. Today, we welcome our distinguished colleagues to testify on their priorities for the Departments of Housing and Urban Development and the Department of Transportation for the upcoming fiscal year.

As the ranking member and I noted in our Dear Colleague letter inviting our fellow Members of Congress to come before the committee, Member engagement is a key to the appropriations process.

Our bill is unique, as every district nationwide has housing and transportation assets and needs. Your views are important as we begin this new appropriations season. We look forward to your testimony today.

With that, I recognize our distinguished ranking member of the subcommittee, the gentleman from Illinois, Mr. Quigley, for any statement he cares to make.

Mr. QUIGLEY. Thank you, Chair.

The chair is right; this subcommittee funds programs that impact every district in the country. Whether it flies, floats, or rolls, or provides a family with a safe and stable roof over their heads, the programs in this bill create jobs, keep communities safe, and help advance our Nation's economy.

We look forward to hearing your testimony.

Mr. COLE. Thank you, Mr. Quigley.

Today, we will begin with the gentlelady from Washington, Dr. Kim Schrier.

Please keep in mind that we are on a tight schedule—actually, we are really not, other than the floor activity. So every Member will have the standard 5 minutes to testify.

Your full written remarks will be included in the record. Please make sure the microphone is on when you testify.

So, Dr. Schrier, you are recognized for your testimony.

STATEMENT OF HON. KIM SCHRIER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF WASHINGTON

Dr. SCHRIER. Thank you, Chairman Cole. Thank you, Ranking Member Quigley. Thank you for the opportunity to testify about my priorities and concerns as Representative of Washington State's Eighth Congressional District as you work to finalize appropriations for transportation, housing, urban development, and related agencies.

Washington State has a diverse set of housing, transportation, and development needs. As you noted, every district does. My 10,000-square-mile district has diverse housing needs. Tribal, veteran, senior, many other diverse populations benefit from the programs that your subcommittee oversees. I wanted to focus on a few, specifically.

First, Community Project Funding has been so important to my district, and I have put in for three important projects within the district. One is the Pearl Street veterans' housing project; one is Bridge for Kids, which I will explain; and the other is for the Pangborn Airport.

The second topic I wanted to hit on was concerns with the Department of Transportation implementation of Culvert Aquatic Organism Passage from the IIJA.

And the third is the HUD housing program.

So, in terms of Community Project Funding, which has been so critical across the country, I would like to highlight just those three projects.

The first is Hope Source's Pearl Street veterans' housing project.

Kittitas County is a rural county. Nearly half of all residents over 65 are veterans—excuse me—nearly half of all residents are over 65. Many of those are veterans, many on fixed or limited incomes. And while funding exists for rental and other support, affordable housing remains a big challenge.

This would help remedy that problem by developing a 12-unit apartment building dedicated to low-income senior veterans in Kittitas County. Eligible residents will be 60 years or older with income below 60 percent of the area mean income. And I just think it is our responsibility to take care of our veterans.

The second is for the city of Orting, another tiny town with less than 10,000 residents, and it is called the Bridge for Kids.

The town of Orting sits in the shadow of Mount Rainier, a volcano, and if that volcano erupts, even a minor eruption, then the town is right in the path of something called a lahar, when just massive amounts of mud and debris and volcanic material come down and can completely submerge the town.

Happily, all you have to do to evacuate is move to a higher elevation. This Bridge for Kids would first allow them to cross a highway every day to get to school and would also allow them to escape from a lahar by foot. And this is a very real concern in Orting.

The third is the Chelan-Douglas Regional Port Authority's Pangborn Airport. Representative Newhouse and I are both submitting this project as one of our community projects. It is a 1960s-era terminal, and it just cannot accommodate passengers and fire response and our military.

And, beginning in January of 2024, the Washington Army National Guard intends to relocate its operations there, putting some urgency on this project, which we both support in bipartisan fashion.

Next, I wanted to talk about the Department of Transportation implementation of culvert projects.

In Washington State, we are tasked with creating passage for salmon in about 1,000 runs at a cost of about \$4 billion. This was ordered by the Supreme Court as an obligation to Tribes.

The IJA provides significant funding for removal and replacement of culverts, but there are obstacles particularly in smaller areas who aren't able to achieve matching funds, for example, or up-front costs. And so I would just ask for some flexibility in this program like matching requirements when it comes to smaller communities.

The third is HUD housing for Washington's Eighth District. I want to emphasize the importance of affordable housing everywhere. We have land trusts in part of our district that allow people to not just throw away money on rent but to invest in perpetually affordable housing and take that money with them when they go and buy their next house.

And I wanted to emphasize the importance of the SHOP Program and the HOME Program, which help people with services and getting into housing. This supports Habitat for Humanity, for example.

So thank you for your attention to these issues. I am making it just under the wire, and I appreciate your attention to these issues.
[The information follows:]

Congress of the United States

Washington, DC 20510

March 31, 2023

<p>The Honorable Tom Cole Chair Subcommittee on Transportation Housing and Urban Development Committee on Appropriations 2358-A Rayburn House Office Building Washington, DC 20515</p>	<p>The Honorable Mike Quigley Ranking Member Subcommittee on Transportation Housing and Urban Development Committee on Appropriations 1036 Longworth House Office Building Washington, DC 20515</p>
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Dear Chairman Cole and Ranking Member Quigley:

I appreciate the opportunity to testify about my priorities and concerns as representative of Washington state's 8th congressional district. I write to respectfully request consideration of the following priorities as you work to finalize legislation for the FY24 Appropriations Transportation, Housing, and Urban Development, and Related Agencies subcommittee.

Washington state has a diverse set of housing, transportation and development needs. Washington's 8th District, my district, depends on a variety of programs to keep our communities housed, connected, and healthy. My district has diverse housing needs: tribal, veteran, senior, and many other diverse populations benefit from programs funded under this subcommittee. I would like to center this testimony on the following issues:

- Community Project Funding for three important projects within the district: Pearl Street Veterans Housing project, **Bridge for Kids**, and **Pangborn General Aviation Terminal**;
- Concerns with DOT implementation of Culvert Aquatic Organism Passage (AOP) Program (**fish passage barrier/culvert removal program**), as part of the Infrastructure and Jobs Act and Inflation Reduction Act;
- Important HUD Housing program funding.

Community Project Funding

First, I would like to highlight three community projects I submitted to this committee. The first is Hopesource's **Pearl Street Veterans Housing** project. Nearly half of all Kittitas County residents over 65 are veterans, which is a higher rate than state and national averages. Unfortunately, many of these individuals are on fixed or limited incomes, which cannot meet the high cost of rental housing units in rural Kittitas County. While funding exists for rental support and support services for veteran households, securing affordable housing units remains a challenge in the low-vacancy and cost-burdened housing market of Kittitas County.

The Pearl Street Veterans Housing project would remedy that by developing a 12-unit residential building dedicated to low-income senior veterans in Kittitas County. The three-story building

will include affordable, ADA-accessible apartments with dedicated parking. Eligible residents will be veterans who are 60 years old or older and whose income is at or below 60% Area Median Income. If you dedicated your life to protecting our country, it's our responsibility to make sure you receive the best service and care possible.

The second project I'd like to highlight is the City of Orting's **Bridge for Kids**. Orting is a small city of less than 10,000 residents in my district which sits in the shadow of Mt. Rainier. The main throughway for the city is State Route 162, that cuts through the town and by the school. This bridge for kids would be a pedestrian bridge across the busy highway. Not only would this bridge help kids on their way to and from school, it is an important evacuation route in the event of a lahar. A lahar is a mixture of mudflow, volcanic material, and debris that may happen after an eruption. Orting, with its proximity to Mt. Rainier, is right on the path of danger if volcanic activity begins. Having this bridge completed would make sure kids and their families have a route to safety.

Lastly, I want to elevate the Chelan-Douglas Regional Port Authority's **Pangborn General Aviation Terminal**. Mr. Newhouse and I are both submitting this project as it impacts both of our districts. The 1960s era terminal cannot provide adequate services to both passengers getting where they need to go and support important wildfire response for the community. Pangborn needs a modern terminal, because this airport does more than move people: it moves equipment for wildfires. Beginning January 2024, the Washington Army National Guard intends to relocate its operations from Fairchild Air Force Base to Pangborn. This is so helicopters can be closer to the operational area for central Washington wildfire response.

The modernization project will benefit the nearly 125,000 residents of the Wenatchee Valley, along with major employers such as the agriculture and data center industries, through a modern and welcoming terminal facility to support economic development opportunities across Chelan and Douglas counties.

DOT implementation of Culvert Aquatic Organism Passage (AOP) Program

In 2018, the Supreme Court ruled that Washington state had an obligation to restore habitat access to meet its promises to the tribes. Washington State will have to replace each fish-blocking culvert with a larger design. It's estimated the ruling will require replacement of about 1,000 state-owned culverts at a cost of about \$4 billion to the state. The state has until 2030 to meet that requirement.

For the first time, a new funding stream was championed in IJJA to provide significant funding to remove salmon-blocking culverts which will improve thousands of miles of salmon habitat. However, my office has heard concerns about how the program is structured from local fish passage project sponsors.

Cities and counties are managing a tremendous amount of aging transportation infrastructure. Local governments and their associated city councils and county commissioners are prioritizing transportation projects based on the needs and safety of their traveling public. These same local

governments also have lists of transportation related fish passage barriers, that despite being serviceable, would be a benefit to salmon recovery if replaced.

However, eligibility requirements for executing grant agreements to receive Federal Highways Administration (FHWA) funding can take local government staff six months to two years to complete at an up-front cost of \$100k. I am also deeply concerned by the cost share requirement and the current administration of grants on a reimbursable basis further constrains the ability of local governments to capitalize on these funds. Local governments have a limited capacity for public works based on the revenue from local sales and property taxes. Therefore, transportation projects done purely for the benefit of salmon recovery are addressed when easy to obtain outside funding and staff capacity are available.

HUD Housing program needs in Washington's 8th

Today, Washington state has a shortage of 174,821 rental homes,¹ over 5,000 of which are in my district. We have some innovative solutions in the state. Chelan, Leavenworth, and Wenatchee, WA all participate in Community land trusts. These are nonprofit, community-based organizations designed to ensure community stewardship of land. Community land trusts can be used for many types of development (including commercial and retail) but are primarily used to ensure long-term housing affordability.

Investing in programs like the **Self-help and Assisted Homeownership Opportunity Program (SHOP), Rural Capacity Building (RCB) and HOME Investments Partnership Programs (HOME)** will allow constituents to grow wealth and build a stable life for their families. Self-help and Assisted Homeownership Opportunity Program (SHOP) has enabled local nonprofit organizations to build more than 35,000 homes and house more than 100,000 adults and children. Of these homes, approximately 50% are in rural areas, and approximately half of the families served have incomes below 50% of the area median income (AMI). SHOP grantees have raised a significant amount of private leverage and brought in more than \$3.4 billion of investment into communities. This is a program used to assist Habitat for Humanity in my district build homes so families can have a brighter future.

HUD's RCB Rural Capacity Building program allows national organizations to provide a wide range of help to local housing nonprofits and others working to develop or preserve affordable homes. This program works nationwide—providing training, technical assistance, information, and financing—to serve the neediest rural communities across the country. We have found time and time again that counseling works and translates into sustainable homeownership.² Giving families these tools will allow them to grow wealth and build a foundation.

Washington's 8th District is also home to over 50,000 veterans. We have more than 1,500³ homeless veterans in the state, and investing in programs to keep our veterans housed is critical. If you dedicated your life to protecting our country, it's our responsibility to make sure you

¹ <https://nlhc.org/housing-needs-by-state/washington>

² https://www.hud.gov/sites/documents/OHC_COUNSELINGWORKS1214.PDF

³ <http://walegion.org/index.php?id=156>

receive the best service and care possible. Whether it's help securing earned benefits, accessing timely high-quality healthcare, or transitioning into a new career or school, the government should be a partner. Housing is no different. That's why I am supportive of the **HUD VASH program**. The program combines rental assistance, in the form of a HUD voucher, with case management and supportive services provided by the Department of Veterans Affairs (VA). By combining services, Veterans are provided the stable environment necessary for addressing the factors that led to their homelessness.

I thank you for the opportunity to share my priorities and appreciate your consideration of these important projects and programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Schrier". The signature is fluid and cursive, with a large initial "K" and "S".

Kim Schrier, M.D.
Member of Congress

Mr. COLE. Well, you do get extra points for superb timing. I mean, coming within 2 seconds of the 5 minutes is pretty impressive.

Ms. SCHRIER. I edited significantly at the end.

Mr. COLE. Well, you are free to take additional time if you need it or want it. But I will say just, these are all very worthy projects.

I particularly come from a district that has a huge Tribal presence and a huge veterans presence as well, so I particularly appreciate your focus on those groups.

And, you know, we will wait and see where we are at at the end of the day when we get an allocation, but I can't imagine these wouldn't be competitive projects.

With that, I yield to my friend and ranking member for any comments he cares to make.

Mr. QUIGLEY. I am curious: Mount Rainier, its history of activity, how recent has it been and how severe?

Ms. SCHRIER. So the last activity was, I believe, thousands of years ago, but when they look at the timing of these events, which they can tell—

Mr. QUIGLEY. Would "it's due" come to mind?

Ms. SCHRIER. It is due. It is due in the next 400 years. And I know that seems like a long timeframe, but it could also be tomorrow.

Mr. QUIGLEY. Yeah.

Dr. SCHRIER. So, every year, all the kids in school do an evacuation drill where they figure out how to do it, how to get kids with disabilities out. Like, this is a very serious issue in Orting and some of the other surrounding towns.

So I know 400 years seems like a big range, but—

Mr. QUIGLEY. Well, it won't happen until it does.

Ms. SCHRIER. Exactly.

Mr. QUIGLEY. Very good. Thank you.

Ms. SCHRIER. Thank you.

Mr. COLE. Barring further questions, all right, the gentlelady is excused.

Perfect timing. Just come immediately to the—

Mr. QUIGLEY. The waters part for you. It is just—

Mr. COLE. And now we will turn to Representative Landsman for his testimony.

Representative Landsman, the floor is yours for 5 minutes.

HON. GREG LANDSMAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF OHIO

Mr. LANDSMAN. Well, I appreciate the opportunity again to come in and visit with you all. I think these Member Day experiences, at least for a new Member, is really wonderful to be able to just weigh in on a couple of things.

On this particular issue, I wanted to talk about housing and mostly from my experience in southwest Ohio, in Cincinnati. Our region, like most, we are dealing with serious housing issues, and arguably it is a crisis.

We don't have enough housing, and the housing that we do have is very expensive. And this is across the board, so we don't have enough low-income housing for folks—and I am going to do the

AMI, right? So, at 30 percent of AMI or lower, we don't have enough there. We don't have enough between 30 and 60, 60 and 80, 80 to 100. There are gaps along the continuum.

And the more that we can do two things—this is my testimony today—is, you know, obviously, the funding makes a big difference. The more we can connect those dollars or incentivize those dollars to be connected with local dollars, the better.

So, in Cincinnati, we have a sort of fund of funds. It is now over \$100 million. Half of it is loans; half of it is grants. The ability to utilize more and more Federal resources as part of those dollars will help us spread those dollars further, right?

So, as we are looking at the existing funding for housing, the ability for those dollars to be leveraged by local dollars so that those dollars can go further faster—and it is part of a local regional strategy—is just one point.

The second one has to do—a little more complicated—has to do with land use and zoning and our ability, since we are big investors in housing, to incentivize communities to broaden the space in which we can build housing. This is a big issue for us and a lot of cities.

We have some legislation that would get us to collect data on these land-use zoning changes, but I would suggest we go a step further and leverage our dollars to incentivize communities to update their zoning and land-use policies so that we can build new housing everywhere, not just in some places.

And the land-use piece—on the zoning side, there is the density question and can we have greater density across the board in neighborhoods and communities all over, as opposed to what happens now, which is we are only able to build, you know, multi-family, multi-unit apartment buildings in certain places, which is truly problematic. And then the land use. You know, you have a piece of land. The ability to build more housing on that piece of land makes a big difference.

And so my suggestion is, as you guys are working through these bills, that if there is language—we submitted some—that you would consider, that would help to get more and more communities to say, “Look, yeah, we know there is pushback, we know that this is tough change for some communities and neighborhoods, but we really want to be able to leverage more and more dollars for housing,” I think it could be very helpful in getting communities to a better place as it relates to land use and zoning.

That is it. Thank you all very much, and I yield back.

[The information follows:]

**TESTIMONY BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON
TRANSPORTATION, AND HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES**

Congressman Greg Landsman (OH-01)
March 30, 2023

Member Day

Thank you, Chairman Cole, Ranking Member Quigley, and Members of the Appropriations Subcommittee on Transportation and Housing and Urban Development for the opportunity to provide Member testimony regarding Fiscal Year 2024 appropriations.

As a former Member of the Cincinnati City Council, and someone who has helped build coalitions in Southwest Ohio to invest in and strengthen transportation system, housing, and economic development – I know first-hand the vital ways in which the work of this Subcommittee impacts local communities every single day.

As a Member of Congress and a neighbor to folks back home, I am dedicated to improving the lives of children and families — not only in our region but also across the country.

A key aspect of that dedication is ensuring folks can get where they need to go through reliable and affordable transportation options. It means guaranteeing housing options across the spectrum of affordability – from low- and middle-income, to market rate. And, it means forging federal partnerships through incredibly effective measures like the Community Development Block Grant Program.

Whether in urban, suburban, or rural America – this Subcommittee touches each and every American. And what I respectfully ask of each of you today is to invest in the essential work of transportation, housing, and economic development. This is how we will move regions like Southwest Ohio forward.

During the height of the pandemic, the voters of Cincinnati and Hamilton County approved a bold plan to improve our regional transit system. We brought together Republicans and Democrats, business and labor, and folks from all walks of life — to figure out how to better connect children, families, workers, and seniors to places they need to go, reliably and affordably.

This plan was significantly bolstered through key federal funding and support that has assisted Southwest Ohio in thinking big and thinking boldly about how we plan our communities, and how we meet people where they are and better their lives. Everyone needs to get to the grocery store, the doctor's office, to school and to work – and we need to make sure we have the robust system in place to make that happen.

We also need to ensure that folks have a place to live – quality, affordable housing so that children can grow up safely, families have a roof over their head, and seniors can live with dignity in their golden years.

No city, town, or village can do this on their own. It requires local, state, and federal partners to work collaboratively – and federal investments in housing are critical to that effort.

Finally, as we think about how to create new good-paying jobs and economic opportunity for all Americans, we must acknowledge the sizeable role of the federal government in unlocking the full potential of communities, big and small. In Ohio's First Congressional District, we have big cities and we have small rural communities. Each has their own strengths, and each has areas in which federal support is invaluable.

I ask this Subcommittee to utilize the levers and deploy the resources at its disposal to help support communities like those I represent in Southwest Ohio in every way that you can.

Together, this Subcommittee can and should play an enormous role in moving our nation forward.

Thank you Chairman Cole, Ranking Member Quigley, and Committee Members for the opportunity to testify here today. I appreciate the important work each of you is undertaking for the people we all serve.

Mr. COLE. First, thank you for your testimony. Thanks for coming back before the subcommittee again. Again, worthy projects. And we will certainly look at the land issue, because I think you make a good point when you raise it. But very happy that you are here.

With that, I will turn it over to Mr. Quigley for whatever comments he cares to make.

Mr. QUIGLEY. Thank you, Chairman.

I don't know the nature of the transit system that is in your district. Is it bus systems, rapid transit, or—

Mr. LANDSMAN. We just passed—it is both. So it is a bus system, although we just passed a big investment in public transit and infrastructure that will allow us to do BRT. I think we are opening up six bus rapid transit corridors.

And that is—if this is where you are going—the corridors, we do have a little more interest, there is a little more political will, to update the zoning—

Mr. QUIGLEY. So transit-oriented development.

Mr. LANDSMAN. Yeah.

Mr. QUIGLEY. I mean, we allow much greater density along our rapid transit routes, for example. Is that in existence, or that is what they are contemplating?

Mr. LANDSMAN. Yeah. That we just, I believe, passed or we are in the process of passing. There is more, I think, an appetite for that because it is along a corridor, and I think people can wrap their—but obviously it is just still limiting us in terms of where we can build housing.

Mr. QUIGLEY. I mean, as they tell us, housing is transit and transit is housing. The two are inexorably linked.

The hard part for us is 435 districts. It is hard for us to be viewed as dictating policy. It is more a sense of encouraging.

Mr. LANDSMAN. Well, and that is why I used the word “incentive” as opposed to “require,” that, you know, you get extra points. And maybe this is more on the—this is obviously more on the language side.

But I do think communities could use that push or that extra incentive to say, “Hey, we really want to get this HUD grant. We want to be first in line for these Federal housing dollars. To do so means we really need to have a 21st-century zoning and land-use policy.”

Mr. QUIGLEY. Right. Understood.

Thank you.

Mr. LANDSMAN. Yeah, thank you.

Mr. COLE. Well, thank you again for appearing, and you are excused.

Mr. LANDSMAN. All right. Thanks.

Mr. COLE. The chair sees no additional Members.

Mr. QUIGLEY. I guess we solved the world's problems for the day.

Mr. COLE. Well, in that case, I will turn it over to you to make any remarks that you care to make, and then I will close.

Mr. QUIGLEY. I do think these are valuable as an outlet for people to express the issues they have to us. It is also a valuable tool for us to learn what the needs are across the country.

Mr. COLE. I agree very much with what the ranking member had to say. I thought the testimony was useful for both of these Members.

Probably a little tough that we did this on a fly-out day and with votes impending. But that is okay; we have everybody's submissions.

[The information follows:]

Statement of Congressman Steve Cohen (TN-09)**Subcommittee on Transportation, Housing and Urban Development, and Related Agencies****3/30/2023**

Thank you, Chairman Cole and Ranking Member Quigley, for holding this hearing and providing the opportunity to testify on Fiscal Year 2024 priorities for the Transportation, Housing and Urban Development, and Related Agencies Appropriations bill.

Today, I will share several priorities before the Subcommittee that would make a tremendous impact on my district, including integral transportation investments that would modernize a 40-year-old transit facility, construct a snow removal equipment facility at our international airport to improve passenger and cargo operations, build a modern and accessible system of sidewalks and other pedestrian friendly infrastructure, and make strategic housing investments such as constructing 23 new homes and renovating a vacant school building into a community hub with additional new affordable housing options and to reduce the housing shortage crisis occurring in Memphis and Shelby County. These community projects are crucial investments in my district, and I look forward to working with this Subcommittee to help make my district a more equitable and restorative place to live.

More specifically, I am requesting \$2 million for the Operation Home for Heroes Project, which will be used to provide housing for homeless and disabled veterans in the Memphis area. I am requesting \$2.5 million for the expansion of Legends Park, which will be used to develop mixed-income multifamily buildings. I am requesting \$1.35 million for the Castalia Heights Affordable Homeownership Opportunity Development Project, which will be used to build 23 new homes. I am requesting \$3 million for the revitalization of the Northside High School

Project, which will be used to renovate a vacant school building into a community hub that will offer new affordable housing options. I am also requesting \$2.4 million for Hub Hall to disrupt the cycle of youth chronic homelessness and build additional transitional housing for young adults between 18-24 years of age. I am requesting \$2.5 million for accessibility improvements to Overton Park, where the funding will be used to build a modern and accessible system of sidewalks and other pedestrian friendly infrastructure. Additionally, I am requesting \$7 million for a Snow Removal Equipment (SRE) Building at Memphis International Airport for the storage of snow removal equipment. I am requesting \$20 million for a new Operations & Maintenance Facility for Memphis Area Transit Authority. Finally, I am requesting \$202,000 for the Boys & Girls Club of the Hatchie River Region for a building renovation project.

In addition to my community project requests, I would also like to emphasize my strongest support for full funding for the Federal Transit Administration's Capital Investment Grant (CIG) Program, commonly known as New Starts, Small Starts, and Core Capacity, at the fully-authorized level of \$3 billion, in addition to the \$1.6 billion in advance appropriations provided by the Infrastructure Investment and Jobs Act (IIJA). Today, 22 states have a CIG project in the pipeline, including the Memphis Innovation Corridor Bus Rapid Transit (BRT) Project, which is in my district. In President Biden's Fiscal Year (FY) 2024 budget request, an additional \$19.4 million was allocated from FY22 CIG funds, which means this project is fully funded and will be able to be completed once a construction grant agreement is signed – hopefully later this year. This project, proposed by the Memphis Area Transit Authority, will serve an eight-mile BRT line connecting downtown, the Memphis Medical District and the University of Memphis. The project includes one mile of exclusive bus lanes, off-vehicle fare collection, transit signal priority and streetscape and pedestrian improvements. This project is

needed to accommodate the growing population and employment in the corridor, improve system connectivity, safety and performance for all rides, and ensure access for those with disabilities.

I also want to express my support for two report language requests that will significantly help our vulnerable road users. I have submitted report language with Representative Mark DeSaulnier that would ensure that vulnerable road users are accounted for while the U.S. Department of Transportation (DOT) conducts Infrastructure Investment and Jobs Act (IIJA) mandated research on side underride guards for large trucks. I have also submitted report language with Representatives Ruben Gallego, Jake Auchincloss, Adriano Espaillat and Dina Titus that would reaffirm the Subcommittee's support for improving safety through Complete Streets principles.

Lastly, I am requesting full funding for the Active Transportation Infrastructure Investment Program, the Safe Streets and Routes for All Program, and the Healthy Streets Program, all as authorized by the IIJA. All Americans deserve the freedom to move safely, and we must do more to ensure that the Department of Transportation and related agencies prioritize streets that work for all road users, which will save lives and improve health, equity, the economy, and help respond to the climate crisis.

Thank you, Chairman Cole, and Ranking Member Quigley, for the opportunity to discuss these critical matters for my district. I appreciate your consideration of these requests.

Congresswoman Sylvia R. Garcia Remarks
THUD Subcommittee on Appropriations

Good afternoon, everyone.

Thank you Chair Cole and Ranking Member Quigley for having me here today to share my Fiscal Year 2023 Appropriations priorities within the T-HUD Subcommittee.

I am proud to represent Texas' 29th Congressional District, which includes the cities of Houston, South Houston, Pasadena, Jacinto City, and Galena Park.

This year, I am submitting a number of Community Project Funding requests, and I would like to highlight a few of them for you to emphasize the benefits they will have on my community, which is 77% Latino.

First, I am requesting \$21 million for a new facility on behalf of the Houston Food Bank.

This new community facility will not only feed peoples' nutritional needs, but will provide adult education and GED courses, job placement, and career guidance, to empower constituents to improve their economic standing.

I am also submitting a \$3 million request for the Harris County Veterans Village.

This project will acquire 30 tiny homes in a space adjacent to Veterans Memorial Park in north Houston.

These homes will provide shelter to our nation's heroes.

And Harris County would provide workforce assistance and other holistic services to ensure our unhoused veterans receive the support and care that they deserve.

I know we can all agree that housing veterans is an ideal use of federal funding.

And as a Co-Chair of the House Homelessness Caucus, this is a top priority of mine.

Several other projects I am submitting will renovate and repair community and senior centers.

One specifically senior center is in the city of South Houston.

Their roof there has been patched numerous times but continues to leak and cause interior damage.

The city will soon not be able to continue providing meals and community services for seniors without this roof replacement.

My saying in my district--and I hope you can agree--is that it's ALL about the seniors.

They deserve a quality place to gather, enjoy meals, and receive services.

This project will allow them to do just that.

In addition to this center, I will also be submitting requests to fund projects to renovate the MD Anderson YMCA in the northside, the BakerRipley Ripley House center in Second Ward, and the currently shuttered Mason Park Community Center in the Magnolia Park neighborhood.

All these centers allow our communities to grow, thrive, and develop and I appreciate the subcommittees' support of my community project requests.

Additionally, I want to flag a bipartisan general appropriations request letter I am leading, with my colleague from Tennessee, Republican Rep. Tim Burchett.

A bipartisan group of colleagues, and myself, are requesting full funding for the Consolidated Rail Infrastructure and Safety Innovations (CRISI) Grant Program.

This program funds projects that improve the safety, efficiency, and reliability of intercity passenger and freight rail.

Finally, another bipartisan general appropriations request I am leading is about full funding for maritime education centers.

This request is co-led with Republican Congressman, Mike Gallagher from Wisconsin.

I represent a large portion of the Port of Houston and the Houston Ship Channel, so the maritime industry is a critical part of my local economy.

Our letter requests strong, robust investment in high quality education centers training the next generation of maritime workers.

Thank you for consideration of these requests.

I am happy to answer any questions you might have and I yield any remaining time.

Mr. COLE. And I look forward to working with you in due course to evaluate those and come to a collective decision.
With that, I will declare the hearing closed.

TUESDAY, APRIL 18, 2023.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESSES

HON. MARCIA FUDGE, SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. COLE. The subcommittee will come to order. Today, we welcome our esteemed former colleague, the Secretary of the United States Department of Housing and Urban Development. The Honorable Marcia Fudge, and it is just so great to have you here, and I mean that quite sincerely. You are obviously back to the House for a hearing on HUD's fiscal 2024 budget request.

Thank you for appearing today, Madam Secretary. I look forward to this discussion and especially looking forward to hearing from a distinguished and well-respected former colleague. I am very glad that HUD has a Secretary who understands what we do here in the House, and we thank you for your hard work and service to the American people.

I also want to welcome my colleagues from both sides of the aisle for this budget hearing. I know we are all excited to hear from you and start the process of getting a bipartisan bill that responsibly funds the government. We all recognize the importance of having a timely full year appropriations bill for HUD and the government as a whole. We know the consequences of not responsibly governing year to year. When we accept continuing resolutions, we waste time and effort, and accept the priorities of prior Congresses rather than put in the hard work to define our own.

We on the Appropriations Committee have a duty to allocate resources to the programs that work and negotiate our way to a consensus at the end of the day, through regular order, to support the American people. That process starts right now. As we hear testimony from the Secretary about the President's budget request, we need to come together to ensure that communities receive the support they need while also making sure that we are not contributing to surging prices and out of control deficits through irresponsible fiscal policies.

This is where you can help us out, Madam Secretary. We understand that so many different communities receive support from HUD, including Tribal and rural communities across the United States. HUD's programs affect every district, from providing rental assistance to helping first-time home buyers get a mortgage to keeping the secondary mortgage market running smoothly. HUD programs keep people safe from hazards like lead-based paint in their homes and other unsafe living conditions, and allow elderly Americans to live with dignity in housing that meets their needs.

HUD's programs also help fulfill the Federal Government's treaty and trust responsibilities to Tribal communities.

HUD's Indian housing block grants are key to providing safe, decent, and affordable housing to Native American families. Deciding how to best allocate funding to these important programs is our job here. HUD's fiscal year 2024 discretionary budget request is \$73.3 billion, excluding any receipts. When we add in the fact that receipts for the Federal Housing Administration and Ginnie Mae's credit programs are projected to be 47 percent lower than last year, we get a 17 percentage point increase over last year's non-emergency appropriations.

The budget also requests \$60 billion in mandatory housing programs over the next 10 years, removing these programs from appropriations oversight. While we may start from different places, I am confident that we can find common ground and responsibly fund programs that provide housing opportunities for the American people.

Your testimony, Madam Secretary, today will enlighten us on your budget priorities for the Department. I look forward to learning from you about HUD's successes and your plans for its future, and about how we can help the Department better serve all Americans as we put together the HUD fiscal year 2024 appropriations bill.

With that, I recognize my good friend, the distinguished ranking member of this subcommittee, the gentleman from Illinois, Mr. Quigley, for his opening remarks.

Mr. QUIGLEY. Thank you, Mr. Chairman. It is a pleasure to serve with you on this committee, and to welcome a former colleague today to help in this discussion. It is always great to see a former House colleague, especially one who shares our interest in transforming our Nation's housing infrastructure.

As you know, this Nation faces significant challenges with housing affordability and homelessness. According to HUD's most recent report on worse case housing needs, nearly 8 million households in the United States pay more than half of their income for rent, live in severely inadequate conditions, or both. The solutions to these challenges are sometimes complex, but this subcommittee has risen to the occasion on a bipartisan basis each year to make the necessary progress to help HUD meet its mission to create strong, sustainable, inclusive communities, and affordable housing for all.

I am proud of the investments we made last year. We provided \$58.2 billion for HUD, which included 12,000 new housing choice vouchers, 2,800 new units for seniors and persons with disabilities, 225 million for a new initiative named after former chairman, David Price, to preserve and reinvest in manufactured and mobile housing. It also included 3.6 billion for homeless assistance grants, a targeted increase to help homeless service providers increase the number of beds available at emergency shelters and expand permanent support of housing and rapid rehousing for the most vulnerable.

The broad reach of the investments can be seen in my own district. Just last month, you traveled to Chicago to announce a \$60 million award to address unsheltered homelessness. This grant will

allow housing organizations to provide over 700 units of permanent supportive housing, 50 units for rapid rehousing, and expanded supportive services and street outreach. Earlier this month, I spent the day with the CHA leadership touring multiple housing buildings in my own district, including Brighton HUD, Lathrop Homes. These buildings had new and renovated units made possible by this Federal investment, and outdated and crumbling housing that is virtually unusable.

It has become evident that initiatives like the rental assistance demonstration and flexibilities that empower public housing agencies to quickly respond to emergency housing needs to get us a step closer to preserving our Nation's federally assisted housing.

But so much more is needed to improve the health, safety, and stability of our renters. While we have made important strides to reduce homelessness among veterans and families with children in particular, the fight to end homelessness continues.

Based on HUD's 2022 assessment, over 1.2 million households experienced homelessness sometime during the year, and the number of individuals experiencing unsheltered homelessness continues to rise. These impacts can be felt beyond our housing systems. Without the necessary investments in housing, hospitals, schools, and criminal justice systems bear a huge burden. These ongoing challenges posed by the housing affordability crisis necessitate that we protect and build on our critical investments. And yet, there are some who want to drastically reduce funding for critical public investments.

I believe we have to be clear-eyed about what this would mean for HUD's programs, and it can make a difference between having a home, or sleeping on the street for tens of thousands of families. More funding and greater flexibility is critical to preserving and expanding our affordable housing and sustaining our communities. The alternative is taking a step back on the progress we have made to address homelessness safety and community revitalization.

I am pleased that you have brought before us a budget that would build on last year's investments and continue our progress in addressing these complex challenges. Your proposed investments would ensure millions of Americans remain stably housed, and access the support they need to build a stable, safe, and thriving future. We look forward to your testimony and to working with you on how we can best invest in our communities in 2024.

Thank you, Mr. Chairman. I yield back.

Mr. COLE. Thank you. Madam Secretary, you are recognized for your opening statement.

STATEMENT OF HON. MARCIA FUDGE

Secretary FUDGE. Thank you so very much, Mr. Chairman, and congratulations on being the subcommittee chair as well as to my colleague, Mr. Quigley. And Mr. Chairman, I do want to thank you for your many years of leadership in this institution. It is a pleasure to see you again. And I want to thank your staff for the way they have worked my staff.

Mr. Chairman, Ranking Member Quigley, and distinguished members of the subcommittee. Thank you for the opportunity to testify in support of the President's 2024 budget for the Depart-

ment of Housing and Urban Development. The support of this committee is critical to ensuring that every American has a roof over their head and can live in communities that are strong and resilient. This administration believes that everyone deserves to live in a safe and affordable home.

Whether you rent or own, having a good home in a neighborhood with opportunities sets the foundation for everything else in a person's life. Without a home, it is harder for a person to access good paying jobs and decent schools. It drives up costs for families and adds to inflationary pressures. That doesn't just hurt hardworking people, it hurts communities.

A lack of affordable housing hinders the job market and stifles economic growth. President Biden understands in order to build an economy that works for all, we must invest in housing to expand supply, lower costs, improve access to rental options and homeownership, and advance efforts to end homelessness. As the President often says, a budget is a value statement. The Biden-Harris administration values building and preserving affordable housing. We value rental affordability and housing fairness. And most of all, we value the people of this country, including the most vulnerable among us, and therefore, we do not believe they should sleep on our streets or under park benches.

The President's budget builds on the tremendous progress made over the last 2 years and demonstrates the Biden administration's unwavering commitment to protecting all Americans, whether they live in big cities, small towns, rural communities, or Tribal Nations. President Biden is requesting \$73.3 billion to fund HUD's core programs and initiatives, and an additional \$104 billion over the next decade to make the critical investments in affordable housing our country needs to address the shortage of housing we experience today.

The President's budget requests a modest increase over 2023 enacted levels, one that is necessary to ensure millions of families and communities can maintain access to services upon which they rely. The 2024 budget provides \$32 billion for the housing choice voucher program, which could help an additional 180,000 low-income individuals and families find affordable housing, \$3.7 billion to provide housing and services to individuals and families experiencing homelessness, \$3.4 billion to give communities flexible resources that they can use to create affordable housing, improve housing choices, and expand economic development.

The President's budget includes \$410 million in funding we need to remove and mitigate the threats posed by dangerous health hazards like lead, carbon monoxide, radon, and fires. It invests \$752 million to support improving energy efficiency and resilience in HUD assisted and financed developments, and \$90 million to support HUD's Fair Housing program.

The President's budget supports full authorization of the Community Block Grant Disaster Recovery Program. I have traveled to communities across this country in many of your home states that have been devastated by disaster, storms, wild fires, and tornadoes. They are not getting any less severe. In fact, they are getting worse. The Federal Government must be able to quickly and effec-

tively deploy resources. Full authorization of CDBGDR will help us get there.

Because the President values housing, his budget invests in building up HUD's internal staffing and IT capacity, not stripping it away. We cannot carry out our mission to end homelessness and protect affordable housing, something I know matters to everyone here, if we do not invest in the Federal agency and the Federal workers who are charged with doing that important work.

The proposed budget for HUD funds programs that help the most vulnerable households in our country pay their rent, people with disabilities, low-income seniors, working single parents with children. Our programs touch every community, every town, every locality, but most of all, they help people. They help American families, families from all walks of life with all manner of experiences who want what we all deserve: access to a safe and stable home that meets their needs.

The families who rely on HUD can not afford for us to go backwards. As I noted in my letter to Ranking Member DeLauro, a reduction to 2022 enacted levels would mean thousands would lose the vouchers that help keep them in their homes. It would force our agency to short fund or cancel existing contracts with owners under the project based rental assistance program, which could lead to an unprecedented loss of existing affordable housing and cause mass evictions.

Cuts to funding for Indian country would exacerbate the dire housing conditions there and a reduction in funding for homelessness services will reverse progress we have made and lead to an increase in homelessness. We cannot afford to go backward, Mr. Chairman.

Chairman Cole, Ranking Member Quigley, and distinguished Members of the subcommittee, we have a responsibility to ensure the American people can access safe, affordable, and resilient housing in strong communities. I look forward to working with you to ensure full funding for HUD and its programs so that we can address the housing crisis our country is facing with resolve and urgency.

Thank you so much, Mr. Chairman.
[The information follows:]

**STATEMENT OF
THE HONORABLE MARCIA L. FUDGE
SECRETARY OF HOUSING AND URBAN DEVELOPMENT
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
BEFORE THE
COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES
U.S. HOUSE OF REPRESENTATIVES
PRESIDENT BIDEN'S FISCAL YEAR 2024 BUDGET**

April 18, 2023

Chairman Cole, Ranking Member Quigley, and distinguished Members of the Subcommittee. Thank you for the opportunity to testify today in support of President Biden's 2024 Budget for the Department of Housing and Urban Development (HUD). The support of this Subcommittee is critical to ensuring that every American has a roof over their head and can live in communities that are strong and resilient.

This Administration believes that everyone deserves to live in a safe and affordable home. Whether you rent or own, having a place to live that you can afford in a neighborhood with opportunities is the foundation for so much else in life.

A lack of quality affordable housing hinders the job market and holds back economic growth by making it harder for workers to access good-paying jobs. It drives up costs for families and inflationary pressures.

That's why the President's Budget includes a historic investment to lower housing costs, expand housing supply, improve access to affordable rental options and homeownership, and advance efforts to end homelessness.

HUD's mission is critical to achieving the President's vision to build a better America—to ensure that every person has a shot to get ahead; to address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis; to expand on the historic progress our country has made over the last year and deliver on the President's agenda laid out in his State of the Union address.

This Budget builds on the tremendous progress made over the last two years and demonstrates the Biden Administration's unwavering commitment to protecting our nation's most vulnerable populations.

HUD is proposing a bold set of values and policies that prioritizes building and preserving affordable housing, promotes rental affordability and fairness, makes homeownership a reality for more first-time and first-generation homebuyers, and advances efforts to prevent evictions and end homelessness.

President Biden's 2024 Budget

The 2024 President's Budget requests \$73.3 billion for HUD, approximately \$1.1 billion more than the 2023 enacted funding level. In addition, it requests \$104 billion over 10 years for new mandatory affordable housing investments. Together, this suite of funding and tax credits aims to tackle the Nation's housing affordability crisis by making a historic investment in lowering housing costs to further the Administration's commitment to rebuilding America from the bottom up and middle out.

The Budget makes critical investments in the American people that will help lay a stronger foundation for shared growth and prosperity for generations to come. For HUD and those it serves, the Budget provides:

- \$32.7 billion for the Housing Choice Voucher (HCV) Program, to expand assistance to an additional 50,000 low-income individuals and families.
- \$3.7 billion to provide housing and services to individuals and families experiencing or at-risk of homelessness, including a focus on survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking, as well as youth;
- \$3.4 billion for the Community Development Fund and \$1.8 billion for HOME Investment Partnerships, giving communities flexible resources crucial to creating affordable housing, improving housing choices, and expanding economic development;
- \$752 million to support energy efficiency and resilience in HUD-assisted and financed developments;

- \$410 million to remove dangerous health hazards from homes, including mitigating threats from lead, carbon monoxide, radon and fire;
- \$90 million for Fair Housing programs along with an increase in HUD staff fair housing capacity to redress discriminatory housing practices; and
- \$2.3 billion for Management and Administration expenses to ensure HUD has the human capital and technology necessary to deliver on its mission for the American people.

The President's 2024 Budget supports authorizing the Community Development Block Grant—Disaster Recovery (CDBG-DR) program. For more than twenty years, the Congress has appropriated emergency supplemental funds to HUD in response to major disasters to address the unmet long-term disaster recovery needs of States, territories, local governments, and Tribes. Authorization would improve the transparency and predictability of CDBG-DR funds for impacted communities.

At HUD, we understand that our homes represent more than four walls and a roof. A good home can serve as a platform for economic opportunity, good health, and strong families. How can a person hold down a job or take care of their health or children if they do not have a bed, shower, or stove?

As I noted in my letter to Ranking Member DeLauro, a reduction to 2022 enacted levels would mean thousands would lose the vouchers that help keep them in their homes. It would also force our agency to short fund or cancel existing contracts with owners under the Project-Based Rental Assistance Program, which could jeopardize private property owner participation in the program and could lead to an unprecedented loss of existing affordable housing.

Cuts to formula funding for Indian Country would exacerbate the dire housing conditions there, and a reduction in funding for homelessness services would reverse progress we have made and lead to an increase in homelessness.

To further HUD's mission through this Budget, I have outlined five priorities:

- Support Underserved Communities and Equitable Community Development;
- Increase Supply of and Access to Accessible, Affordable Housing;

- Promote Homeownership Opportunities and Wealth-Building;
- Advance Sustainable Communities, Climate Resilience, and Environmental Justice; and
- Strengthen HUD's Internal Capacity to Deliver Its Mission

Support Underserved Communities and Equitable Community Development

The Budget fortifies support for underserved communities and supports equitable community development for all people. To quickly house more people experiencing housing insecurity, the Budget provides \$32.7 billion for the Housing Choice Voucher Program, an increase of over \$2.4 billion over the 2023 enacted level, to maintain services for all currently assisted families and to expand assistance to an additional 50,000 households. The Budget also provides \$8.9 billion for the Public Housing Fund, which provides grants to Public Housing Authorities to operate, maintain, and make capital improvements for the approximately 1.7 million residents of public housing. The Budget also addresses the nation's homelessness crisis, providing \$3.75 billion, an increase of \$116 million over the 2023 enacted level, for Homeless Assistance Grants. Additionally, the Budget provides \$3.3 billion for the Community Development Block Grant (CDBG) formula program, for developing viable urban and rural communities by expanding economic opportunities, and \$90 million for fair housing programs for targeted and coordinated enforcement, education, and outreach.

Ensure Access to and Increase Supply of Affordable Housing

Today, there's a shortage of almost 7 million affordable housing units. For every 100 extremely low-income renters, there are only 33 rentals available. The Budget works to expand housing production to help meet housing demand and to provide equitable access to housing opportunities for all people. It provides \$1.8 billion for the HOME Investment Partnerships (HOME) Program, which has long served as an anchor of the nation's affordable housing system. The Budget proposes over \$16 billion to fully fund renewals and amendments in Project-Based Rental Assistance, Housing for Persons with Disabilities, and Housing for the Elderly Programs, along with \$258 million for new development of approximately 2,200 new units of Section 202 Housing for the Elderly and Section 811 Housing for People with Disabilities. The Budget also proposes Ginnie Mae

authority to securitize affordable multifamily housing loans made by Housing Finance Agencies (HFAs) and insured under the Federal Housing Administration's (FHA) Section 542(c) Risk-Sharing program.

The Budget also proposes a new \$61 million program account, Operational Performance Evaluations and Risk Assessments (OPERA), that will improve HUD's inspection capacity. It will streamline the funding for financial, health, and safety inspections to over 2.4 million units of subsidized and affordable housing across HUD. It will also increase HUD's data analytic capabilities, which will help assess trends and keep residents safe.

Finally, the Budget includes a \$104 billion package of new mandatory affordable housing investments that will occur over ten years, including \$60 billion that would be administered through HUD. Together, this suite of funding and tax credits aims to tackle the Nation's housing affordability crisis by making a historic investment in curbing housing cost growth, expanding housing production, and providing resources to renters to avoid eviction and further the Administration's commitment to rebuilding America at all levels.

Promote Homeownership Opportunities and Wealth-Building

The Budget promotes homeownership and wealth-building opportunities, including equitable access to credit for home purchases and improvements, for underserved borrowers, including first-time, low-to-moderate income and minority homebuyers. It provides \$15 million in credit subsidy and other expense for an FHA Small Balance Mortgage demonstration program that would increase access to mortgages for lower-priced homes, for which affordably priced mortgages are currently scarce. The Budget also provides a new \$100 million set-aside under the HOME Program for the FirstHOME Downpayment Assistance initiative that would provide funding to States and insular areas to better support sustainable homeownership for first-generation and/or low-wealth first-time homebuyers. Additionally, to make homeownership more affordable starting this year, FHA recently reduced the annual mortgage insurance premiums for new borrowers by about one-third.

Advance Sustainable Communities, Climate Resilience, and Environmental Justice

The Budget advances sustainable communities by strengthening climate resilience and energy efficiency, promoting environmental justice, and recognizing housing's role as essential to health. It provides \$752 million in targeted climate resilience and energy efficiency improvements in public housing, Tribal housing, multifamily-assisted housing, and other assisted housing. As part of this funding, the Budget provides \$185 million to help communities develop and implement locally driven comprehensive plans to transform neighborhoods with distressed public and assisted housing. Finally, it provides \$410 million to remove dangerous health hazards from homes, including mitigating threats from lead, carbon monoxide, radon, and fire.

Strengthen HUD's Internal Capacity to Deliver Its Mission

The Budget builds on HUD's efforts to restore staffing to levels that can adequately and successfully deliver HUD's services. This Administration is committed to recruiting and retaining the human capital needed to properly monitor compliance on properties, loans, grants, and public housing authorities, as well as tackling the systemic issues inside the Department that occurred over the previous two decades as the result of the steady decline in staffing. Using workforce succession strategies, the Department intends to ensure that additional staffing results in the right people filling the right jobs, providing the biggest impact toward achieving HUD's priorities. The 2024 Budget requests \$1.9 billion toward salaries and expenses (S&E), \$155 million more than the 2023 enacted level which, in combination with carryover of 2023 funding, will support 8,635 full-time equivalent (FTE) employees. The Budget will support staffing gains made since 2020, and additional increases in 2024. These critical resources will enable the Department to serve households and communities more effectively and efficiently across the country. The 2024 Budget funds initiatives that comply with Federal mandates to improve the customer experience so that program interactions are easier and more effective and efficient for HUD customers.

The Budget also proposes \$415 million for the IT Fund and includes \$12 million within the S&E topline to fund IT device expenditures through the Working Capital Fund. The Budget continues to invest in much needed modernization of HUD's IT systems, infrastructure, and cybersecurity. These investments will help ensure that HUD has the resources and capacity to meet the critical work ahead. The technology resources support grantees and partners in their efforts to

promote affordable rental housing, provide access to homeownership opportunities, create healthier home environments, and reduce homelessness.

In summary, HUD's proposed Budget funds programs and offices to further HUD's mission, which is to create strong, sustainable, inclusive communities and quality affordable homes for all. The Budget delivers on these commitments, and I am pleased to share this request with the Subcommittee.

Chairman Cole, Ranking Member Quigley, and distinguished Members of the Subcommittee, I look forward to working with you. Thank you for the opportunity to appear before you today to discuss my priorities for the Department and how the President's 2024 Budget will serve our most vulnerable citizens, increase the resilience of our communities, and tackle the challenges facing our Nation.

Mr. COLE. Thank you very much, Madam Secretary. We will proceed in the standard 5-minute rounds, alternating sides, recognizing Members in order of seniority as they were seated at the beginning of the hearing, and we will try to move as quickly as possible so everyone can get their questions in. So please be mindful of your time and allow witness's time to answer—witness, in this case, time to answer your questions.

Let me start—because I suspect we will hear in this hearing, Madam Secretary, and it is quite legitimate, a lot of concerns about potential cuts. That is fair enough because I don't think any of us know yet what our top line is going to be. We just don't have that information. I would hope we have it in relatively short order.

I do think it is fair to say we are unlikely to be able to give you the increase that you want, but I want to start in a place where I hope we have common ground. Whatever the amount we end up with, I think the worst outcome is always, as an appropriator, a continuing resolution. I mean, it freezes in place whatever we did for good or ill, makes it impossible for you to make adjustments, start new projects, and do what you think is appropriate.

So I would like, if you would, just to give us your view of what the consequences of a continuing resolution would be for your Department.

Secretary FUDGE. Thank you, Mr. Chairman.

The first thing I would say is we would probably lose housing for about 125,000 people we are currently supporting. We would be about \$500 million short in renewing our projects based rental assistance program, which means that we have contracts with people across the country to provide housing through vouchers. We would lose the ability to continue with those contracts in the amount of about \$500 million, and we would serve about 32,000 fewer people experiencing homelessness.

And lastly I would say that, we maintain information, very private information, for people. If we don't keep up our IT systems, if we can not operate and continue to support the systems we are building, we may be in some serious trouble. We actually have hired someone to do cyber work for us that we think is very, very good. But we do not want to put at risk people's information. So those would be the top issues that I would raise with you, Mr. Chairman.

Mr. COLE. Thank you. Let me ask you a related question, if I may, Madam Secretary. This is not partisan. This is institutional. Congress hasn't done a very good job, no matter who is running, about getting its work done on time. You know, you have a budget that runs from fiscal year to fiscal year, you very seldom get it in a timely fashion where you can operate.

So sadly, assuming we don't come to an agreement and give you your budget by the end of the fiscal year and you were operating some sort of a CR, what would be the consequences for you in that period before we actually delivered a budget, if you were simply sort of frozen in place? That is never a good thing, but I am very interested in what you think the specific difficulties would be for HUD.

Secretary FUDGE. There would be a major setback for our public housing authorities. There would be a major setback in terms of

how we address supporting our landlords through the housing choice voucher program. We wouldn't even be able to really know how much rent we could pay.

I mean, rent is going up, as you know. You know, housing is a crisis in this country. We would not even know how many people we could serve without certainty as to where we are headed.

And I would just say this, Mr. Chairman, and I know that you will understand this quite well. I understand how difficult the budget process is. Not only did I serve here, but I was a former mayor as well. But I would just ask you to consider the fact that you do not want to balance your budget on the backs of poor people or people who need our help the most.

It would put us in turmoil, quite frankly. We would not know what we could do from month to month. We serve about 4 million people a month, Mr. Chairman, and I would hate to put them, our public housing authorities, our private partners, our contractors in a position where they have no idea where we go next.

Mr. COLE. Let me ask you this as a follow-up question to that: If we found ourselves in this unfortunate situation where, quite frankly, we have been year after year for a long time now, what are the consequences of that for your private partners? You do a lot of contracting with an a lot of people. They have to make business decisions on how they are going to finance properties that they are renting to some of your clientele. So what are the likelihoods some of them would drop out of their arrangements with HUD, and we would have a real problem for folks who were getting housing?

Secretary FUDGE. There is no question that they would drop out first off because we couldn't pay them, and I don't think we can expect any private business to just, you know, hold on, we will get back to you. They want to get their resources, and in a market that is as tight as the market is today, they can easily go and get renters and owners from other areas, and it puts them out of the market for helping people with affordable housing, which is the greatest need in this country today, affordable and low income housing. So we cannot pay them, which we would not be able to, and then we would lose their contracts.

Mr. COLE. Thank you very much.

I yield to my good friend, Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Secretary, I truly respect the Chairman and agree with him wholeheartedly about the fact that a continuing resolution is very, very bad policy, and he asked you to detail what it would mean to you to the extent possible if we were operating on it, and you listed some facts and figures.

But there is the specter of something, if possible, worse than the continuing resolution, and that is upwards of 20 percent cuts. Can you put those figures into perspective, if it is not a continuing resolution, but indeed a 20 percent cut?

Secretary FUDGE. You are absolutely right. A 20 percent cut would be significantly worse than a continuing resolution. They are both bad, but that would be significantly worse because what we would end up doing at the 2022 levels is that we would—we could

not do things like simple things, just doing inspections on our housing properties.

We would not be able to pay for most things within our budget. Think about what we do. HUD, itself, does not provide housing, our partners do. Public housing would just be—I mean, it is bad now, which you know. It would get worse because we could not do the capital improvements we needed to do. We could not recover from COVID, which has destroyed a lot of the payment plans in public housing. We would not be able to do project based—we would lose housing vouchers. It would be devastating.

Mr. QUIGLEY. Do you have a way of projecting how many housing vouchers you would lose? Is there a way to project just how much evictions there would be and the increase in homelessness?

Secretary FUDGE. I think we do.

We are looking at what might be as many as 640,000 people that would lose housing if we go back to the 2022 levels. We would serve 95,000 fewer people who are experiencing homelessness, 95,000. We would be \$4 billion short in renewing our project based rental assistance. So between the loss of the vouchers to these project based—it is \$4 billion we would lose if we went back to 2022.

Mr. QUIGLEY. How much discretion do you have if put in that situation? How do you prioritize under that kind of nightmare situation? Do you have the ability to, or are your previous commitments such that you really wouldn't have much choice about what you would do?

Secretary FUDGE. We don't have much choice for a number of reasons. One, we don't have much choice because of the way that legislation is written. We can only do certain things with certain pots of money. We happen to be one of the few agencies that has to come back to Congress to check for many things we do. So we can't just automatically make adjustments and changes to line items. We just can't do that by rules that are set up by the Congress.

Further, where do you start? We are one of the very few agencies that directly affect people's lives, one of the very few, that have one-on-one relationships with the general public. Where do you begin?

I mean, certainly, what we would want to do is make sure we keep people housed. We can't do that. We want to make sure people can live in some place decent like public housing. We can't do that.

We can't, as I said, we can't inspect. We can't help people. There is nothing we can do that is going to be good with that process. Everything is going to be reduced. And I am one of these people that does not believe you do budgeting by just cutting across the board. We must prioritize. I don't even know where we would start.

Mr. QUIGLEY. So that classic form, if I had to predict, we do things later than we should. If it was just up to the appropriators, that would not be the case, I think on both sides. But given the scenarios you talk about, we find out about this relatively late in the game. So I would imagine that would exacerbate the situation that you would be actually in the year and finding out that you have far less money.

Are you able to prepare contingencies for such a circumstance?
 Secretary FUDGE. I am not sure that we do. I mean, certainly we would be forced to make some decisions. There is no question about it, if that is what happened. But I would just say that there would be no good decisions because everything that we would have to do at the last minute would create a snowball effect, and it would just affect everything else we do. So I don't know. Yes, we could do it if we had to do it, but I don't know where we would even start.

Mr. QUIGLEY. Very good. Thank you, I yield back.

Mr. COLE. Thank you very much.

Now, my good friend, the Gentleman from Arkansas, Mr. Womack.

Mr. WOMACK. Thank you, Mr. Chairman. And madam Secretary, thank for your service. It is good to see a former colleague at the table.

I want to go back to Mr. Quigley's question just a minute ago and your answer. 600—if I heard you correctly, 640,000 people would lose housing if we went back to fiscal year 2022 levels. Is that your testimony?

Secretary FUDGE. Yes, sir.

Mr. WOMACK. When did we come off of the fiscal year 2022 budget? In other words, you were operating under fiscal year 2022 numbers through when?

Secretary FUDGE. Through the fiscal year 2022.

Mr. WOMACK. And beyond, because we didn't have a full year appropriation.

Secretary FUDGE. But we actually did get an increase in our budget.

Mr. WOMACK. Okay. And when did that increase take effect?

Secretary FUDGE. Fiscal year 2023.

Mr. WOMACK. In 2023, which really didn't become law until January, correct?

Secretary FUDGE. Correct. But you also have to realize we had rescue funds. We had COVID funds. We had a lot of other things.

Mr. WOMACK. I get that. I guess my point is this: A lot of fire alarms being pulled today over this whole notion of fiscal year 2022 levels, but the Federal Government was operating under fiscal year 2022 numbers really through December of last year.

So in four months, now we are hitting fire alarms that if we go back to those numbers, thousands and hundreds of thousands of people are going to be out on the street. So I don't know that I agree with those numbers totally. And frankly, I know we all share a desire up here to get a full year appropriation. We would like to do it by the first of October. I have my doubts as to whether that can be done or whether it will be done at fiscal year 2022 levels. But I just want to make the point that we were on those numbers all the way up until we passed the fiscal year 2023 omnibus package, which happened in late December.

I want to move to the next point, and that is, home investment partnership program, very important tool, targeted at individuals and families at below 80 percent of area median income, receive steady appropriations over the last several years; 1.4 billion per year. This year, you requested a \$300 million increase to the home

program bringing that request to 1.8 billion. I hope my numbers are correct.

The American Rescue Plan included 5 billion for the home investment partnership program. So home ARP is in addition to what the Congress already gives. But here is the problem, home ARP has only expended about .7 percent of the funds, and the action plans weren't even due to the agency until last month.

So the first question is: How do we justify the increase when home ARP is only expended .7 percent? I realize some of it has been obligated, and how do we classify that as pandemic related when the pandemic is now really over and the action plans weren't due until effectively when COVID ended? So, your turn.

Secretary FUDGE. Thank you. Let me start with the first question. Again, I would say to you with ERAP funding, with rescue money, COVID money, we brought all of those people into our tent. So we currently do support a lot more people than we did under just the budget for 2022. They are now in our care. And so if we—we are not going to have anymore of those resources. So that's why the number gets to where it is.

Mr. WOMACK. But we don't have COVID.

Secretary FUDGE. Correct. I am not suggesting we do. What I am saying to you, the question was, what would happen, and that is the question I answered. Because we had at 2022, all of the people that we were supporting through the other programs, so we don't have those, and those programs would go away and those people would go away.

As it relates to the home resources, about 60 percent of home ARP is already obligated. When you talk about building housing or housing units, it is not something that happens overnight. And so people do need to plan, and it does take time. The other thing that Congress did in its wisdom, is it gave them time to put in place the plans and the people to make these projects work. It doesn't happen over night.

So now most of these communities are getting up to speed, and it has been a delay. I am as upset about it as you. I thought it would have happened faster. But we are working with the communities as best we can. They now have obligated the resources. We have their plans. As soon as they are approved, the resources will start to go out.

Mr. WOMACK. Madam Secretary, thank you for your time.

Secretary FUDGE. Thank you.

Mr. COLE. Thank you. My good friend from New Jersey, Mrs. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman, and thank you for your thoughtful questions, and to Mr. Quigley as well.

It is good to see you, Madam Secretary, and it is good that you are in this position. And I recognize that almost like what our Statue of Liberty says, give me your tired, your poor, your huddled masses, yearning to breathe free; and the poor, the elderly, the children, the minorities, that is who you take care of. You address the most fundamental survival needs of those most in need.

And I need to ask you a couple of questions about what you are able to do now, and what you would be forced to do quantifiably,

if you can, if we are fraught with the 2022 funding levels that are proposed, but not in stone yet, thank God.

I am interested in supplying. I think that we undersupply affordable housing on so many different levels, and I am wondering if you are able to tell us today with the fiscal year 2023, what percentage of the needs you are able to meet in that category, and what would happen under the 2022 proposal of cutting?

Secretary FUDGE. Thank you. Thank you, Congresswoman. It is nice to see you as well.

One of the things we do know is that, let's just take rent, rental assistance. We would not be able to cover the rent for approximately 345—350,000 people if we went back to 2022 levels. We would lose about almost \$2 billion in our project based rental assistance, which I talked about. And we would serve a lot fewer people experiencing homelessness.

I think that, Congresswoman, people do not realize the gravity and the crisis that we find ourselves in as a Nation. When you have on any given night 500 plus thousand people sleeping on the streets and you cannot assist some 50,000 plus, it just makes the problem even worse.

It is just like with your house. My 2022 budget doesn't support my 2024 spending, quite frankly. I think that people need to understand that the problem is not getting better, the problem is getting worse, because of COVID, because of many other—because of inflation.

Right now, there is such a crunch on credit that even people who wanted to move, to buy a home probably couldn't. I would say that as people talk about our receipts being down Congresswoman, receipts were going to be down anyway. The economy is driving a lot of this. People are not buying homes. People are not refinancing homes. You know, credit is tight. Our FHA and Ginnie Mae, which supplies trillions of dollars to the Federal Government doesn't go to HUD, even though it is our receipts. It goes to the Treasury. We would be in a position where we could not support half of what we do. And I don't know that I can quantify it all exactly, but I would suggest to you that when we start talking about putting people out of their homes, not being able to make public housing safe—

Mrs. WATSON COLEMAN. That is another question I wanted to get to, that whole issue of not only making it safe, but making sure that landlords are treating tenants in a way that is respectful of who they are, and particularly as it relates to discrimination.

One of the things I realized is that under your predecessor, HUD had really reduced its staffing and its capacity tremendously, and you all have tried very hard to bring the staffing up to meet the needs of whatever percentage you are able to deal with at this point.

I would like to know what would happen if you were faced the—going back to the funding levels of 2022 in order to enforce the safety and security measures that are important and to enforce the civil rights rights that individuals have to access the safe and affordable housing.

Secretary FUDGE. I am really glad you asked that. I mean, our Office of Fair Housing was basically hollowed out. We were not doing inspections for 2 years. If we go back to 2022 levels we would

be at a staff that was so small that we could barely function. At one point, HUD made up 7 percent of the Federal budget. Today, it is less than 1 percent. So when I came in, it was agreed by most people that our staffing should be somewhere around the 8,000 number. It was well under 7,000.

You cannot function with a team of people who work like my team works—and they work very, very hard, but they are overworked and they are underpaid, quite frankly. And they do a job because they believe in the mission, but you have to give people support. We cannot do our work without staff.

Mrs. WATSON COLEMAN. Thank you, Madam Secretary. I do hope that this issue of 2022 funding is a bad rumor and nothing more. Thank you. I yield back, Mr. Chairman.

Mr. COLE. Thank you very much. I now go to my good friend from Montana, Mr. Zinke.

Mr. ZINKE. Thank you, Mr. Chairman. And Madam Secretary, thank you for your service. It is not an easy job, and I commend you for taking it on board.

So this morning I met with a number of Tribal council members, and I got an ear full. So I would like to kind of relate what they expressed to me as I represent the Great Plains Nations.

So regionally inappropriate housing requirements for Tribes. So there is a couple issues that across the Nation, one house doesn't fit very well across the Nation when you have different climates and terrains. And one example HUD program was so restrictive, the rules regarding the building design, that they requested to pitch the roof to accommodate the winds, and HUD would not give them an exception at all.

Another example is that HUD would not adjust the doors because in some cultures having the door faced to a particular direction is part of their cultural heritage. That was not done. The other area that that was concern is that—forms. As you are looking for a loan, the HUD form and the BIA form are different, and they refuse to talk to each other, and yet that is preventing that.

So Madam Secretary, I have a list of grievances from the Indian Nations, and I would just like a pledge from you because I know you are sensitive to the Nations and discriminatory policy over time, and I would ask that you work with myself and my staff to remedy these.

Secretary FUDGE. No question about it. I mean, if that is happening, I agree with you it shouldn't be. But I did have a meeting just on last week with the heads of all of the Tribal Nations so that they could be at the table to have these conversations and tell us what is wrong. It is the first time HUD has ever brought all of the Nations together, and we do it on last week because we need to make clear that their input is important. We have to recognize the sovereignty of Tribal Nations and I am happy to work with your office to make sure we are not doing things that are detrimental.

Mr. ZINKE. Since—in the spirit of bipartisanship and working together on an important issue, the other issue we are going to have to address is fractionization. So some of the nations over time, this passing of property has required that there may be multiple owners on a track of land, making it almost impossible for them to get a loan or qualify for many programs.

Although they are sovereign, we are looking at perhaps a—taking a percentage of maybe 80 percent of that land. If you had 80 percent ownership, then you control that land in order to get a loan. But I would like your commitment to also work together with us to find a path through some of these difficult places where it seems to be a lot of the tribal members are being boxed out of financing for a home because their fractionization.

Secretary FUDGE. I am happy to do it.

Mr. ZINKE. Thank you, Madam Secretary. I yield back Mr. Secretary—or Mr. Chairman.

Mr. COLE. I appreciate the promotion. That is okay.

Mr. ZINKE. I am not sure it is a promotion.

Mr. COLE. I will leave you two to debate that. You are the only two qualified people to address that issue.

Mr. Espallat.

Mr. ESPAILLAT. Thank you, Mr. Chairman, Ranking Member. Secretary, thank you for your commitment to housing and families across the Nation.

Mr. Chairman, I seek unanimous support—consent to enter a letter into the record from the national not-for-profit Compass Working Capital in support of family self-sufficiency programs and in support of Secretary Fudge bridging the wealth gap agenda.

Mr. COLE. Without objection.

[The information follows:]

COMPASS
WORKING CAPITAL

Aspire. Plan. Invest.

April 17, 2023

The Honorable Brian Schatz
Chair, Appropriations Subcommittee on
Transportation, Housing and Urban
Development, and Related Agencies
U.S. Senate
Washington, DC 20510

The Honorable Tom Cole
Chair, Appropriations Subcommittee on
Transportation, Housing and Urban
Development, and Related Agencies
U.S. House of Representatives
Washington, DC 20515

The Honorable Cindy Hyde-Smith
Ranking Member, Appropriations
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
U.S. Senate
Washington, DC 20510

The Honorable Mike Quigley
Ranking Member, Appropriations
Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Schatz, Ranking Member Hyde-Smith, Chairman Cole, and Ranking Member Quigley,

Compass Working Capital, a national, nonprofit, with a mission to end asset poverty for families with low incomes and narrow the racial and gender wealth divide, is grateful for your continued support of the Family Self-Sufficiency (FSS) program. In advance of your hearing on HUD's fiscal year 2024 budget, Compass would like to offer strong support of HUD's commitment to asset building and interest in expanding the FSS program, a critical but underutilized model to promote increased earnings and savings for families receiving HUD-funded rental assistance.

Created by the George H. W. Bush Administration, FSS is the federal government's largest asset building program for families with low incomes. FSS provides people living in federally subsidized housing with the opportunity to build savings from increased family rent payments due to increased earnings. By providing families with access to services such as financial coaching and case management, FSS enables families to leverage their housing assistance as a platform for economic mobility and a pathway out of poverty.

Compass appreciates HUD's meaningful "Bridging the Wealth Gap: An Agenda for Economic Justice and Asset Building for Renters," which was issued last summer and included HUD's interest in testing the idea of FSS as an opt-out program rather than an opt-in program. Compass is equally thankful that HUD included in its FY24 Congressional Justifications support for authorizing language to enable a demonstration it defined as "Universal Escrow Accounts." This demonstration would create an escrow account for families modeled after the FSS escrow account and would allow for families to be automatically enrolled in FSS.

We believe this demonstration would remove barriers that keep eligible households from accessing the program and decrease administrative costs. It would clarify the impact, cost, and feasibility of the approach, providing critical information to decision-makers about long-term viability.

Compass stands ready to be a strong partner in achieving HUD's equity agenda through the strengthening and expansion of FSS and the implementation of performance measures including

technical assistance where necessary to ascertain that public dollars are well spent, reaching those it intends to benefit, and enabling families with low incomes to improve their lives.

Sincerely,

A handwritten signature in black ink, appearing to read "Markita ML". The signature is fluid and cursive, with the first name "Markita" being more prominent than the initials "ML".

Markita Morris-Louis
Chief Executive Officer
Compass Working Capital

CC:
Secretary Marcia Fudge, Department of Housing and Urban Development

Mr. ESPAILLAT. Thank you, Mr. Chairman.

Secretary, I know that you have been invested in the self-sufficient programs and your budget reflects 175 million for these programs, like the job plus initiative, and family self-sufficiency. And these programs have traditionally been and have received bipartisan support.

So I wanted to know how a 2022 level budget would impact these programs, the self-sufficiency programs.

Secretary FUDGE. Well, our estimate, Mr. Espailat, is that we would have to remove about a 100,000 people from those programs. We think that they are vital to creating the self-sufficiency that this Congress talks about quite often, as well as to put residents of public housing in particular in a position to move beyond public housing and to homeownership.

Mr. ESPAILLAT. Thank you. Madam Chair, thank you for that answer.

Displacement continues to be a major problem in blue States, red States, purple States. It continues to really impact households. And I know that the low income housing tax credit, which my predecessor had—was a champion of, is a program that developers that build affordable housing are—really depend on, and I wanted to find out: What is the status of the low income housing tax credit? Is it healthy? Is it on life support? Do we need to give it a blood transfusion? What is the status of the program that really helps families and communities with the displacement issue?

Secretary FUDGE. It would be very helpful if we could raise the caps and put a little more resources in it. I think that when private developers are trying to build what we are hopeful will be affordable housing or low-income housing, we need to give them as much help as we can.

So between the low income housing tax credits, we have proposed as well a neighborhood housing tax credit. We have looked at home resources and CDBG resources to help do gap funding for some of this building. It is a vital program, and I am hopeful that—it always has had bipartisan support. I hope it will continue to have it.

Mr. ESPAILLAT. Yes. And with regards to RAD and PRAC, I know that I have gotten a lot of complaints about how the program is working, whether in fact it is being sort of like applied to address critical issues in the apartments that I represent, the buildings that I represent, like mold remediation instead of like cosmetic jobs that often look great and feel great, but are not right at the top of the agenda in terms of priority.

How can we work together with HUD to ensure that this funding is being applied to initiatives that are really important for families?

Secretary FUDGE. Well, it is my priority. So if there is a particular development or particular housing authority that is having a problem, just let us know, Mr. Espailat, and we will make sure that we take care of it, at least look into it and see what we can do to make the situation better.

Mr. ESPAILLAT. Thank you, Mr. Chairman, and Secretary, thank you for your commitment to housing.

Secretary FUDGE. Thank you.

Mr. COLE. Thank you very much. Next I will go to my good friend from Florida, Mr. Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Madam Secretary, one of the things that I am really concerned about, and I know you are too, is when we see this 30 percent reduction in workforce within HUD over the past few years. And yet, we are going to increase the budget, it looks like, and we are trying to, you know, increase the accountability, the compliance, all of that, that has got to be difficult to do when your workforce is down. Can you talk a little bit about how—what can we do to help get the staffing that you need so that we can run these programs and have that information coming back to make good decisions with?

Secretary FUDGE. Thank you so very much.

I would say that we have started to finally get people into the system. So our workforce numbers are going up. They need to go up more, admittedly. And that is why we are hopeful that we will get the request in the budget. But I would also say that one of the things that does create situations that prove that we need more help—let's just take something as simple as, I forget the actual term for it now. We used to call it earmarks when I was here. I don't know the actual term now, Mr. Chairman.

Mr. COLE. Community fund projects.

Mr. RUTHERFORD. Community fund projects.

Secretary FUDGE. Okay. That is it. Well, we got 2,600 of them, right? So we have to stand up the ability to handle 2,600 new programs, and we have to do it in a very short period of time. We don't always have the staff. We, thank goodness, did beef up the staff in that particular office, and so we were able to do it fairly quickly. But we do a lot of things people don't realize we do. And so, I am hopeful that we will get our mark on salaries, and then we can do the work we need to do—continue to do the work we are doing.

Mr. RUTHERFORD. Well, I hope we can help you with that.

Secretary FUDGE. Thank you sir.

Mr. RUTHERFORD. Because I think that is going to be important.

On the FHA annual insurance premium, the decision was made to reduce that by 30 basis points, and that is going to help on the monthly bill. But I can tell you, I hear from a lot of folks that the challenge is not so much the monthly payment as it is the down payment.

And so my question is: Do you think that the FHA would be open to adjusting its down payment requirement as well?

Secretary FUDGE. Well, I am glad you asked that as well. In the President's 2024 budget, there is about \$10 billion in assistance for down payments. You are absolutely right. The biggest impediment to owning a home is the down payment. And so yes, we are looking at it. We are looking at other ways that we can make homeownership more affordable for people in terms of how we address student debt, how we address credit. So yes, sir, absolutely.

Mr. RUTHERFORD. Okay. And, well I am really glad to hear you say that because I am about to reintroduce the Helper Act, which will help our first responders with no money down, actually be able to move into the districts that they work in. Many of them right now can't afford to live where they work.

Secretary FUDGE. I agree.

Mr. RUTHERFORD. And so, that is encouraging, and I thank you for that. Let me ask one more question. I know that homeownership and crime are connected. As homeownership goes up, crime goes down. We have done overlays. I was a sheriff in Duval County in Florida, and we did overlays, and everywhere that we were able to increase homeownership, we actually saw reductions in crime.

And so, can you talk a little bit about section four, the capacity building program, and how that can help revitalize some of these neighborhoods with single family housing while at the same time making those homes affordable for the people that are there so they don't get displaced?

Secretary FUDGE. One of the problems we have with housing today is that we just don't build starter homes anymore. We don't build homes that are affordable for people because developers tend to not make money doing it.

And that is why we are so determined to make sure that we can use LIHTC in a way that should be, so that we can give credit in ways that we haven't in the past and we can do gap financing through housing finance agencies and other things that the Federal government does to make it more affordable.

But the other thing we are looking at is zoning. Because there are zoning requirements that building—home builders are telling me adds 40 percent to the cost of building a house. So it is not just us. So we have to work within the system, the entire supply system.

Mr. RUTHERFORD. Across the country.

Secretary FUDGE. Right.

Mr. RUTHERFORD. And that is why I think, you know, I know you are focusing on the IT aspect to be able to collect some of this information across the country—and I see my time as expired, so I will pass on that for now. I yield back, Mr. Chairman.

Mr. COLE. If you will hang around, I bet you get another shot.

As usual, my friend, Mrs. Torres has exquisite timing and got back just in time to reclaim her place in the queue. So the Gentledady from California is recognized.

Mrs. TORRES of California. Thank you for your patience, Mr. Chairman. And Secretary Fudge, appreciate you being here. I am bouncing between three hearings that are really critically important to the work that we are doing here in Congress.

I too want to thank you and your staff for the great work that you are doing every single day, trying to meet the bare minimums in our community, and that is providing a safe place to call home for so many people that find themselves in a situation many times not caused by, you know, something that they did themselves, but unfortunate circumstances.

You know, using myself as an example, I lost my home to a fire in 2005. I never thought that I would find myself in that spectrum of being homeless, but for 14 months, you know, we were doing just that, going from, you know, hotel to temporary shelter to another hotel. It is a very, very difficult situation for any working adult, but add three, you know, children to that. And I can tell you from just my personal experience how traumatic that is for a family.

So the fact that your—the work that you are doing and the work of your staff, focusing and connecting with these families, for that

to continue to be a priority for you is so important, you know, for me.

I know that my Republican colleagues are—have been ignoring, you know, that work that you have been doing, and ignoring the ongoing affordable housing crisis and the homeless epidemic in your country. I know that my Republican colleagues continue to blame Blue States for not fixing these issues. But at the same time, Republicans are working to drastically cut the Federal funding States receive, all States, not just Blue States, but Red States also.

When we are working towards sensible solutions to complex problems, why kill the budgets of the folks that are working to solve these problems? My Republican colleagues are more concerned with giving tax relief to the rich rather than investing in working communities like the people that I represent.

If the proposed Republican cuts go into effect, Madam Secretary, they will impact my district that is composed of thousands of hard working class families that are in that same scale where one paycheck away from being homeless.

Secretary Fudge, can you share with us: How would the Republican cuts impact HUD's ability to help States meet their affordable housing needs? And how will those cuts help HUD? Because I don't understand how those cuts will help you meet the goals that you have set for your agency.

Secretary FUDGE. Thank you very much. I would say that housing is a crisis everywhere. There is not one place in this country that housing is not a crisis. And so if we don't have the resources, we can't build as many homes. We can't build as many rental units. We can't move people off of public assistance and into housing if they are prepared to do it because we have no place for them to go.

Part of the problem we have even now, we have got vouchers out and we are using them to the best of our ability. But what is happening because the economy is so strained that even landlords don't want to take our housing vouchers because they make so much more money on the private market.

So housing is a crisis across this country. I don't care what State you are in. And if we don't have resources to start to help builders to build homes that put in new projects that are going to allow people to live in housing that today is affordable, but if we wait two or three more years, it becomes less and less affordable.

So that is biggest issue. Not being able to provide housing. We are about 1.5 million housing units short of what we need in this country today. If we don't do something about it today, the problem just gets worse.

Mrs. TORRES of California. Thank you for that question. In the next round, I will go into more detail about what your—what you are doing to help State and local housing authorities meet their needs. So with that, I will yield back.

Mr. COLE. Thank you very much.

My good friend, Mr. Ciscomani has arrived, and you actually are next up for questions.

Mr. CISCOMANI. Thank you, Mr. Chair. Madam Secretary, thank you so much for being here.

Also, in my home State of Arizona, we know too well just how bad the homelessness crisis has become. I was recently holding a roundtable in one of the retirement communities that is known for a lot of things but homelessness is not one of them. And that was one of the main issues that came up, something that you wouldn't expect. These are people that are many cases known as snow birds coming in from other parts of the country to spend a few months out of the year in Arizona due to weather or other things.

So this was not something that used to be a prevalent issue, but we are seeing it more and more across the entire State. And one of my priorities in Congress is ensuring that all Americans from our youth to our veterans have access to safe, affordable housing. Arizona recently received a \$93 million—from HUD—grant to combat homelessness and invest in affordable housing for which we are grateful for, but there is still much more work to be done.

So my question is: By providing assistance to very low income households seeking housing in the private rental market, HUD's housing choice voucher program has proven to be an effective tool in reducing overcrowding, homelessness, and housing instability. However, concerns about the negative experiences with the program have discouraged some private landowners from participating.

Is there anything the Federal Government can do to help the public housing agencies and other organizations improve landlord participation, and by of course, participation I mean their experience that they are experiencing—their experience in this process? How can we attack this?

Secretary FUDGE. Well, one thing I think that is helpful is you are telling me about it. So if you have some specific examples—one of the things we have found is that there are some things that we can do to incentivize landlords to participate in the program and things that we can do to make that experience better. So if we know that there—if you could just give us a little more information about what it is that is creating a problem with landlords, we are happy to try to address it.

Mr. CISCOMANI. I would love to provide you those specific examples, and also in the area of incentivizing, I think that is one of the avenues that we can go on here. Again, it is a program that has worked when it does work. However, the negative experience that is—that I keep hearing more and more about is discouraging private landowners from—

Secretary FUDGE. Please let us know because we need landowners. We need them to stay in the program.

Mr. CISCOMANI. I agree with you.

Now, let me move onto a second question here. In—now established by this committee in 2016, the Youth Homelessness Demonstration Program works to address the unique challenges experienced by homeless youth through incentivizing coordinated community approaches. This program has helped make real progress at reducing the homelessness youth population in 93 communities that have received funding, including a major city I represent and where I live, which is Tucson, Arizona.

Addressing youth homelessness is of particular importance to me. Last year in my home State of Arizona, we saw the largest in-

crease in homeless youth to date. According to the December 2022 HUD report, 917 youths in Arizona struggled with homelessness.

Can you speak results of this program, and how it has informed HUD's coordination with local homeless service providers to address homelessness, and what are some of the best practices you have seen in this sixth award rounds to date?

Secretary FUDGE. It has been a very, very effective program, especially because we have been able to connect them with our continuance of care and with social service agencies. Also, in the President's budget, there is a line item that requests funding for youth aging out of foster care, which is a major problem in this country. So between those funds, the youth demonstration funds, we do believe that we are making an impact in communities.

Mr. CISCOMANI. You know, you mentioned the President's budget—this is my last question. I am running out of time—but—the program has been successful. Why is it funded at a lower level this year than in previous years in the President's budget?

Secretary FUDGE. Because we added in the foster care funding, those aging out of foster care. So between the two, it is an increase.

Mr. CISCOMANI. So between two, it is an increase. Thank you, Madam Secretary.

Secretary FUDGE. Thank you.

Mr. CISCOMANI. Mr. Chairman, I yield back.

Mr. COLE. Thank you very much.

I will go to my very patient friend from Virginia, but before I do, over the break you made the announcement, which I suppose everybody knows, that you have Parkinsons. I just want you to know you have our deepest sympathy and total support on this committee on both sides of the aisle. Thank you for being here to fulfill your important work. The Gentlelady is recognized.

Ms. WEXTON. Thank you very much, Mr. Chairman, and thank you Madam Secretary for being with us today. Good to see you again. It is nice to have you back, and I know that you don't miss us too much here in the House of Representatives. I hope at least you feel a little bit of nostalgia when you come back here. So good to have you back.

I do want to add one thing that wasn't my original question. But I do want to commend HUD for everything you do in the fostering futures program. It is so important for kids to be able to have those extra resources until they turn 21 because I was a guardian ad litem for very many, many years and the kids who turn 18, and I would ask them please, please don't, don't leave foster care if you can help it.

They also have 90 days to change their mind if they do want to leave and then they come back. So it has been very helpful for them. I am glad to see you guys are really working to make sure you keep up the budget for that.

We have spoken several times in previous hearings and subcommittee about affirmatively furthering fair housing. As we all know, protections ensure that entities who received Federal funding take proactive steps to reduce the housing discrimination and inequalities that has been prevalent in our communities for far too long.

As you talked many times before—as we talked about many times before, too often we have seen people denied housing and forced to pay more for housing due to their race, religion, gender identity, sexual orientation, disability, and other protected characteristics. This February, HUD had released its proposed rule on affirmatively furthering fair housing. To understand the service, leading to the public comment through the rest of this week; is that correct?

Secretary FUDGE. Yes.

Ms. WEXTON. Can you tell us specifically how this rule will empower HUD and its grantees to fight discrimination and provide fair housing to all?

Secretary FUDGE. Unfortunately, Congresswoman, because it is in a comment period, there is not really much of a discussion that I can give you until it comes out of the comment period.

Ms. WEXTON. If it does—

Secretary FUDGE. I would say this, the Fair Housing Act requires that we proactively fight discrimination and segregation. And so, what the rule does is requires communities to show us how they are doing that, if that is helpful.

Ms. WEXTON. More than just post notices about it and things like that, it requires that they actually take affirmative steps to prevent—

Secretary FUDGE. That is what—basically, that is what the Fair Housing Law requires them to do.

Ms. WEXTON. Thank you. How would these efforts and other HUD fair housing programs be impacted if the Department were to have its spending cut by approximately 20 percent?

Secretary FUDGE. Well, I think that when you look at the fact that we have reinstated the Disparate Impact Rule, the fact that we even in the President's budget have put tens of millions of dollars into fair housing so that we can work with communities at a different level than we have in the past. I think that you will see that people will understand very clearly that we intend to enforce the Fair Housing Act, and we continue to say to people you are required by law to reduce and/or try to eliminate discrimination and segregation, and fairly treat all persons in their housing market. So I will think you will be pleased with the rule.

Ms. WEXTON. Thank you, Madam Secretary.

I want to talk a little bit about VAWA (Violence Against Women Act), which we passed last Congress. I was very, very pleased that we finally got that done, and included significant resources for victims of and survivors of domestic violence and sexual assault, including strengthening housing protections for survivors.

So I was very pleased to see that HUD announced new resources for survivors of domestic violence, dating violence, sexual assault, and stalking earlier this year, including but not limited to a new VAWA resources website and \$5 million VAWA training and technical assistance to HUD grantees and stakeholders. It has only been a couple of months since these new resources were announced.

Would you share how they have been helping survivors of domestic violence and how they fit into HUD's vital work to ensure the

accessibility of housing and emergency services for victims of—for survivors of domestic violence?

Secretary FUDGE. The first thing, we just recently published a centralized VAWA website on our website that people can—it is going to be wonderful. People will be able to go right on our website, and they can just go to hud.gov/vawa. We have FAQs. We have trainings. We have guidance. Everything that we believe is appropriate to put on the site is there, and we are working on a proposed rule to implement VAWA 2022, which is expected in the fall of this year.

Ms. WEXTON. The website that you are referring to, does it include resources for regular people or just for grantees?

Secretary FUDGE. No. No. For regular people.

Ms. WEXTON. So they will be able to look there and see what they have available in their State or county where they live?

Secretary FUDGE. Yes.

Ms. WEXTON. Good to know. Good to know.

Secretary FUDGE. And we also have technical people that if they want to speak with someone, they can do that as well.

Ms. WEXTON. Thank you.

Homelessness. We were talking a little bit about the efforts to combat homelessness, particularly among older Americans as we all know so many States are seeing rising housing costs as everybody else. We often find that they live on fixed incomes and have a lot of health needs and are one of the fastest growing groups experiencing homelessness. If nothing changes in the next 15 years, Harvard's Joint Center on Housing estimates that an estimated 2.4 million older adults lose access to affordable housing.

Can you speak to the efforts undertaken for housing and security in homelessness among older adults? Is there anything that Congress can do to support HUD's efforts?

Secretary FUDGE. One of the things we did in this 2024 budget was to request more resources for 202 senior funding, for senior housing, because we do know that seniors are some of the fastest groups of people who are moving to the streets because on fixed incomes, they just cannot afford the rents. And so we find that that is a fast growing group of homeless people.

So we are requesting more funding for senior housing as well as we are asking communities, mayors and cities in particular, to use their—it is called section 108, but it is a loan function that they can use to also assist. So the program is setup such that a city can borrow up to five times their CDBG value and help developers develop housing in their communities. And seniors and disabled are two of our top priorities.

Ms. WEXTON. Thank you very much, Madam Secretary. I see my time has expired. Thank you, Mr. Chairman.

Mr. COLE. Thank you very much. We now go to my good friend from California, Mr. Valadao.

Mr. VALADAO. Thank you, Mr. Chair. Thank you, Secretary Fudge, for testifying today. I look forward to hearing about the work priorities, Department of Housing and Urban Development fiscal year 2024, and how we can work together to ensure the agency runs well.

Can you provide me with information on the home investment partnership programs production in rural areas for the last few years?

Secretary FUDGE. I am sorry. I didn't get that.

Mr. VALADAO. I am sorry. I guess I am not close enough to the mike. I can use that one. I don't know.

Can you provide me with information on the home investment partnerships program production in rural areas for the last few year?

Secretary FUDGE. Off the top of my head, I cannot. I will get it for you.

Mr. VALADAO. Well I appreciate that. That is what I was going to ask for next.

Many high quality affordable housing project eligible for the home investment partnership program or other HUD funding get sidetracked or derailed by cumbersome and rigid requirements for environmental review and other Federal delays.

What is your Department doing to streamline the delivery of these programs, particularly when they are used with other Federal and State programs in the same project?

Secretary FUDGE. I agree with you, but those are requirements that come from Congress. Congress needs to change them. It is in the language we receive, and we are, obviously, obligated to follow what Congress has said. So it really isn't us. And then the other thing I would suggest is that when we deal with local communities, because many times local communities are so afraid to spend resources, they put more restrictions on themselves than is necessary as well. So if you're a city or community that is having some issue with their HOME resources, just let us know. We would be happy to talk to them.

Mr. VALADAO. Well—and this is something I think is a much larger conversation we need to have in Congress. The permitting reform and the ability to get projects moving has been a huge problem.

Secretary FUDGE. It is.

Mr. VALADAO. Obviously, in California we are seeing that on the waterfront right now with infrastructure for flooding control. And now we have got communities flooding. But I have got communities where housing prices are skyrocketing, and looking for opportunities to build more housing would be hugely beneficial to some of these communities, especially some of these underserved communities. And when you hear of permitting being a problem, obviously it is an issue that we both—sounds like we both share.

Secretary FUDGE. Oh, we do. We do. I was talking to Indian Nation the other day, and they were saying, why do you make us test for radon? We don't have a radon problem, right? But that is what is required by the law.

Mr. VALADAO. So I look forward to having your support as we try to move some common sense reforms through Congress.

Secretary FUDGE. Happy to do it.

Mr. VALADAO. Thank you. I spoke with Inspector General Davis about reports that have shown a serious problem with sexual assault in public housing.

Can you go into a little bit of detail on the actions your office is taking to prevent sexual harassment or sexual assault in HUD programs?

Secretary FUDGE. Well, I know that we are in the process right now of bringing to justice some instances that we are aware of. If we are made of aware of, we act immediately. So if somebody can tell us where there—obviously, we have people in the field, but they don't hear a lot of these things. But when we are aware of it, we immediately go to our Office of Fair Housing, and they bring actions. And we have got two major ones going on right now.

Mr. VALADAO. I can imagine it would be a little bit frustrating just because the person that is probably doing the harassing is the one that controls any type of literature that is in the main office or the ability to get information to those. But we have got to find a better way to better communicate with folks and get that information out there and give them the ability or the freedom to be able to speak up and speak out so we can prevent these types of situations.

Secretary FUDGE. But the worst part is it generally happens with migrants or people who are limited English speaking. We actually have 200 different languages that are spoken at HUD so that we can talk to people because many times they don't communicate well. But it is always those who they feel are most vulnerable that are prayed upon. So we are aware of the situation, we just would like some help.

Mr. VALADAO. All right. And obviously, you heard about the flooding in California. I am just curious what steps HUD is taking to support California residents affected by the recent historic flooding? Can you provide any specific details about the emergency disaster relief efforts being provided, such as temporary housing solutions, mortgage or rental assistance, and support vulnerable populations to help those who have been displaced or otherwise impacted by the flooding in California.

Secretary FUDGE. Yes. I think sometimes—just so that people are clear on how we do this, once FEMA goes in and determines what the need is or what the resources should be, FEMA then brings us the numbers. And then we have to come back to you and say, okay Congress, we need to authorize us to spend these resources so that we can go on for the long haul. We are the people who help really rebuild. It is FEMA that does the temporary housing often. It is FEMA who generally makes an assessment. But I was asking earlier—and I hope that I can ask this again, the longer it takes for Congress to give us an authorization to go in, the longer it takes for us to help people. We need a permit and authorization like FEMA does so we can go in immediately and start to help people. They shouldn't wait for us six months or seven months to come in.

Mr. VALADAO. All right. Thank you.

Mr. Chairman, my time is expired.

Mr. COLE. Thank you very much.

And I will now go to my good friend from Virginia, Mr. Cline.

Mr. CLINE. Thank you, Mr. Chairman.

I want to start by asking about policies related to mental illness. Housing providers and homeless shelters coordinators in my district have expressed concern that concentration of administration of

housing programs at the Federal level and policies are not addressing the diverse nature of homelessness across country as well as underlying factors contributing to homelessness, including untreated mental illness. HUD's all-in plan includes initiatives to address risks, such as mental illness.

However, the data HUD is using that is specific to mental illness and substance use disorder is from 2010. The homeless management's information system provides the data standards for collection of information from COCs, and that includes mental health. So data should be recent and available.

Similarly, housing providers and homeless shelters coordinators in my district have expressed that percentage of 20 to 25 percent of mental illness prevalence in the homeless population not accurate. As you know, continue care providers that receive Federal funds are required to report on cases of severe mental illness and substance use disorder, but methodology is not regulated except for that data is collected once a year, point in time.

First, can you tell me why isn't HUD using updated data to inform their policy decisions? And do you think HUD can properly address the intersection of mental illness and homelessness with old data?

Secretary FUDGE. Well, certainly we use that data that is given to us from continuous care. That is one of the things we give them resources for. We fund them. We do believe—and most of the time, the ones we fund are in partnerships with those local communities and other persons in the community. They don't just function on their own. And so, we have to believe the data they give us is accurate. If it is not, certainly we can start to look into how we get better data.

Mr. CLINE. Okay. Would you agree that 13 years is probably a long time when it comes to—

Secretary FUDGE. No question about it. But we do get—

Mr. CLINE. The accuracy of the data.

Secretary FUDGE. We get data on a yearly basis. Do we aggregate it the way that you are talking about? Probably not, and yes, it is a long time.

Mr. CLINE. Do you think collecting data one night a year point in time during the coldest month of the year is the best way to collect data?

Secretary FUDGE. I don't, but that is what we do. I don't believe it is the best way to do it.

Mr. CLINE. Okay. Do you have suggestions for ways to improve that?

Secretary FUDGE. Oh, yeah. We have community partners and others who have made suggestions to us that we are looking at that we think would be better, because we do believe that most times we get an undercount, quite frankly. So we believe the problem is worse than it is reported.

Mr. CLINE. I would agree that 20 to 25 percent of homeless having mental illness is probably underestimated. It is probably much higher than that.

Secretary FUDGE. But I think the way that they look at it—so say for instance, they would not say that a veteran with PTSD has a mental illness. I don't know if you count it as one, but if you do,

then yes, the numbers are significantly lower than they should be. When you think about the fact that of the 500,000 people—we quote all the time 580,000 people. About 200,000 of them are veterans, which is a disgrace.

Mr. CLINE. Which is unacceptable. Absolutely.

Secretary FUDGE. But I think you are right. It just depends on what you consider mental illness. And the other thing this Congress did many, many years ago before any of you were here, is they basically said, in order to get help through Medicaid, you cannot house but so many people who have mental illness, won't you let you do it. So we fight against the rules that are already in place as well.

Mr. CLINE. Thank you.

HUD has taken on an aggressive role in attempting to mitigate climate change because they attribute homelessness to climate change. In fact, you have an entire climate action plan devoted to climate justice when it comes to homelessness.

Secretary, HUD has pointed to climate change as being one of the biggest causes of homelessness.

Secretary FUDGE. Oh, I don't believe that.

Mr. CLINE. How did you arrive at this conclusion, and can you explain how climate change is such a contributor, cause of homelessness?

Secretary FUDGE. Oh, I don't believe—I don't believe we said climate change is a cause of homelessness.

Mr. CLINE. One of the biggest, is what has been said.

Secretary FUDGE. I don't know about that one. I have to get that answer for you because I don't—I can't—they are giving me notes.

I don't believe that it is. Clearly, it is a cause for many things. But climate change can, in fact, contribute. I don't think that it is a major issue.

Mr. CLINE. I share your position that it is not, and I appreciate your willingness to go back and consider the statements coming out of HUD regarding that.

Secretary FUDGE. Let me look at the wording on that.

Mr. CLINE. Thank you. I yield back.

Mr. COLE. On that wonderful note of bipartisanship, I will resume questioning.

I want to pick up actually where Mr. Zinke left off. And as he knows, and my friend, Mrs. Torres, knows, we have served together, I care a lot about Native American issues, and I know you care a lot about all people being housed appropriately. But I wanted to share with you some information—and this is not—I want to say this in triple, it is not directed at the administration, it is not meant to be a partisan statement. I just look at these things over time, and this is a population that is usually left out and forgotten, doesn't matter who happens to be in power at the time.

And so, I asked my staff to give me some numbers. And the ones I found most interesting: while HUD gross discretionary appropriations have increased 145 percent between 2000, and 2023, the Native American—various Native American programs in HUD at that time constituted about 2.12 percent of all HUD expenditures at the beginning. That is now about 1.45 percent.

So, you know, their expenditures on native programs in that same 20-year period, administrations of both parties, Congresses of both parties went up about 65 percent. So I just say this to highlight—and I saw this when I was chair of labor H in program after program—it is a small percentage of the population. I commend you, by the way, on the housing council that you set up. I know a couple of the members that you have are from Oklahoma, Chief Batton, in particular with Choctaw is a very good friend of mine. And you have some excellent, excellent people on that council.

And your Department has been of help to us as we started to look at Native American issues. We had a round table. We are going to have later another look at Native American programs. And it is just because it is an interest of mine. It doesn't happen very often. And again, your Department has been very helpful to us. So I want to commend that.

So just looking at that, knowing we have a historic problem here. We have very remote populations, difficult areas in many cases. As my friend, Mr. Zinke, pointed out unusual land allocation uses that really complicate the provision of private housing and public housing.

Tell us some of the ideas you have and maybe even some of the things you heard from the council that you met with about things you think we should do going forward from a HUD perspective and a Congressional perspective, if you like.

Secretary FUDGE. Well, I would say this, Mr. Chairman, I have had the opportunity to visit a couple of reservations. And I am committed more than I ever have been to try to help people who live in conditions that I have not seen in many places.

One of the things I think that we need to start to look at is how we can pull together like things from the bipartisan infrastructure bill and what we do. Infrastructure is as big a problem as housing is. So if we could start to get the infrastructure in place—I mean, to me, for people in this day to live without plumbing is something I just can't even fathom.

Mr. COLE. Or the electricity if you go to the right or left.

Secretary FUDGE. So we need to start to work together and not in silos. It would be great if this committee could pull together just in a meeting—I don't mean a hearing—but to talk with Secretary Buttigieg, with myself, with HHS how we can build together the kind of services. I have talked with the home builders. The terrain is so difficult, and it is so remote that there is a problem with people even wanting to build in those communities. So maybe we need to start to think about things more like manufactured housing. Maybe we need to start to think about more things like communal housing. We have to find ways that are going to work. And so we have to think out of the box, Mr. Chairman, and I am hopeful that you will help me do that.

Mr. COLE. Oh, I look forward to working with you on this. Secretary Buttigieg will be here this week, and we will talk a little bit about these range of issues because you are exactly right in terms of the infrastructure challenges some of these communities face.

I don't have a lot of time, but let me ask you: One area in particular that you may be able to help us on, and we are having discussions with your folks at the staff level now, and you have been

very receptive. One of the common complaints you hear in Indian country—and this is a population that actually serves in uniform way above the national average, the highest enlistment rates. I mean, you know, it is almost I think one out of nine serve at some point or another. So they are eligible for a lot of veterans programs.

And we have a situation in public housing where we sometimes have subsidized public housing. Then we have vouchers that veterans, as an earned benefit, are eligible for. They are not getting it for any reason except they put on the uniform in the United States and did what they were asked to do.

And some cases that appeared not to be—you can't use them because it is considered double dipping somehow in some bureaucratic decision. And I would like us to look at that and see if there—I hope you are receptive if there is—to me, if you earn a benefit, you ought to be able to use it, even if it is for a public voucher. That is not double dipping to me. You have an earned benefit, and you are applying it. And quite often, as you know—and excuse me. I have gone a bit over time, but then I will stop—but quite often, that is the only housing available. We don't have much of a private market, and I have talked to a number of tribes about this already that have raised this particular problem, and just asked, is there something we can do about it so our folks that have earned a benefit can actually use the benefit to help us get them into decent housing that, you know, might be HUD housing.

Secretary FUDGE. I think you would be glad to know that Secretary McDonough from VA and I are trying to work to figure out how we can solve this problem because I agree with you.

Mr. COLE. Well, hey, look I am big fan of the Secretary. I worked with him when he was President Obama's chief of staff. He is an exceptionally able guy. So between the two of you, I bet you can figure it out. But we are going to keep asking about it until you do.

Secretary FUDGE. All right. That works out. I am going to tell him we need to do it quickly before we have to come back again for another hearing.

Mr. COLE. You are always welcome back here, Madam Secretary. With that, let me go to my good friend, Ranking Member.

Mr. QUIGLEY. Mr. Chairman, don't worry about the clock when you speak. When the chairman speaks, time stops.

But the Chairman mentioned something about the Secretary of Transportation being here this week. And it is all together fitting and appropriate that the two of your are speaking in the same week because as you know, transportation and housing are inextricably linked, and we learned that extraordinarily well in Chicago. Transit-oriented development has taken off, and it is thriving.

Let me ask you this: Seeing the benefit of aligning affordable housing with expanded transportation options, how does this budget support that, and how can we expand these development models, such as transit-oriented development to more areas, including rural and tribal communities?

Secretary FUDGE. One thing Secretary Buttigieg and I do have is a program that we are working on called Thriving Communities. The one thing that we know is if we are going to be smart about this new building that we are talking about doing, as well as pull-

ing together the infrastructure resources, our resources, you have to give people the ability to live in an environment in which there is transportation.

We don't want to create these islands that we have created, especially for low-income people that we have created over the years. And so, there are resources in the President's budget through community development block grants as well as through technical assistance through our thriving communities to talk with transportation about how we best work together to deal with the whole issue of transit-oriented development.

And we are talking to cities about it, as we talk with cities about how they plan new developments. Because I think so often people forget that HUD is really the representative of government, of local, State, and Federal government. We are the people who deal with the governors. We are the people who deal with the mayors on a regular basis. So when they present us programs, we have the opportunity to talk with them about have you looked at transportation as a part of this plan. So we are doing an awful lot actually now even.

Mr. QUIGLEY. Let me move on and mention something about housing for persons with HIV or AIDS. The President's budget request includes 505 million for the HOPWA program, which allows for continued housing assistance for current residents, but does not expand housing options for people living with HIV or AIDS. If not through the HOPWA program, how does this budget request expand housing options for people living with HIV or AIDS?

Secretary FUDGE. HOPWA is the only program, the only Federal program anyway, dedicated to addressing housing needs of people with HIV and AIDS. It is the only one. So we must maintain it and put as many resources in it as possible, but it is the only Federal program that does that.

Mr. QUIGLEY. Thank you, Mr. Chairman. I yield back.

Mr. COLE. Thank you very much.

We will now go to my good friend, Mr. Rutherford.

Mr. RUTHERFORD. Well, thank you, Mr. Chairman.

Madam Secretary, I want to say I am so thankful for this continuum of care program and the benefits are significant. I know I am involved now in a bipartisan task force called the Second Chance Reentry, which is also, you know, trying to take those who are getting out of State and Federal prison, bringing them back into the community successfully and housing is always a big challenge on that. And this continuum of care where you can actually wrap these services around those individuals, that is—I can tell you from Jacksonville's experience, it is incredibly impactful and successful.

One of the things that I have been asked to question you about is it is—you know, the old Sampson grants. You get all these demonstration grants. They are good for a year, and then you have to do another one. And everybody spends all their time doing administrative work instead of providing services. So my question is: Would it be possible—because this is such a good program—would it be possible to extend this to a two-year grant process as opposed to a single year so that—number one, you are short staffed. You don't have to do all that administrative work. They don't have to

do all that administrative work, and we can serve a lot more of our MA populations coming back and other homeless populations that we have in our State.

Is that something we could look at?

Secretary FUDGE. It absolutely is. As a matter of fact, we actually put it in the President's budget.

Mr. RUTHERFORD. Oh—well, I missed that.

Secretary FUDGE. Yup.

Mr. RUTHERFORD. Well, thank you.

Secretary FUDGE. You are welcome. I am glad I could make you happy today.

Mr. RUTHERFORD. I completely missed that.

Secretary FUDGE. Yes. It is in there.

Mr. RUTHERFORD. Well, thank you. I can tell you the changing homelessness group Duval County is going to be ecstatic. Thank you.

Lastly, let me ask you about lead hazards. Inspector Davis, when she was here last month, she spoke about the lead hazards in public housing, specifically that HUD had established a procedure to eliminate the lead-based paint hazards in public housing, but that we really didn't have a plan to manage how these hazards were being removed or if they were specifically being removed by the owners.

Can you tell me a little bit about how we are—I see there is 410 million in there for the removal of these health hazards. Is lead going to be prioritized in this? Can you talk a little bit about that effort?

Secretary FUDGE. Mr. Rutherford, let me just say to you and my team can tell you, lead removal is one of the most important things on my priority list.

Mr. RUTHERFORD. It is mine too.

Secretary FUDGE. I come from the city of Cleveland, Ohio. The Cleveland Clinic, the president called me and said that lead—elevated levels of lead in the blood has been found in almost every single child in the public schools. It is a debilitating issue for us, and I can't afford to lose just not even a thousand people in my county every year, but across the country. Lead is a major issue in this country, and we do know that most homes built prior to 1978 have lead paint in them. So our program is really designed for our partners to look at homes that were built prior to 1978 to test for lead. And if lead is there and they meet the income qualifications, then we will remove that lead. It is a number one priority—

Mr. RUTHERFORD. But are we relying too much on the owners to give us that testing and that information back?

Secretary FUDGE. No, because what we are doing is we are educating—we are saying to people, if you notice any of these symptoms in your children or if you notice any of these symptoms—we are putting out PSAs. We are sending it out the way we know how to get the message out. We are doing it in hospitals. We are doing it everywhere so that people—because most people don't even realize that they have been affected by lead unless they know what some of the symptoms are. So we are doing everything we can to provide not only technical assistance, but get the word out as broadly as we possibly can.

Mr. RUTHERFORD. Thank you very much. I see my time is up. Mr. Chairman, I yield back.

Mr. COLE. Thank you very much.

Madam Secretary, it is not very often I see Members leave and come back. So you are like a star witness here. I will go to Mrs. Watson Coleman next.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman. It is good to see her. I rarely get to see her anymore.

Two things, Madam Chairman. I love the idea that you all are focusing on low cost mortgages, mortgages that provide opportunities for first-time home buyers, low income home buyers. I am wondering if you have any information for me about what would be the impact of providing that service or that opportunity if we were operating under 2022 funding levels?

And then the other question I am gonna just give it to you: In general, I am very concerned about housing supply. To the extent that you can, could you give me some idea of the shortfall in the myriad housing that you need for the populations that you all care for, attend to, and are trying to address?

Secretary FUDGE. I am sorry, Congresswoman. I would have to get those numbers for you for the first question. I don't know what they are. But I would say to you that some 40 plus percent of people who apply for mortgages are first-time home buyers and are first-generation home buyers. Those are persons that have the most difficult time getting mortgages, and that is why we have done things like recalculate student debt. That is why we have looked at how we determine whether a person is creditworthy. I don't know the number, but we can probably come up with a number for you.

But I do know that if we cannot provide the assistance, whether it be down payment assistance, whether it be things like the 40-year mortgages we have put in place now to help people stay in their homes, the things that we have done will just be rolled back because we won't have the resources to do it. We estimate that just from the reduction in the mortgage insurance premium, we are going to help 850,000 people over the next year. So that is a good mark to start at because those would all be first-time home buyers.

Mrs. WATSON COLEMAN. What would be the impact if you were confronted with funding levels of 2022?

Secretary FUDGE. Those 850,000 people would be off the table.

Mrs. WATSON COLEMAN. Okay. Thank you.

I just keep asking this question. I am not sure anybody can really answer this, but I don't really have a handle—I know that there is a shortfall in housing needs for people because I see them in shelters. I see them in train stations. During the winter, Bill and I went out to give blankets and coffee and a few dollars out to people. Can't do a lot, just try to do a little.

I have no idea what HUD thinks in terms of the shortfall of available, affordable, different housing to meet the needs of people. Are we like at 30 percent meeting the needs? Are we at 70 percent meeting the needs? Is there any way to quantify that?

Secretary FUDGE. Well, we believe that we are today 1.5 million homes short—housing units short of where we should be. 1.5 million.

Mrs. WATSON COLEMAN. Good to know. Thank you for that answer.

Secretary FUDGE. Today.

Mrs. WATSON COLEMAN. Today. And the proposal for 2024 would be to address that to what extent?

Secretary FUDGE. Well, because what we are doing is we are talking about building as many as—what was the number? 200,000 homes—right. So that is just us. But what we do with the resources we have is we assist developers and private builders through our work, through things like the tax credits, through things like helping with zoning challenges, through things like land acquisition, through our housing trust fund, housing finance agencies statewide that can lend money at lower rates than other lenders. So we are doing a lot of things to encourage and spur the market, but we have to start building more affordable housing in this country.

Mrs. WATSON COLEMAN. Thank you. Thank you, Mr. Chairman. I yield back.

Mr. COLE. Thank you very much. I know will go to my good friend from California, Mrs. Torres.

Mrs. TORRES of California. Thank you, Mr. Chairman.

Once again, I wanted to go back to the conversation that we had started earlier, Secretary Fudge.

Tens of millions of American households and families live in areas that are more impacted by severe weather. Low income folks tend to live in those high risk areas. For example, in California we suffered with over 13 atmospheric storms in the last few months, which greatly impacted my district by flooding of freeways, and roads, and homes.

Disadvantaged communities like the Inland Empire are disproportionately impacted because they are historically underserved and are located in areas more prone to natural disasters. My primary concern is that we need to invest more in these communities, and that starts by ensuring that Federal funding is equitably distributed. All too often, localities can't afford to hire grant writers, for example, to get Federal funding or any other type of funding. And areas that can't afford grant writers don't get to compete for big Federal dollars.

State and county housing authorities are primarily responsible for distributing Federal funding to create more affordable housing and help low income communities. However, I am concerned that their efforts is just simply not enough, and oversight is needed to ensure that funding is equitably distributed by these entities.

Secretary Fudge, what role does HUD play in oversight of State and county housing authorities when Congress allocates funding like our annual appropriations? Is there some constant accountability that you—process that you work through to ensure that communities that are mostly at risk and may not have the technical assistance in-house to be able to—that they are applying for these applications and drawing down on this money?

Secretary FUDGE. One of the things that I am very determined to do is to level the playing field. I happen to have been a mayor of a small city, not an entitlement city. So when the Federal government basically decides to fund special things through grants, it

is difficult to run a government on grants. It is difficult to run a government on grant funding.

And so what we have done is start to provide technical assistance to communities, smaller communities. We are directing resources to communities that are smaller, well under the threshold for entitlement communities, so that we can put resources that we believe will be helpful to them. It is hard. I am just going to tell you, it is not something that is easy to do because we do so much by grants. And if you don't have a grant writer—but we are asking communities like the ones you are talking about to partner with larger communities because if there is some larger or entitlement communities in those same areas that they can partner, then we can give a bigger grant and they can share those grants.

Mrs. TORRES of California. And sometimes, let me tell you how, as a former mayor how those partnerships sometimes work. They are also not equal. Where the partnership comes in, we will help, you know, pass through funding, but you will also take, you know, our major bulk of the homeless population or the most needed families into your communities. So it is sort of—we are at a cross roads, but I would love to continue to work with your office to ensure that communities like the ones I represent are able to have a contact for that assistance that you provide.

Secretary FUDGE. But the other thing that we did this time is we have now—we are doing grants in tiers so that we can let the smaller ones look at some of the things the bigger ones have done, and we are directing some resources directly to those communities. So we are trying to deal with the equity issue. But I am sure that there are some other things we can do. But I would be happy to have your staff talk to us about some suggestions you have.

Mrs. TORRES of California. We would also love to host you in our district. I know Pete and I share some cities—I am sorry, Congressman Aguilar and I share some cities. So you are always welcome in the Inland Empire. I yield back.

Secretary FUDGE. Thank you.

Mr. COLE. Congressman from California, my good friend, Mr. Aguilar.

Mr. AGUILAR. Thank you so much, Mr. Chairman, your second favorite Member from California on this side over here apparently.

Mr. COLE. I wasn't going to make it obvious, but yes.

Mr. AGUILAR. Yeah. I did, at the risk of calling attention to my prior absence before the break in this hearing, I did want to thank you for your leadership, Mr. Chairman. You are no stranger to holding the gavel in these hearings rooms, but all of us respect and admire your public service and your work. We look forward to working with you on this committee and in the years to come.

Madam Secretary, good to see you.

Secretary FUDGE. Nice to see you too.

Mr. AGUILAR. I wanted to ask a couple quick questions.

Research obviously has shown that housing stability worsens in individual's health—worsens as individual's health is unmet and their social needs become issues. California is trying to address the housing crisis and trying to provide health services for individuals experiencing extreme homelessness.

How is HUD working with HHS and the centers for Medicaid and Medicaid services at CMS to ensure individuals experiencing housing instability can better access healthcare services?

Secretary FUDGE. Thank you very much, Mr. Aguilar.

We work very closely with HHS because what we realize is that housing really is a social determinate of health. So once we can get people housed properly, we can then bring in the services that they need. And so we do work closely with them. They have programs that are aligned with ours to make sure they get people the help they need. It is something we do on a regular basis.

Mr. AGUILAR. Thank you, and I appreciate it. The State is going to be having conversations with the administration. I know they have, and would just call your attention to those letters and potential waiver requests as we have these conversations about how we best serve individuals, what resources the Federal Government can bring to bear. I think because as you highlighted, because of close proximity of housing instability and healthcare, that these are conversations that we all need to have and look forward to your continued guidance on that.

Secretary FUDGE. Can I just throw this in as well? Since we do fund continuums of care, that is also a part of their responsibility. So just be sure that your continuums of care are doing what they should be doing, and if they are not, you need to let us know that as well.

Mr. AGUILAR. Okay. Thank you.

Also wanted to call attention the fiscal year 2024 HUD budget highlights \$25 million for supportive services under tenant-based rental assistance programs. Again, we have heard calls to reduce the budget to fiscal year 2022 levels, and how it is going to impact public health agency's ability to provide supportive services.

Can you talk specifically about this, about supportive services, what would happen if we—if we unfortunately roll back funding to those services, what that means to your Department?

Secretary FUDGE. Be happy to do. The one thing we know is just this month actually—or is it this month—we are going to be allocating \$25 million to our public housing authorities to do just that, for supportive services. That would be something that would go away immediately. And then it would come in so many other areas as well. Because the first that would happen, of course, is we would not have the resources to keep as many people within our family. So we would be not be supporting as many families. So the numbers would automatically go down, and so the services would go down because we can't afford to keep people in their homes.

Mr. AGUILAR. So just to put a finer point on this, I mean, specifically mobility related expenses, supportive services that are provided, what more can we do? I mean, I am—we have had conversations in the past. You know, those type of supportive services are just so helpful, but we need to ensure that they are there. We need to ensure that they provide that backstop.

Secretary FUDGE. Well, those would go away. There is no question about that. We are within this funding opportunity—I was just talking about the 25 million—it would also allow for resources for mobility services. But it is not something that we do on a large-

scale basis now. It would even be less if we had to go back to 2022 funding.

Mr. AGUILAR. Thank, Madam Secretary. Good to see you again.

Secretary FUDGE. Good to see you too, sir.

Mr. COLE. Thank you very much.

I advise my friend, I have more questions, but if you don't, then we can close. And you have been such a good witness, Madam Secretary. You probably deserve to get out of here a little bit early. So with that, I invite my friend for any closing comments that he cares to make, then I will make some, and we will wrap it up.

Mr. QUIGLEY. Mr. Chairman, just to thank the Secretary for her service and her help today as we look forward to our continued cooperation.

Secretary FUDGE. Thank you very much.

Mr. COLE. Well, that was short and sweet. I won't be quite that nice, but I do want to associate myself with my friend's comments. We do thank you for your service. You have done an exceptional job. As a matter of fact, the IG when we had our hearing with the IG made a point of saying that, you know, they are an IG so they can always find something wrong, but there have been significant improvements and transparency and accountability at HUD under your leadership. And you should and your team should take that as a compliment, and we certainly on this committee did.

My friends in the hearing have talked a great deal, and I think it is all perfectly legitimate about the consequences of cuts if we go back to fiscal year 2022. I don't know since I don't have a top line yet where we will be. It may be better than you think. It could be as bad as you think. It could be worse than you think. The one thing I will guarantee you, it won't be what you like. So we will have plenty to debate about and talk about there.

But I will also point out to my friend, we would argue that overspending is what caused inflation, and we are not alone in that. Larry Summers would say that. Jason Furman, who was chairman of the White House Economic Advisors under President Obama would say that. Steve Rankin, hardly Republican, but a great guy in the Obama administration on the auto industry would say that. They all three argued initially that that helped spark inflation, the American Rescue Plan in particular.

That is an issue here too. Nothing is tougher on low-income people than inflation. They have a hard time keeping up. And nothing is tougher on housing than inflation. And frankly, interest rates have been pushed high in an effort to deal with inflation. That complicates every program that you operate, everything that you do, and we recognize that. So we see that as a major problem, and we will have an interesting discussion on that over the next few months I suspect.

What I will commit to you, Madam Secretary, and to my colleagues up here is we will try to get to a deal. I don't believe in, you know, CRs. I think they are terrible. And we will try to work with you. We think there are a lot of areas we can work together on, and we know you are a person of good faith and hard bargaining, but good faith. And we will try and get there.

And we do appreciate what you and your team do at HUD. It is an important mission for the country. You know, one of the things

that you always learn a new portfolio when you change gavels. And one of the things that surprised me honestly is how little is done at the State and municipal level on these programs, and how much of the responsibility has fallen on you and your team at HUD.

I noticed you alluded to that a couple times in there. That is something we need to do, is figure out how to get localities that can do more so it is not just exclusively a Federal effort in this area.

And that is another area, longer term, I would like to work with you on as well because I am sure you will have good ideas. I was intrigued when you made the point to my friend, Mrs. Torres, it is hard to govern by grants. I think two mayors know that probably better than anybody else, providing technical services that you can do on a continuous basis may make a lot more sense. I was pretty impressed with that.

So with that, again, thank you for your service. Thank you for your testimony. I look forward to working with you, and we are adjourned.

[Answers to submitted questions for the record follow:]

The Hon. Marcia L. Fudge, Secretary
**Budget Hearing – Fiscal Year 2024 Request for the Department of Housing
 and Urban Development**
 Chairman Tom Cole
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Lead-Based Paint Hazards

Cole #01

An estimated 29 million households in the U.S. contain lead-based paint hazards. As you know, childhood lead exposure can cause irreversible harm, including life-long neurological damage and developmental delays. Because of these lifelong effects, we need to get ahead of the problem before a child is harmed. Unfortunately, too many low-income families and landlords cannot afford to mitigate lead paint hazards on their own.

Question: Can you discuss the importance and viability of utilizing new funding mechanisms to address lead in low-income communities with older housing stock? This could include HUD partnering with CDFIs, the Department of the Treasury, philanthropic organizations, and others to complement existing governmental programs and increase the pace at which the US eliminates lead-based paint hazards.

HUD Response: At HUD, we have partnered with local health, housing, community-based organizations, philanthropies, and many other groups across the country to fix health and safety hazards in low-income housing, protecting at-risk young children and other vulnerable residents. Our collective success has been in part due to our expanded efforts to build public-private partnerships to bring in more investment to fix and preserve affordable older housing in communities. A key part of this work has been to identify and promote local innovation and new funding mechanisms to address lead in low-income communities with older housing stock. We have worked closely with communities to leverage HUD's lead hazard reduction funding with other local and private funding to serve as a catalyst for local change, and we have seen specific achievements to increase the pace of addressing lead-based paint hazards, through local lead safe housing certification programs and other tools to incentivize lead remediations. In order to assist state, local, and tribal partners in building capacity to address lead hazards, HUD has published the Lead Hazard Reduction Capacity Building Notice of Funding Opportunity, which makes funding available to those governments that have never, or at least in the last dozen years have not had, a Lead Hazard Reduction grant. Under a Lead Hazard Reduction Capacity Building grant, the partners can build their capacity for successfully applying for and implementing a Lead Hazard Reduction grant, through training, certifications, education, and outreach, as well as the identification and remediation of lead.

Affirmatively Furthering Fair Housing**Cole #02**

While this version of the Affirmatively Furthering Fair Housing rule attempts to refine some of the previous criticisms of the Obama-era rule, especially giving smaller program participants more time to fill out “Equity Plans,” I still am troubled about the impact this proposal will have on less resourced entities who receive HUD funding. The housing needs of a program participant with thousands of affordable housing dwellings are not the same as those with four or five units.

Question: Have you spoken with program participants – including small- and medium-sized municipalities and Public Housing Authorities – regarding the regulatory burden of the proposed rule? Are you at all concerned that this burden would impact their ability to fully serve their constituencies? Has your team conducted a preliminary review of the comments? Have any patterns emerged from stakeholders, especially local governments and housing providers?

HUD Response: Yes, we had extensive discussions with program participants when formulating this proposed rule. Affirmatively Furthering Fair Housing (AFFH) is a legal obligation. HUD is committed to helping small program participants meet this legal obligation. This includes exploring ways to further reduce the burden of preparing an Equity Plan, and the proposed rule specifically requested public comment on this issue.

The public comment period was extended an additional 14 days, until April 24, 2023, and we are now reviewing all comments as we move towards a Final Rule. In the proposed rule, we specifically highlighted our interest in hearing from program participants, including small- and medium-sized program participants through the public comment process.

At this stage, we cannot discuss the comments we have received. We take the public comment process and the review of comments very seriously and we want to conduct a comprehensive review.

Cole #03

One of my concerns of the initial proposed rule is that an “Equity Plan” can be rejected if “the fair housing goals contained in the Equity Plan merely consist of actions already required to comply with nondiscrimination requirements.”

Question: Why should HUD require localities and PHAs be required to go above and beyond statutory requirements when providing people with a place to live?

HUD Response: The Fair Housing Act requires HUD and its program participants to affirmatively further fair housing and comply with nondiscrimination requirements. AFFH is a legal obligation grounded in statute. AFFH requires HUD and its program participants to proactively take meaningful actions to overcome patterns of segregation and foster inclusive communities free from discrimination. The statutory requirement to affirmatively further fair housing is in addition to the nondiscrimination requirements.

Cole #04

I am alarmed about other the impact this rule will have on smaller, more rural consolidated plan participants. While the rule does attempt to provide alternatives for these smaller participants, I believe it is unreasonable for these less-well-resourced communities to be expected to impact items like transportation, education, the private sector, and other “community assets.”

Question: Do you believe that this regulatory burden will uniquely impact the least-well-resourced program participants?

HUD Response: Our objective has been to craft a rule that all program participants can comply with. AFFH is a legal obligation. HUD is committed to helping small program participants meet this legal obligation, including through technical assistance. Our commitment includes exploring ways to further reduce the burden of preparing an Equity Plan, and the proposed rule specifically requested public comment on this issue.

Telework and IT**Cole #05**

HUD’s agreement with the American Federation of Government Employees allows HUD employees to telework up to four days a week. Earlier this year, the Office of Inspector General issued a report on challenges with the information technology infrastructure during mandatory telework during the pandemic.

Question: What is the HUD Headquarters building’s current occupancy rate, and how does that compare to what it was before the pandemic? Does HUD utilize any updated metrics to measure employee productivity since the move to teleworking? If so, what are those metrics? Where is HUD on resolving the OIG report issues regarding IT infrastructure and telework?

HUD Response: The average weekly occupancy is 3,170 for HUD Headquarters. Pre-pandemic occupancy data is not available. Prior to the pandemic, employees had less telework flexibility than under our current negotiated telework policy.

Telework was a feature of the Department’s operating environment pre-pandemic, so current employee productivity metrics do take into account different types of work arrangements, including telework. Employees establish performance plans annually, which contain performance standards and metrics for successful performance of their duties and functions, and which are directly tied to the Department’s strategic plan. Employees are measured against those standards at the end of the performance year. Per OMB Memorandum M-23-15, the Department is currently exploring additional metrics that can be used to measure productivity and other elements of organization health and performance to supplement performance plan data.

Regarding the OIG audit, HUD has addressed the issues identified and is working with the OIG to close out the four infrastructure and telework issues raised. This has primarily been accomplished through upgrades to HUD’s IT infrastructure and the implementation of a new

VPN solution that also supports a zero-trust security model. In addition, regarding the issue related to HUD's help desk data, after review HUD determined that the tickets identified as missing were either duplicate requests or ones where a user/employee began but decided not to complete their help desk inquiry.

Tribal Nations and Continuum of Care

Cole #06

In 2021, tribal nations became eligible for the Continuum of Care program—a program designed to help communities provide a full array of services to homeless individuals with a goal of long-term sustainability. Tribes can either join an existing Continuum of Care (CoC) in their community and act as a recipient, or they can form their own CoC.

Question: Please provide an update on the implementation of tribal eligibility in the Continuum of Care program. Have any tribes received a CoC grant for the 2022 award year? Are there challenges for tribal participation in the CoC program that HUD has identified?

HUD Response: In 2021, HUD began allowing Continuum of Care (CoC) program grants to fund projects that serve people in Tribal communities, as well as to allow Tribal nations to apply for grants as part of an existing CoC or to form their own CoC. There are over 20 projects that have received CoC program grants that are on Tribal land and/or are focusing on tribes.

To date, there have not been any Tribes who have formed a CoC or have been awarded a CoC grant. HUD is aware that many Tribal nations still lack awareness of how to form a CoC or apply for grants as part of an existing CoC. To address these challenges, HUD's Office of Special Needs Assistance Programs (SNAPS) has developed new resources, including creating the Tribal Homelessness Network.

First, SNAPS has developed a program series, [CoC Program Resources for Tribal Communities - HUD Exchange](#), specifically for Tribal communities and organizations to welcome them to the CoC program. This series provides information helpful for Tribes, tribally designated housing entities (TDHEs), and Tribal communities as they decide if and how they would like to engage in the CoC program. SNAPS has also offered several webinars specific to Tribal participation in both the CoC and Youth Homelessness Demonstration Programs in an effort to ensure Tribal leaders and CoCs are familiar with these funding opportunities and how to engage around them in their communities.

SNAPS is also creating the Tribal Homelessness Network, a forum for Tribes and TDHEs to learn more about the CoC program, discuss the benefits and challenges to being a part of a CoC or becoming a separate CoC, share resources and ideas about preventing and ending homelessness among Native and Indigenous people, and network with one another. This is intended to be a way for these Tribal communities to access HUD Technical Assistance through online, group learning, and peer-to-peer collaborative approaches. Networks can be created around specific topic areas that groups may elect to enroll in based on the unique needs and challenges of their community.

HUD has also proposed various legislative changes in the FY2024 President's Budget with respect to the CoC program. These changes are designed to streamline program rules for Tribes and TDHEs and will help facilitate more Tribal participation in the CoC program.

Finally, HUD recently established its first ever Tribal advisory committee, known as the Tribal Intergovernmental Advisory Committee (TIAC). Through the TIAC, HUD will be able to directly engage with Tribal leaders on issues like homelessness and talk through opportunities and challenges that present themselves when a Tribe is considering forming or joining a CoC.

HOTMA Implementation

Cole #07

HUD recently issued a final rule implementing Section 102, 103, and 104 of the Housing Opportunity through Modernization Act (HOTMA).

Question: Please provide a timeline as to when HUD expects HOTMA to be fully implemented.

HUD Response: HUD is approaching HOTMA implementation in several ways. For provisions related to income (sections 102, 103, and 104), HUD published a final rule on February 14, 2023, that revised HUD's regulations regarding income determinations for its public housing and Section 8 programs, as well as several other HUD programs. The effective date of HUD's final rule related to income is January 1, 2024.

With regard to this final rule, the Offices of Public and Indian Housing and Multifamily Housing will publish a joint supplemental notice to provide comprehensive implementation instructions for Multifamily Owners and Public Housing Authorities (PHAs). Specifically, the guidance will instruct Multifamily Owners and PHAs regarding implementing Section 102 of HOTMA, which addresses income reviews, including the frequency of income reviews, and Section 104 of HOTMA, which sets asset limits for the Section 8 and Public Housing programs. The guidance will also specify timelines for Multifamily Owners and PHAs to comply with the revisions implemented by HOTMA, to ensure their ability to provide tenants with the streamlined reporting benefits provided by HOTMA.

Other provisions of HOTMA, covering Jobs Plus, will be implemented in calendar year 2024 and will include a new Federal Register Notice on Waivers and Alternative Requirements for the Jobs Plus Program (anticipated in calendar year 2024 quarter 1) that documents the revised rent incentive structure and the legal basis. Additional implementation steps (including program guidance and an FY 2024 Jobs Plus Notice of Funding Opportunity (NOFO), subject to appropriations) would occur in quarter 2 and subsequent quarters.

Also reflected in the rule is a phase-in of certain aspects, and the immediate impact of other aspects such as the statutory elimination of Earned Income Disregard (EID).

Annual Homelessness Assessment Report and Age Ranges

Cole #08

The 2023 Annual Homelessness Assessment Report (AHAR) to Congress will include better data from the Point-In-Time count for older adults experiencing homelessness and that these data can act as a baseline for future data. Current AHAR PIT age categories are “under 18,” “18 – 24,” and “over 24.”

Question: Can you describe the new age categories and what will be learned from them about homelessness and older adults?

HUD’s Response: HUD’s homeless data has shown a continued rise in the aging population of people experiencing homelessness over the last several years. However, HUD recognizes that there is a need to better understand how many people experiencing homelessness are 55 or older. In 2018, HUD shifted its data reporting for age groups in the annual data on people engaging the homeless service system as reported in Part 2 of the Annual Homelessness Assessment Report (AHAR) in order to align with US Census Bureau age breaks.

2007-2012 Reports	2018 and Future Reports
Under 18	Under 18
18 to 24	18 to 24
25 to 30	25 to 34
31 to 50	35 to 44
51 to 61	45 to 54
62 and older	55 to 64
	65 and older

The intent of the update was to allow more granular data on age groups and to align with more traditional thinking about who is considered in the elderly or aging groups. HUD announced that for the 2023 Point-in-Time (PIT) count it will require CoCs to collect additional age data that corresponds to the changes in the reporting of the annual data in 2018 (see the chart below for the change).

2007-2022 Counts	2023 and Future Counts
Under 18	Under 18
18 to 24	18 to 24
25 and older	25 to 34
	35 to 44
	45 to 54
	55 to 64
	65 and older

This will expand our knowledge of who is sleeping in unsheltered situations based on age. It is important to note that CoCs are only required to conduct a full count, including both the sheltered and unsheltered, every other year. Communities that completed a count in 2022 would not be required to use the new age categories until 2024. Therefore, these more refined age

groups will not be available for all CoCs until the 2024 data is released. In 2024, HUD will have data from all of the CoCs and we will combine the 2023 and 2024 data to provide a complete picture of how age groups are affected by homelessness.

HOME-ARP

Cole #09

The HOME Investment Partnerships Program serves as an important tool for states and localities to build and maintain affordable housing. The American Rescue Plan (ARP) included \$5 billion for the HOME Investments Partnership program. In the two years since the enactment of the HOME-ARP program, only 0.8 percent of the funds have been expended.

Question: Can you provide us with a candid assessment of the rollout of the HOME-ARP program? Can you speak to the types of projects planned and how they vary from the traditional HOME project? Given the slow rollout of this program, can you speak to how the HOME program office is combatting duplicative efforts between HOME-ARP projects and traditional HOME projects? With this potential duplication in mind, can you justify your request for a \$300 million increase to the HOME program?

HUD Response: The HOME-ARP Program provides significant one-time funding for states and localities that are HOME grantees to invest in rental housing, including tenant-based rental assistance; non-congregate shelter; and supportive services for persons experiencing or at-risk of homelessness, persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, and other populations at greatest risk of housing instability.

Although the American Rescue Plan Act (ARPA) used the HOME Program as its platform, the HOME-ARP Program is a wholly new program that serves different target populations and includes eligible activities not permissible under the HOME Program. Using the statutory suspension and waiver authority provided by ARPA, the Department carefully designed an innovative new program that will enable states and localities to make strategic investments to serve these extremely vulnerable populations. HUD accomplished this by substantially altering HOME program requirements to fit these different populations and accommodate new eligible activities, while leveraging elements of the existing HOME Program including information technology, technical assistance, and reporting infrastructure.

Within six months of ARPA's passage, HUD had conducted stakeholder outreach to inform this program design; issued a comprehensive implementation notice; launched new modules in its information and disbursement system for grantees to set up projects, draw down funds, and report on accomplishments; and obligated all grants to provide grantees with early access to a portion of its administrative funding to cover the cost of developing allocation plans. The Department also developed HOME-ARP program training, guidance, tools, and templates and made direct technical assistance available upon grantee request.

HUD's Proactive Technical Assistance + Roll Out of HOME-ARP

When HUD initially launched HOME-ARP in September 2021, many states and localities were still struggling with the effects of the pandemic on their own operations and the greatly increased needs for housing, shelter, and supportive services resulting from its unprecedented economic disruptions. Their primary focus at the time was on using pandemic-related funding made available through programs such as the Community Development Block Grant (CDBG-CV), Emergency Solutions Grant (ESG-CV), Emergency Rental Assistance Program (ERAP), and the State and Local Fiscal Recovery Fund (SLFRF).

Contrary to general perception, HOME-ARP was not aimed at addressing the pandemic response, but more about addressing the economic impacts of the global pandemic and the significant gaps that the COVID-19 emergency revealed in communities' responses to homelessness (e.g., not enough permanent supportive housing, need for non-congregate shelter, capacity limitations in staffing for supportive services, and more). Consequently, many states and localities opted to delay development and submission of their HOME-ARP Allocation Plan required to begin implementing their programs. HUD monitored the number of plans being submitted by grantees weekly. To address the slow pace of plan submissions, HUD implemented a March 31, 2023, final submission deadline by a notice issued on October 31, 2022. During the intervening five months, HUD conducted a comprehensive technical assistance program to assist grantees to the required conduct consultation, public participation, analysis and planning necessary to submit complete plans by the deadline, including conducting:

- 33 HOME-ARP Problem-Solving Clinics (eight virtual and 17 in-person) to support grantees to successfully develop and submit their HOME-ARP allocation plan by the deadline, and
- 8 four-hour virtual Technical Assistance Clinics providing grantees the opportunity to consult with experts during one-on-one appointments.

Through these clinics, HUD assisted 680 individuals representing 386 grantees. In addition, HUD conducted 32 direct technical assistance engagements related to allocation plan development requested by individual grantees.

HUD's direct intervention and technical assistance efforts were very successful. As of March 31, 2023, every one of the 643 states and localities eligible for HOME-ARP allocation that HUD expected to submit plans met the deadline. (Five small grantees declined their HOME-ARP allocations before the deadline, mostly citing internal staffing and capacity concerns.) As of June 12, 2023, HUD has approved 541 of these plans, enabling grantees to move forward with projects.

HOME-ARP Impact + Activities

State and local grantees have begun committing funds to HOME-ARP projects and activities. As of June 12, 2023, 60 grantees have committed more than \$135.9 million to 135 HOME-ARP projects and activities, three of which are already completed. These activities include:

- 32 Rental Housing projects;

- 11 Non-congregate Shelter projects;
- 65 Supportive Service programs; and
- 27 Tenant-Based Rental Assistance programs.

Examples of HOME-ARP projects include:

- The City of Houston, Texas is using HOME-ARP funds for site acquisition and construction of 135 non-congregate shelter units for persons fleeing domestic violence and sexual violence. The project consists of 45 efficiency units and 90 one-bedroom units.
- Pinal County, Arizona is using HOME-ARP funds to provide supportive services to households in all four HOME-ARP qualifying populations. The HOME-ARP funds are assisting these vulnerable households with housing payments and transportation.
- Somerset County, New Jersey recently completed the Woods at Warren rental housing project, which consists of a total of 80 newly constructed affordable rental units. Seven of these units are HOME-ARP-assisted for homeless households.

According to information contained in 541 HOME-ARP allocation plans approved as of June 12, 2023, grantees will use their HOME-ARP funds as follows:

- 63 percent will be used for rental housing;
- 17 percent will be used for non-congregate shelter projects;
- 15 percent will be used for supportive services activities; and
- 5 percent will be used for tenant-based rental assistance.

The 442 grantees with approved plans as of May 8, 2023, have committed to developing more than 19,000 affordable rental units for HOME-ARP qualifying populations.

In comparison, the composition of projects completed with HOME funds in the past two fiscal years is:

- 62 percent of HOME funds were used for rental housing;
- 17 percent were used for homebuyer housing;
- 11 percent for owner-occupied rehabilitation; and
- 10 percent for tenant-based rental assistance.

HOME and HOME-ARP: Two Distinct Programs

The HOME Program and HOME-ARP Program only have two eligible activities in common -- rental housing development and tenant-based rental assistance. HOME-ARP funds cannot be used for development of homeownership units, provision of downpayment assistance, and rehabilitation assistance to low-income homeowners. Forty-nine percent of all HOME units completed in the last two fiscal years were homeownership units. Many state and local grantees use HOME funds for homeownership programs that assist low-income homebuyers or to

rehabilitate housing for low-income owner-occupant households. The latter programs typically serve elderly homeowners, enabling seniors to age in place.

As the data above show, the majority of both HOME and HOME-ARP funds are used to develop rental housing. However, the target populations of the two programs generally do not overlap, avoiding duplication. Households are eligible for HOME assistance based on income as HOME serves very low- and low-income families. Households are eligible for HOME-ARP assistance based not on income but rather based on qualification in one or more of the four qualifying populations. Members of the HOME-ARP qualifying populations generally have much less ability to pay for housing than a typical household in HOME-assisted rental unit, which typically requires renters to pay a below-market rent and utilities without any rental assistance. In short, most households that occupy a HOME rental unit would not qualify to occupy a HOME-ARP rental unit; conversely, most households that meet a HOME-ARP qualifying population cannot afford the rent in a regular HOME-assisted unit. For this reason, the Department generally advises against combining HOME and HOME-ARP funds in a rental unit.

There is a critical need for both HOME and HOME-ARP funding to serve different populations through all of the activities eligible under both programs. The requested \$300 million increase to HOME will help address the critical need for additional affordable rental housing units and increase homeownership opportunities for low-income households. \$100 million of this increase would be used to establish a new FirstHOME Downpayment Assistance Program to provide downpayment assistance to first generation, first-time homebuyers so they can achieve sustainable homeownership by helping them reach 10 percent equity at the time of purchase.

The Hon. Marcia L. Fudge, Secretary
**Budget Hearing – Fiscal Year 2024 Request for the Department of Housing
and Urban Development**
Rep. John H. Rutherford
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations

FHA Multifamily Production

Rutherford #01

Over the past 2 years, FHA's multifamily production volume has dropped dramatically from over 140 closings per month to less than 60. HUD's own 'Fiscal Year 2022-2026 HUD Strategic Plan' has a goal to 'Increase the Supply of Housing'.

Question: With rising interest rates and reduced liquidity across the banking sector and if FHA is moving away from multifamily housing, how do you plan to increase the supply of housing? One would think multifamily housing is a big part in driving up the housing supply. How is FHA planning to increase multifamily housing?

HUD Response: The Department is committed to expanding the supply of high-quality rental housing to meet the needs of people and communities nationwide. FHA's Multifamily mortgage insurance programs are an essential part of that effort that we have worked to strengthen since the start of the Administration.

FHA Multifamily experienced record program volume in FY 2020, 2021, and 2022, with \$21.4 billion, \$31.3 billion, and \$22.7 billion, respectively, in firm commitments. In the preceding 10-year period from FY 2010 through FY 2019, volume ranged from \$10.6 billion to a high in 2013 of \$17.8 billion. Like all mortgage finance sectors, multifamily financing is sensitive to macroeconomic conditions. As interest rates have risen, it has become more challenging to make projects pencil out, leading to a decline in multifamily loan production across all financing channels in the market. As the market adjusts to a new normal in terms of mortgage interest rates, Multifamily will continue to support the supply of rental housing through its efficient & effective delivery of Multifamily mortgage insurance. In addition, the FY 2024 President's Budget includes a legislative proposal that would permit HUD to update the statutory loan limits for the program, which would ensure FHA remains a viable financing option across a variety of markets.

Housing Choice Voucher (HCV) Program

Rutherford #02

The Housing Choice Voucher (HCV) Program is a crucial tool in the effort to meet the housing needs of low-income and moderate-income families. This program often struggles to attract private sector housing providers to participate.

Question: What actions is HUD taking to improve the HCV Program? What recommendations do you have to encourage more voluntary participation in the HCV Program?

HUD Response: HUD recognizes that the Housing Choice Voucher (HCV) program works for families and communities only if it also works for property owners. More than 700,000 owners currently lease units to families with vouchers, but encouraging more owners to participate is essential to expanding housing options for families, particularly in areas with quality schools and other resources that benefit families.

Over the past five years, HUD has taken a series of actions to better understand owners' challenges and concerns with the HCV program and encourage and equip PHAs to address those concerns:

- In 2018, HUD held eleven listening sessions and focus groups with owners in localities across the country to learn more about their experiences and concerns about the program.
- Based on those listening sessions as well as separate new research on owner participation, HUD produced a report in 2020 with ideas on how to improve the program to address owner concerns and has implemented many of these recommendations. That report is available here: <https://www.hud.gov/sites/dfiles/PIH/documents/ListeningForumsPublicSummary012320.pdf>.
- In 2021, HUD launched a [Landlord Resources web page](#) as a central clearinghouse where owners and PHAs can find a wealth of resources, including:
 - Accessible fact sheets for owners about the program and how it works;
 - Testimonials from owners with voucher tenants;
 - A PHA guidebook with ideas on how to improve landlord participation;
 - Links to new research on factors that affect owner participation; and
 - Other Resources, see [HCV Landlord Resources](#).
- HUD also launched a monthly webinar series for PHAs on ways to improve HCV program management, including ways that make the program easier for owners to navigate.
- In 2022 and 2023, HUD has held more than a dozen additional regional symposia aimed at bringing owners and PHAs together to discuss the program and ways to make it work better.

HUD has also implemented a series of HCV policy improvements aimed in part at streamlining the program, reducing red tape, and making the program more effective. These include improvements in the following areas of common concern to owners:

- Housing quality inspections.
 - Video inspections: During the pandemic, HUD allowed PHAs to perform Housing Quality Standard (HQS) inspections remotely via video, which can be

less time-consuming for PHAs and owners to perform. HUD has continued this policy post-pandemic.

- NSPIRE: HUD just released the final National Standards for the Physical Inspection of Real Estate (NSPIRE) rule, which establishes a streamlined, consistent set of housing quality standards across HUD's programs. These new standards, which apply to the HCV program, prioritize tenant health and safety and are much more in line with standards in the private market. HUD expects these standards to improve consistency in the HCV inspection process, a frequent source of owner complaints.
- Use of prior inspections: Later this year, HUD will issue a final rule implementing the Housing Opportunity Through Modernization Act that will allow recent unit inspections performed under other federal programs to satisfy HQS and allow tenants to lease and move into units more quickly, thereby reducing delays that may cause owners to lose rent payments.
- Rents:
 - Fair Market Rents: For FY 2023, HUD incorporated more accurate private market data in estimating Fair Market Rents (FMRs), which are intended to reflect moderate rent levels (40th percentile) and form the basis for setting the maximum rents that HCVs will cover ("payment standards"). This will address, at least in part, concerns raised in earlier years that FMRs were far below actual market rents in many communities.
 - Payment standards: HUD issued a notice in 2022 ([PIH Notice 2022-30](#)) that allows PHAs to easily raise payment standards from 110% to 120% of the FMR, where local market conditions warrant it, through September 30, 2023. This gives PHAs more flexibility to ensure that families have access to a range of housing options when rents rise sharply, as they have in recent months.
- HCV administrative fees:
 - HUD issued a notice in 2022 ([PIH 2022-18](#)) that authorizes PHAs to use their HCV administrative fees to make incentive payments to owners. PHAs have flexibility in designing such incentives, and they may include payments such as bonus fees to attract new or retain existing owners, holding fees to compensate owners for the time it may take the PHA to inspect and approve a unit, or payments to offset the costs of unit damage caused by tenants. (There is no evidence that HCV tenants are more likely to cause damage than other tenants in general, but some owners have raised this issue.) The notice also authorizes PHAs to provide assistance with the costs of leasing housing, such as security deposit assistance to tenants and other rental fees. Security deposits can help reassure owners about participation but can be a high barrier for low-income tenants. HUD pioneered these flexibilities in the Emergency Housing Voucher program that was initiated in 2021, and they have proven to be very helpful in improving tenants' leasing success, according to PHA reports.

The President's FY 2024 Budget also includes several proposals that would help to attract more landlords to the program:

- Fully funds HCV administrative fee and expands eligible uses: Providing 100% proration of administrative funding will help PHAs to hire and retain staff to provide better "customer service" to landlords, expedite unit inspections and approvals, and better support tenants in their search for housing. Expanding eligible uses of HCV administrative fees will also enable PHAs to create or maintain landlord incentive programs and perform owner outreach to educate and encourage owners to accept vouchers.
- Pre-certifying units: The President's FY24 Budget includes a legislative proposal that would allow PHAs to "pre-certify" HQS-compliant units prior to an owner accepting a particular family for lease-up. This proposal would significantly reduce potential leasing and payment delays due to the time it takes to inspect and approve units after a tenant has selected a unit.
- Use of HAP funding for security deposits: The Budget also requests authority for PHAs to use their HCV housing assistance payment (HAP) funding in limited situations to assist tenants with security deposits and other leasing-related costs. As noted above, such costs are a high barrier for low-income tenants, but they can provide important reassurance to owners and reduce reluctance to rent to people with vouchers.

HUD would welcome discussion of these or any other ideas that Members of Congress may have on how to improve landlord participation in the HCV program and looks forward to working with Congress on making further improvements.

The Hon. Marcia L. Fudge, Secretary
**Budget Hearing – Fiscal Year 2024 Request for the Department of Housing
and Urban Development**
Rep. David Valadao
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations

Performance Based Contract Administration (PBCA)

Valadao #01

In HUD’s appropriations bill governing the current fiscal year, Congress spoke emphatically and in a bipartisan way when it prohibited HUD from moving forward on proposed changes to the way it administers **PBCA contracts**. In fact, this was the second time in the past five years that HUD has been forced to withdraw a draft solicitation for PBRA contract support services. The budget agreement further directed HUD to ensure that any future competition for PBCAs does not impede housing finance agencies or housing authorities from competing on a state-by-state basis.

So, I was concerned when I saw your recently released budget request that HUD appears to be ignoring this clear bipartisan directive from both the House and Senate and once again included language to invent a novel reinterpretation of the Housing Act of 1937 by recategorizing all Section 8 contracts as “cooperative agreements” and, therefore, outside the scope of current federal procurement laws and regulations.

Question: Secretary Fudge, why is HUD ignoring this committee and forcing us to revisit this when Congress has clearly expressed that HUD needs to ensure a fully competitive process for PBCA contracts within the parameters of the United States Housing Act of 1937 and applicable federal procurement law?

HUD Response: The Department welcomes your and the committee’s interest in the PBCA program, which is essential to HUD’s work administering rental housing assistance contracts serving more than 1.3 million low-income households. Existing agreements will expire and need to be replaced. The Department has received extensive comments from stakeholders, including bipartisan comments from House and Senate members, all of which have informed the proposal included in the President’s budget. HUD held a listening session with stakeholders to hear comments on the proposal and will work with the committee on any needed adjustments.

Valadao #02

Question: Furthermore, the agreement specifically directed HUD to “work with relevant stakeholders” in developing any potential subsequent legislative proposal. HUD only just this month issued an invitation to stakeholders when the Congressional directive was for HUD to sit down with interested parties before submitting a legislative proposal, not after. What is your

explanation for this delay and HUD's failure to incorporate stakeholder input prior to submission?

HUD Response: As discussed above, HUD's proposal in the President's Budget reflects the extensive feedback we received from many stakeholders, including bipartisan comments from Members of Congress. It is not possible to craft a PBCA arrangement under current law that meets many of the policy preferences expressed, so we have requested statutory changes that we believe will best meet the needs and desires expressed by those who have shared their invaluable insights, perspective, and recommendations.

The Hon. Marcia L. Fudge, Secretary
**Budget Hearing – Fiscal Year 2024 Request for the Department of Housing
 and Urban Development**
 Rep. Bonnie Watson-Coleman
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Lead-Based Paint Hazards

Watson-Coleman #01

Secretary Fudge, an estimated 29 million households in the U.S. contain lead-based paint hazards, as lead paint was widely used in housing built before 1978. Most of these homes are in marginalized and underinvested communities. Childhood lead exposure can cause irreversible harm including life-long neurological damage and developmental delays, resulting in significant costs. Because of these lifelong effects, we need to get ahead of the problem before a child is harmed. Yet, too many low-income families and landlords cannot afford to mitigate lead paint hazards on their own. We need to come up with creative funding initiatives where HUD partners with CDFIs, Treasury, philanthropy, and others to complement existing governmental programs and increase the pace at which the US eliminates this preventable disease.

Question: Can you discuss the importance of utilizing new funding mechanisms like this to address lead in low-income communities with older housing?

HUD Response: At HUD, we have partnered with local health, housing, community-based organizations, philanthropies, and many other groups across the country to fix health and safety hazards in low-income housing, protecting at-risk young children and other vulnerable residents. Our collective success has been in part due to our expanded efforts to build public-private partnerships to bring in more investment to fix and preserve affordable older housing in communities. A key part of this work has been to identify and promote local innovation and new funding mechanisms to address lead in low-income communities with older housing stock. We have worked closely with communities to leverage HUD's lead hazard reduction funding with other local and private funding to serve as a catalyst for local change, and we have seen specific achievements to increase the pace of addressing lead-based paint hazards, through local lead safe housing certification programs and other tools to incentivize lead remediations. In order to assist state, local, and tribal partners in building capacity to address lead hazards, HUD has published the Lead Hazard Reduction Capacity Building Notice of Funding Opportunity, which makes funding available to those governments that have never, or at least in the last dozen years have not had, a Lead Hazard Reduction grant. Under a Lead Hazard Reduction Capacity Building grant, the partners can build their capacity for successfully applying for and implementing a Lead Hazard Reduction grant, through training, certifications, education, and outreach, as well as the identification and remediation of lead.

THURSDAY, APRIL 20, 2023.

DEPARTMENT OF TRANSPORTATION BUDGET REQUEST

WITNESS

HON. PETE BUTTIGIEG, SECRETARY, DEPARTMENT OF TRANSPORTATION

Mr. COLE. The subcommittee will come to order. And Mr. Secretary, it is fabulous to have you here. We welcome your testimony, and, you know, thank you for again appearing before us, Mr. Secretary, and thank you very much for your service to our country, both in uniform, and out.

Mr. Secretary, I appreciated our recent phone call about your visit to the FAA's Mike Monroney Aeronautical Center and the Will Rogers Airport in Oklahoma City a few weeks ago. I am glad you were able to see firsthand some of the critical transportation assets that are in Oklahoma, and I look forward to discussing what more we can do in Oklahoma, given our unique geography, DOT facilities, and opportunities with other Federal entities, like the Department of Defense. And naturally, I am even more anxious to see what we can do working together to improve our country's critical and complex transportation system.

The Department of Transportation is requesting \$27.9 billion in discretionary budget authority for fiscal year 2024. Coupled with the \$36.8 billion in advanced appropriations and the nearly \$80 billion in the Highway Trust Fund, DOT is seeking \$145 billion in total resources. The Infrastructure Investment and Jobs Act included over \$184 billion in advanced appropriations over a 5-year period.

Let me be clear, these appropriations are under the jurisdiction of this committee. We will not be treating these large amounts of taxpayer dollars as if they are on autopilot. The funds will be subject to strong oversight as we consider the fiscal year 2024 appropriations.

Mr. Secretary, I know that the Department takes safety very seriously. So do I and the members of this committee. Safety will be among our top priorities, if not the top priority, as we carefully consider how to allocate resources. From railcar derailments, to motor vehicle traffic fatalities, to airline close-calls, there is no shortage of safety concerns. Even as we work to rein in excessive spending, I want to work with my colleagues to provide the appropriate level of support to DOT programs that ensure the safety of our skies, roads, and railroads. This issue has a nationwide impact, whether it is in Tribal, rural, or urban areas, and our concerns are common.

I also want to work with you, Mr. Secretary, to find ways to meet the unique transportation needs of Tribal and rural America. Nearly 70 percent of America's road miles are in rural areas and about

145,000 miles of roads pass through Tribal lands. These communities face notable challenges and have different needs from urban areas. Additionally, these communities too often do not have the resources they need to compete for funding in competitive discretionary programs at DOT, which were dramatically increased by the IIJA.

We need to make sure that the programs under your leadership effectively serve the taxpaying public. That includes commonsense regulatory reform to reduce burdens on state and local and Tribal governments. It also means that we need to continue looking at ways to eliminate waste, fraud, and abuse across all programs under the jurisdiction of the subcommittee.

I am concerned that the administration's policies have not appropriately addressed inflation and supply chain bottlenecks. While inflation cooled to 5 percent last month, it remains well above the 2 percent target. And the high interest rates that the Federal Reserve has implemented to deal with inflation inflict enormous pain on American families and businesses. Excessive government spending is not the right approach to deal with this problem, as these challenges continue to adversely impact our constituents' quality of life.

We are eager to hear your testimony today on how you will utilize the resources at the Department to foster a safer transportation system, address supply chain challenges, and help Tribal and rural communities with their distinct transportation needs. Given the history of bipartisanship of this subcommittee, there are common interests shared by members on both sides of the aisle. As we begin the appropriations process, I look forward to working with my colleagues and with you, Mr. Secretary, to responsibly fund the government.

I would now like to recognize my good friend, the distinguished ranking member from Illinois, Mr. Quigley, for his opening statement.

MR. QUIGLEY. Thank you, Chairman. Mr. Secretary, as I am sure you have learned, our chairman is a good friend, and a very thoughtful, hard-working chairman, and we look forward to working with him and yourself on these issues. You and I have had the pleasure of connecting over the last couple of years in your capacity. You have been a great partner, and I look forward to continuing our work together in my role as ranking member.

Overall, the budget request dedicates more than \$108 billion to sustain our transportation networks and protect the safety of our airways, waterways, and railroads. This investment includes hiring 1,800 additional air traffic controllers; nearly \$3 billion to expand bus and rapid transit to help everyday Americans travel to work, school, and health appointments; and \$4.8 billion to prevent collisions, improve worker safety, and perform signal and track upgrades on our rail systems. There was a derailment again in Chicago last night on top of our minds. These investments will ensure that whether it rolls, floats, or flies, our transportation does so safely and efficiently.

Now, the enactment of the 2022 bipartisan Infrastructure Investment and Jobs Act makes great strides to advance safety and modernization of the Nation's modes of transportation. The IIJA in-

cluded more than \$660 billion over 5 years, to accelerate improvements to ports, roads, bridges, airports, and rail lines, making safety, resiliency, and mobility improvements possible in this decade.

Funds in IIJA prioritize lengthy and costly capital backlogs that propel the sophistication of America's transportation networks. Due to their size and scale, these projects are not meant to be fully funded through this subcommittee's annual appropriations bill, which is why IIJA was so desperately needed. What the annual spending bill can do is provide the steady investment our Nation needs to move beyond a state of good repair for our transit networks and ensure these networks are safe, resilient, and efficient. In essence, it gets us closer to closing the funding gap, leverages other public and private resources, and helps to put shovels in the ground.

This is a responsibility of our subcommittee that we must meet annually. Every single program dollar must be supported by Federal staff. Having the necessary resources, workforce pipeline, and information technology is critical to the success of not only IIJA, but the annual appropriated funding provided by the subcommittee. Revisiting the emergence of these needs each year is critical.

Mr. Secretary, what you have put forward builds on the progress we have made in fiscal year 2023. This work takes time, diligence, foresight, and great leadership. While I believe every accident is preventable, you continue to rise to the occasion to ask for and deploy timely resources and reasonable solutions when emergencies and catastrophes arise.

I look forward to working with the chairman and you, Mr. Secretary, in getting to a budget agreement that does not reverse or harm the progress we have made. I want to ensure that DOT has the support necessary to meet its mission to advance the world's leading transportation system in the most safe, equitable, and sustainable way. We look forward to your testimony, sir.

Mr. COLE. Thank you very much. We have the great privilege of having my good friend and old working partner on Labor H, the ranking member of the full committee. The gentlelady from Connecticut, Ms. DeLauro, is recognized for her opening statement.

Ms. DELAURO. Thank you very much, Mr. Chairman, and I might just say it is wonderful to be with you on the dais. And it won't be a secret to anyone, but I do miss working with you on the committee, but it is a delight to be with you and with Ranking Member Quigley this morning. And Mr. Secretary, thank you for being with us today.

You know this and we all know this on this committee that our transportation infrastructure is central to the health and wellbeing of all of our communities. It connects everyone in urban, suburban, and rural areas to their jobs, schools, grocery stores, and the care that they depend on. And the work that your Department and this subcommittee do ensures every American has access to reliable, safe, and efficient transportation.

As you will testify, and I quote, "Our transportation system is at a turning point." Because together with Congress, over the past 2 years, you have done so much to repair our transportation infrastructure, but the progress must continue.

In the 2023 government funding package this committee made robust investments in the safety and the durability of our transportation. We invested in airports, highways, transit, passenger rail, and port systems. We included \$3.6 billion to ensure safe air travel, and for vehicle and highway safety programs. We cut emissions, improved resiliency, and addressed inequities, while creating and sustaining tens of thousands of jobs. We fought the climate crisis, and generated economic opportunities for working and middle class families. And we made strong investments in our districts through community projects. We included an overwhelming majority of requests from Democrats and Republicans through the Department of Transportation, a total of 773 projects. These projects meet the urgent needs of so many of our constituents. To build on this success, the President's request for DOT includes \$27.8 billion in discretionary funding to create a safer, more equitable, and more modern transportation system.

If I can just touch on just a few of the programs important to my community in Connecticut. To make our rail infrastructure safer and more efficient, the request increases funding for Amtrak's Northeast Corridor, including the Hudson Tunnels, to meet the needs of our Nation's busiest and most complex rail corridor. And you increased funding through the Consolidated Rail Infrastructure and Safety Improvements, CRISI, program to make significant advancements to the safety of our rail network.

You also planned to make important investments to address the roadway safety crisis, including the critical funding that would accelerate development. And this is an area that I have written to you about, of the use of female dummies in crash testing. This will start to fight the gender inequity among vehicle safety and crash victims. This budget also builds upon and helps actualize the critical investments in the President's historic Bipartisan Infrastructure Law.

Before I conclude, I would just like to mention my worry over some, only some, of my Republican colleagues' calls for drastic cuts to government funding. Yesterday, Speaker McCarthy introduced a bill to cut funding back to the 2022 levels and to impose caps for the next 10 years. Please, let us not make a mistake, caps are just more cuts. And as you mentioned in your letter to me on the impact of these cuts, they would set our progress back significantly.

Let me read some of them to you. Following the catastrophic derailments in Eastern Ohio and West Virginia, rail safety jobs would be dramatically reduced, with 11,000 fewer safety inspection days and 30,000 fewer miles of track which is inspected annually. After recent near-misses, our air travel would come to a halt, with 125 air traffic control towers shutting down, impacting one-third of all U.S. airports.

The cuts are devastating. The safety of our communities and our transportation infrastructure depends on strong investments, which, in a bipartisan way, we have been able to do in the last 2 years, in 2022 and 2023. They should continue to move in that direction.

I thank you again. Mr. Secretary, for all of your work. And with that, Chairman Cole and Ranking Member Quigley, I yield back. Thank you so much.

Mr. COLE. Thank you. And Mr. Secretary, again, it is a delight to have you here, and you are recognized for your opening testimony.

STATEMENT OF HON. PETE BUTTIGIEG

Secretary BUTTIGIEG. Good morning, and thank you very much, Chairman Cole, Ranking Member Quigley, Ranking Member DeLauro, the full committee, and all of the members of this subcommittee, for welcoming us here and for the opportunity to discuss President Biden's budget request for the Department of Transportation, seeking resources totaling \$145 billion.

I want to thank the members on both side of the aisle who have been true partners as we work together to build a better, stronger, safer transportation system for the American people. Your leadership has helped make the 2020s into an infrastructure decade for our country.

We are in a moment of both profound challenge, and historic opportunity for U.S. transportation. On one hand, our transportation systems are still grappling with the consequences of the pandemic, climate change, and decades of disinvestment. Industries have become more concentrated, often slashing staff and leaving the system less competitive. And when something goes wrong, Americans bear the burden, from millions of airline passengers stranded during the holidays to the residents of East Palestine, Ohio, after the Norfolk Southern train derailment there.

Yet this is also a moment of unrivaled opportunity and progress. Thanks to the President's leadership and the work of this Congress, we have unprecedented resources to modernize our infrastructure. Every week, shovels are hitting the ground across our country. To date, we have announced over \$200 billion for over 23,000 infrastructure projects, and we are continuing to get funding to communities as swiftly as we responsibly can.

To name just a few examples from the transportation dimension of that investment, already we have started repairing 4,600 bridges and improving almost 70,000 miles of roads, which will mean lower costs, fewer delays, and safer trips. We have awarded the first round of grants under our Safe Streets and Roads for All program, delivering safety funding to big cities like Detroit, rural communities like Fayette County, Iowa, and Tribal lands, like the Blackfeet Indian Reservation in Montana.

As you know, we see roughly as many traffic deaths in America as gun deaths every year. That is why the President's budget includes \$3.1 billion for the Highway Safety Improvement Program and advanced safety research initiatives. We have also advanced public transit projects across the country. This budget includes \$4.45 billion for our popular capital investment grants, which have supported major initiatives, like the two light rail extensions in Phoenix and the red line extension in Chicago. And the budget would give transit agencies the flexibility they need to use Federal formula funding for operating expenses as they adapt to new post-pandemic ridership patterns.

We have strengthened ports around the country. From smaller ones, like Helena, Arkansas, and Kaskaskia, Illinois, to major ones in Portsmouth, Virginia, and New York City. Our work on supply

chains has helped to cut the number of ships idling at U.S. ports from over a hundred down to the single digits. And the President's budget includes \$230 million for the Port Infrastructure Development Program to continue this important work.

For rail, we have made nearly \$18 billion available, to improve service and safety, to advance more than 70 major projects, and proposed a new rule that would require a minimum of two crew members per train. Derailments are down compared to decades past, but it is unacceptable that we still see roughly three per day in the United States. That is why the President's budget includes \$273 million to support FRA safety personnel and expand our inspection capabilities.

I have been heartened by the recent surge of bipartisan support for rail safety, and we are eager to work with anyone who is serious about this subject. That is why we strongly support the Railway Safety Act and hope that all of those leaders who have spoken out on this issue will join us in supporting that work.

Aside from funding good projects, we are also using our regulatory authorities to protect the traveling public. In aviation, we are getting airlines to honor the tickets they sell and compensate passengers fairly when there are issues. The cancellation rate has stayed well below 2 percent so far this year compared to over 5 percent in January 2022, but there is still much more work to do. That is part of why the President's budget includes \$24.8 billion which will help to hire new air traffic controllers, improve airports, and modernize critical systems.

In short, there is a great deal of work underway and a great deal yet to be done. Our transportation system is at a turning point. We are finally in the process of renewing its physical foundations, but we are also grappling with serious vulnerabilities that pose real danger to workers, families, and communities.

In 2021, Congress demonstrated that it could deliver the transformative Bipartisan Infrastructure Law that had evaded our predecessors for decades. Now we need to bring that same dedication to sustain those investments in America, and ensure that they reach every person and every community.

Thank you very much for the opportunity to be here again, and I look forward to your questions.

[The information follows:]

Testimony of Secretary Pete Buttigieg
House Appropriations Subcommittee on Transportation, Housing, and Urban
Development
April 20, 2023

Chairman Cole, Ranking Member Quigley, Members of the Subcommittee, thank you for the opportunity to discuss President Biden's Fiscal Year 2024 Budget request for the Department of Transportation, totaling \$145 billion.

This budget will support the Department's work in three major areas: running our agency operations effectively, building good projects well, and protecting the safety of everyone who interacts with each part of America's transportation system.

I want to thank the Members on both sides of the aisle who have been true partners as we work to build a better, stronger, safer transportation system for the American people. Your leadership has helped to make the 2020s into an Infrastructure Decade for our country.

We are in a moment of both profound challenge and historic opportunity for U.S. transportation.

On one hand, our transportation systems are still experiencing the shockwaves of the pandemic, along with worsening climate impacts, and the consequences of decades of disinvestment. Transportation-related industries have become more concentrated, often slashing staff and leaving the system less competitive and nimble. And when any part of the system strains or breaks, Americans bear the burden in ways that range from the frustrations of millions of airline passengers stranded during the holidays, to the fear and upheaval felt by the residents of East Palestine, Ohio after the Norfolk Southern train derailment there.

Yet this is also a moment of unrivaled opportunity and swift progress. Under President Biden's leadership and thanks to action here in Congress, we have unprecedented funding to modernize and improve our national infrastructure. Shovels are hitting the ground on new projects all over the country. To date, we have announced over \$200 billion for over 23,000 projects nationwide, and we are continuing to get funding to communities as fast as applicants can handle it. To name just a few examples:

Already, we have started repairing 4,600 bridges, so trucks and commuters can get where they need to go without delay. We are helping States improve almost 70,000 miles of roads, which means safer rides and lower car maintenance costs for families. And we've awarded the first round of grants under our new Safe Streets and Roads for All program, delivering safety funding to big cities like Detroit, rural communities like Fayette County, Iowa, and Tribal lands like the Blackfeet Indian Reservation in Montana. Every year, we see roughly as many traffic deaths in America as gun deaths. That's why the President's budget includes \$3.1 billion for the Highway Safety Improvement Program, funding to save lives through much-needed projects, as well as advanced safety research initiatives.

When it comes to public transit, we have advanced projects across the country. This budget includes \$4.45 billion for our popular Capital Investment Grants, which will help with major projects like the two light rail extensions in Phoenix and the Red Line extension in Chicago. And the budget would also give transit agencies the flexibility they need to use federal formula funding for operating expenses, as they adapt to new post-pandemic ridership patterns.

With regard to supply chains, we've strengthened ports around the country—from smaller ports like Helena, Arkansas and Kaskaskia, Illinois, to major ones in Portsmouth, Virginia and New York City. This work complements the nearer-term efforts that have helped cut the number of ships idling at American ports from over a hundred down to the single digits, and contributed to Pacific shipping rates coming down 80%. The President's budget request includes \$230 million for the Port Infrastructure Development Program to continue our important work.

When it comes to rail, we have made nearly \$18 billion available to improve service and safety, advanced more than 70 major new rail projects nationwide, and proposed a new rule that would require a minimum of two crewmembers per train. Derailments may be down compared to decades past, but the status quo, in which there are still multiple derailments every single day in America, is not good enough. That's why the President's budget includes \$273 million to support FRA safety personnel, expand our inspection capabilities, and increase stakeholder engagement. I've been heartened by the surge of bipartisan support for rail safety in recent months, and we are more than eager to work with anyone who's serious about that commitment, which is why we strongly support the Railway Safety Act, and hope all those leaders who have spoken out on this issue will support it too.

Aside from getting money out the door for more good projects, we're also using our regulatory and enforcement authorities to protect and advocate for the traveling public. On the aviation side, we're getting airlines to honor the tickets they sell and compensate passengers fairly when there are issues. The cancellation rate has stayed well below 2% in the first few months of this year, compared to over 5% in January 2022, and 2.7% on average last year. But there's still much more to do, as we've all seen. That's why the President's budget invests \$24.8 billion to hire new air traffic controllers, improve safety and capacity at airports, and modernize critical systems like the Notice of Air Mission System.

In short, there's a great deal of work underway, and a great deal yet to be done.

Our transportation system is at a turning point. We are finally in the process of renewing its physical foundations, but we are also grappling with serious vulnerabilities—especially in areas where federal oversight and regulation have been undermined—which pose very real dangers to workers, families, and communities.

In recent years, Congress has proven that it can deliver—on a bipartisan basis—the kind of transformative infrastructure law that evaded our predecessors for decades. Now we need to

bring that same bipartisan dedication to *sustain* those investments in America, and ensure they reach every person and every community, from the largest cities to the most rural communities.

Thank you, and I look forward to your questions.

Mr. COLE. Pretty impressive, Mr. Secretary, it is right on the button. So, thank you on time.

Secretary BUTTIGIEG. We strive for on-time performance.

Mr. COLE. So, before we go into questions, let me quickly do some housekeeping. As I am sure the Secretary is aware, and I know the members are, we are in the midst of votes right now. We are going to try and operate the hearing continuously. So, you come and go as you need to, but we want to be respectful of the Secretary's time. And I don't want us to have to adjourn and then come back and stay longer. And I know a lot of you, of course, have flights to catch on the final day of the week. So, again, we are going to move along as best we can. You decide when you come and go and what you need to do. And let us accommodate the Secretary, so he can get out of here on time as well.

Mr. Secretary, let me begin. And, you know, one of the things that all appropriators, regardless of party and any other opinions they have, hate are continuing resolutions. Because it essentially sidelines us from doing our job in allocating resources, making adjustments, you know, doing the things we need to do to deliver for the American people. I know this causes a lot of problems for you as well. So, I would like you just to educate the committee as to what the consequences of a continuing resolution would be for the Department of Transportation.

Secretary BUTTIGIEG. Well, thank you for the question and we certainly share that bipartisan view. A full year continuing resolution would have a number of negative impacts on our Department's ability to do our work. I will highlight a few.

One, no additional funding to support increased air traffic control hiring, something that we have proposed in the 2024 budget, which is important in order to have the right level of certified controllers and prevent staffing issues from contributing to delays. There could be delays in modernizing essential technology infrastructure supporting the National Airspace System, including systems like the NOTAM system that caused trouble earlier this year.

Over \$1.7 billion in authorized surface transportation grant funding supporting infrastructure projects and safety initiatives would not be available to the states because the obligation limitation would be held to those fiscal year 2023 levels. And we would see, of course, increased pressure on our operational and administrative funding across the board because we have those inflationary issues and pay increases to go with them. So, it is certainly something that would cause a lot of concern and would frustrate us in our mission.

Mr. COLE. Thank you very much. As you know, many of the large discretionary grant programs through the Department of Transportation are required to submit a benefit-cost analysis, or BCA, in their grant applications. BCA can be a valuable resource for the Department when evaluating the benefits and cost associated with constructing an infrastructure project.

However, I have heard the BCA calculations disproportionately affects Tribal and rural projects and they are having difficulty meeting the threshold. From my understanding, if an applicant has a benefit ratio cost of less than one, the Department will not consider the project.

Mr. Secretary, are you aware of any concerns from stakeholders or grant applicants about the BCA guidance and its calculations, particularly from Tribal and rural areas?

Secretary BUTTIGIEG. Well, it is very important to us to make sure that the BCA process is one that doesn't unfairly disadvantage any community. And where Congress requires that there be a benefit-cost ratio in excess of one, it is important to us to make sure that that process is one that is fair and workable for project sponsors.

I will say that in some ways this can be beneficial for rural and Tribal communities. Often costs are lower in those areas compared to urban areas around issues like right-of-way acquisition. And often, transportation system users in rural or Tribal areas lack existing alternatives, which means the benefits loom large, too. But I am very conscious of the ways in which there can be unintended consequences of the way that BCA computations are done. And we are frequently revisiting them to make sure both the process and the substance of it, puts no one at an unfair disadvantage.

Mr. COLE. Well, we would like to work with you on that. I can tell you I have certainly had concerns expressed from my Department of Transportation in Oklahoma, which, of course, is a rural state, that they are having a very difficult time with them, and I hear the same things from Tribal governments. And as you know, as well as I, the resources they have for these kinds of studies vary enormously depending on the size, sophistication, and relative wealth of the Tribe. So, a lot of the smaller, more remote ones who actually have the greatest infrastructure needs are really disadvantaged in this situation and, frankly, looking to us and this committee and, honestly, to the Department as well, to figure out ways to put them in a position to be able to compete more effectively for these funds.

Secretary BUTTIGIEG. Well, we would welcome an opportunity to work with you on that. We want to make sure that this process is, of course, rigorous, but also user-friendly. And the smaller the community or the less resources it has, the more daunting that process can be. We want to do everything we can to make sure that it is not a barrier to these communities accessing funds.

Mr. COLE. Do you have specific proposals that you have in this area right now that you are considering?

Secretary BUTTIGIEG. Well, one thing I know is that OMB has revised guidance on the BCA process. What we try to do is fit any either administrative guidance, administration-wide, and/or statutorily required thresholds and fit them to a day-to-day process that is more user-friendly.

It is part of why we have stepped up technical assistance to try to make sure that our own resources go to working with those communities that can struggle. And there are a handful of programs that aren't subject to that BCA requirement. And so when we see one that just any way you do it isn't going to make the cut, but is still a worthy project, we try to remind project sponsors of the opportunity to apply to those programs as well.

Mr. COLE. Thank you very much. And I will now turn to—oh, the ranking member of the full—you want to go to vote?

Ms. DELAURO. Yeah.

Mr. COLE. Okay, very good. The ranking member of the full committee, my good friend, Ms. DeLauro, for her questions.

Ms. DELAURO. Thank you very much, Mr. Chairman. And in the interest of time and the votes, let me just truncate any kind of commentary, but focus in, Mr. Secretary, on what has been the pronouncements on cutting the budgets of this to at least a 22 percent if we move to the 2022 levels for the 2024 budget.

With regard to Amtrak, that would mean a \$540 million cut to Amtrak. What would be the real-life impact for Amtrak to sustain this scale of a cut? I mean, how does the President's request support Amtrak? How can the Consolidated Rail Infrastructure and Safety Improvements, the CRISI, Program and the Federal-State Partnership for Intercity Passenger Rail Grants Program provide funding, to provide critical lines for the Northeast Corridor to sustain and improve performance.

Let me also add one more to that, which is really alarming about the potential to FAA and the Nation's air traffic controllers if we move to these areas. So, those are three.

I will also make an addendum. Heritage Foundation, which a number of my colleagues, you know, support, very prestigious think tank, has talked about eliminating the Rebuilding Of American Infrastructure with Sustainability and Equity, the RAISE program, Federal-State Partnership and Intercity Rail grants, Capital Investment Grants, and phasing out the grants to the National Railroad Passenger Corporation.

So, these cuts or the potential of these cuts is real. It is not just speculation. So, if you could just answer these questions.

Secretary BUTTIGIEG. Well, eliminating a program like RAISE would mean that hundreds of communities would miss out on the opportunity to make improvements that are benefiting everything from supply chains to physical safety of travelers. I could point to every part of the country where those projects are underway.

We get dramatically more, even at the robust funding levels we have, we get dramatically more demand than we can meet. And so we know that communities have a need. It would be a terrible loss, I think to not have the opportunity to help meet that need.

With regard to Amtrak, the budget requests \$3.1 billion and that is to fund base operating capital and debt service requirements. This will be in addition to the advanced appropriations. Without them, I have to think that that would have an impact, both in terms of delaying Amtrak's progress in dealing with their maintenance backlog and issues that folks, whether they are traveling intercity or whether Amtrak is part of their daily commute, as it famously was for the President for many years, would see that, feel that, and face the cost and the burden of that.

You mentioned CRISI grants. The S in that acronym, CRISI, is for safety. And at a moment when the country is rightly focused on the safety of our railroad systems, to put it concisely, this is the wrong time to be cutting back on railroad safety. And that is important whether we are talking about CRISI as a program or whether we are talking about the effects that the proposed cuts would have on the ability of the Federal Rail Administration to conduct the inspections that are such an important part of how they keep our railroads safe.

Likewise on the aviation side, with everything that the aviation sector has been through I cannot imagine why anybody would believe that now is a good time to be shutting down air traffic control towers. We depend on these facilities and the workers in them to make sure that our national aviation system is safe. And while the FAA would not allow any unsafe condition to arise, regardless of budget constraints, what would certainly happen is an effect on the cancellations and delays that sometimes happen when you don't have adequate staffing or resources to serve them.

Ms. DELAURO. I appreciate the commentary, Mr. Secretary. And I would just say, I think sometimes it is often easy to say we are going to cut 22 percent. It is about when you put pen to paper and you look at what the implications are, as you laid out, I think there is a very big education process here in a very short period of time.

I think, because I do believe that particularly on this committee, on a bipartisan basis, people understand the direction that we are trying to go. And we talk about a historic moment and we are at a turning point, and we have made serious, serious investments.

This is about safety, it is about jobs, it is about our economic future, and that is what transportation is. And so, but I think with the understanding of what—the devastation of what we would inflict on our economy and on the public and in the public's best interest, I would work with you to help get that information out and to talk through how we may be able to really encourage people to say we can't go down this road. Let us think about how we can deal with spending, but let us not, you know, move in that direction.

So, thank you very, very much for all your efforts and your commitment to the job. So, thank you.

Secretary BUTTIGIEG. Thanks very much.

Ms. DELAURO. I am likely not to come back, you know, after voting—

Secretary BUTTIGIEG. Understood.

Ms. DELAURO [continuing]. Because there are others, so I appreciate being here with you this morning. Thank you.

Mr. ZINKE [presiding]. Well, Mr. Secretary, welcome. And first of all, I want to thank you for your service. As a former Secretary, I understand how difficult your task is, and I appreciate your service.

I also understand the responsibility you bear being responsible for our transportation system and a secure supply chain. And I am sure we both agree that I would say it is in our best interest in national security to have a supply chain that is controlled by the U.S. or our allies. I also would ask you to agree that energy independence certainly would be a priority in our national security.

Secretary BUTTIGIEG. Indeed.

Mr. ZINKE. Well, given that, you also have a record of being an advocate for climate change. I do not think that has changed. Would you—is that a fair statement?

Secretary BUTTIGIEG. I wouldn't say I am for climate change. I am for fighting it, certainly. Yes, sir.

Mr. ZINKE. So, are you aware then that China is the largest emitter of CO₂?

Secretary BUTTIGIEG. Yes.

Mr. ZINKE. And are you aware that China is responsible for 90 percent of the plastics, 90 percent of the plastics in the oceans come from four rivers in China. Are you aware of that?

Secretary BUTTIGIEG. I didn't know that statistic, but I am not surprised by it.

Mr. ZINKE. Well, are you aware also that China's the largest violator of fishing regulations and laws?

Secretary BUTTIGIEG. Yes.

Mr. ZINKE. And of course, you are also aware of critical minerals.

Secretary BUTTIGIEG. Yes.

Mr. ZINKE. Are you aware that China controls either directly or indirectly more than 62 percent, in many cases the preponderance or absolute control, of critical minerals?

Secretary BUTTIGIEG. A condition we are working hard to change in this administration.

Mr. ZINKE. And I am going to ask you further about that. But critical minerals, as you know, is also required for EV.

Secretary BUTTIGIEG. Indeed.

Mr. ZINKE. Seems to be that cobalt, lithium, in some cases, germanium is absolutely required for EV. And are you aware that to meet the demands today, the U.S. would have to increase mining by 2,000 percent for 20 years to reach the demands today?

Secretary BUTTIGIEG. Well, the chemistry of our batteries has not completely stabilized in a way that I think can be fully predicted for the next decade—

Mr. ZINKE. There may be innovation.

Secretary BUTTIGIEG [continuing]. But there is no question that we are going to—

Mr. ZINKE. But right now—

Secretary BUTTIGIEG. Yeah. There is no question that we are going to need to—

Mr. ZINKE. No question.

Secretary BUTTIGIEG [continuing]. Source more minerals, both domestically and from friendly countries.

Mr. ZINKE. Well, and that is the catch is that we all want cleaner, better, more efficient. But your stated goal and President Biden's stated goal and my stated goal, and certainly President Trump's was the same, is that we seek energy independence. We seek energy dominance, so we are not held hostage by foreign entities.

Secretary BUTTIGIEG. Indeed.

Mr. ZINKE. Well, how do you get to be energy independent when the components of EV today are all controlled by China? And have you done an assessment of how much mining we would have to do and where the critical minerals are and what we would have to do in order to meet the demands of a very aggressive program to convert? And have you done an assessment?

Secretary BUTTIGIEG. Yes. Thanks for the question. While some of the finer points related to extraction are probably better answered by my colleagues at the Department of the Interior, our Joint Office of Energy and Transportation, which is jointly run by both us and the Department of Energy—

Mr. ZINKE. And what does the assessment say since you have completed it?

Secretary BUTTIGIEG. Well, what that work is doing is identifying different points, not just in the raw material extraction itself, but also in the refining, where we see that if we were to——

Mr. ZINKE. But have you identified where our sticking points is and——

Secretary BUTTIGIEG. Right, so a lot of the—yeah.

Mr. ZINKE [continuing]. How to you get there in 10 years? Because it seems like on the supply chain, if China controls it today and we are putting a moratorium on mines in Minnesota that have the largest nickel deposit and critical minerals, and we are not moving forward on securing the supply chain, but we are moving forward on solar cells.

Secretary BUTTIGIEG. Well, again, the Department of Energy——

Mr. ZINKE. And solar cells made in China.

Secretary BUTTIGIEG. It would be much easier to answer your question——

Mr. ZINKE. So, how are you going to figure this out?

Secretary BUTTIGIEG. Okay. So, part of what you are describing is the motivation behind the investments that the Department of Energy has been leading in enhancing U.S. diversity.

Mr. ZINKE. Well, I agree there is effort, but have you identified source? Because there is a difference between practical, real, and fiction.

Secretary BUTTIGIEG. Well, I know that the——

Mr. ZINKE. How are you going to be independent if China produces the very components that make up EV?

Secretary BUTTIGIEG. This is exactly why we are doing the work to produce them here in the United States. I wish you——

Mr. ZINKE. What are we doing on cobalt? How much cobalt do we produce in this country? In the next 10 years, what do we need? And how are we going—I am a military guy. I love plans.

Secretary BUTTIGIEG. Right.

Mr. ZINKE. You know I do.

Secretary BUTTIGIEG. Well, first of all, I would encourage you to become familiar with the private investment and the public-private partnership investment, real dollars, not just plans that are going out through these DOE programs.

Mr. ZINKE. Have you read the Critical Mineral Report, the multi-agency report, 2017?

Secretary BUTTIGIEG. I have not read the 2017 Multi-Agency Critical Mineral Report.

Mr. ZINKE. I am very familiar.

Secretary BUTTIGIEG. I am sure you are.

Mr. ZINKE. Absolutely familiar. Have you read the 2017 Climate Change Report, Multi-Agency?

Secretary BUTTIGIEG. I believe that has informed some of the work that is in our plans——

Mr. ZINKE. Have you read it?

Secretary BUTTIGIEG [continuing]. Through the joint energy, but I have not read that document cover to cover, no.

Mr. ZINKE. Well, I would suggest that, Mr. Secretary, that you read those two documents.

Secretary BUTTIGIEG. Well, I can——

Mr. ZINKE. On both cases what they clearly state is the U.S. is becoming dependent on China—

Secretary BUTTIGIEG. Which is—

Mr. ZINKE [continuing]. And unless we change the rudder, is that we will be more dependent. And unless we figure out the supply chain first, our pursuit of EV makes us more dependent on China for solar—

Secretary BUTTIGIEG. I would argue that our action to win the EV future cannot wait. I would argue that China is already working to win EVs and that they will win if we do not—

Mr. ZINKE. Well, Mr. Secretary, if it requires critical minerals and we don't have control of them, and China manufactures, produces, processes the very components necessary for EV, then how is that achievable to be independent if we depend on China more? And the more we press—and I am all for the above, all the above. But before we leap blindly, there are two concerns.

Secretary BUTTIGIEG. Mm-hmm.

Mr. ZINKE. One is that we have clear control of either ourselves or our allies of the supply chain to include the critical minerals and components.

Secondly is, what are we going to do when they are end of lifecycle? As you know, 90 percent—are you aware that 90 percent of the solar cells today are dumped in some landfill across the country?

Secretary BUTTIGIEG. Not as familiar with the lifecycle of solar cells. But I would emphasize one of the most important things to bear in mind when we think about the critical mineral sourcing and refining that goes into EV battery components is that end-of-life recycling will be a vital part of how we meet our marks. Now, of course, that is alongside the onshoring and friend-shoring that we need to do, both with regards to the extraction and refinement.

Mr. ZINKE. Unfortunately, we are going to take a recess, but—

Secretary BUTTIGIEG. Okay.

Mr. ZINKE [continuing]. The concerns I know with this is the concerns I have are supply chain, from the very beginning to the very end, what are we going to do? And does that make us more vulnerable to a potential adversary?

Secretary BUTTIGIEG. Mm-hmm.

Mr. ZINKE. So with that, since there is only one member and promotion by attrition, we will have to take a quick recess. And sir, thank you for being here today. I appreciate all you do.

Secretary BUTTIGIEG. Thank you, Congressman.

[Recess.]

Mr. COLE. The committee is reconvened.

Mr. Secretary, again, thank you for your indulgence and your patience as we work through getting Members to the floor. Sorry we couldn't keep it going as continuously as we hoped we would, but at least we limited the disruption.

If we can now, we will go to my good friend, the ranking member, for any questions he cares to offer.

Mr. QUIGLEY. Thank you again, Chair.

Mr. Secretary, the chairman asked about what happens if we have a CR and what impact that has. My friend, the ranking member of the full committee, talked about what those cuts might

mean, if we are at 20 percent, to particularly rail safety. I guess what is left is, if we are at 20 percent, what does that do to how you prioritize system safety beyond just rail, and what it means to transportation as a whole?

Secretary BUTTIGIEG. We are a safety agency and everything we do is prioritized, first and foremost, around safety. And that also means when our activities are cut or suspended or impacted by some of these issues, that affects our ability to meet our safety mission.

If we think about the aviation side of that, for example, we would be looking at a hiring freeze in effect for our whole operations and facilities workforce. That includes controllers, it includes safety inspectors, and, you know, there is some experience of this in the past from moments like the 2013 sequester. That was just a 5 percent reduction and led to furloughs, which, of course, are going to have an impact.

If we were—you know, we talked about rail. I would point to our Pipeline and Hazardous Materials Safety Administration, PHMSA. I don't see how they could conduct the current pace of field inspections with those kinds of cuts. In fact, we estimate about 2,000 fewer days would be dedicated to inspecting hazardous liquid and natural gas pipeline facilities and LNG export facilities, as well as a diminished ability to respond to hazmat incidents, which they often do.

For example, while I think it is widely known that Federal Rail Administration personnel were on the ground within hours in East Palestine, I am not sure that everyone was aware that PHMSA personnel were there, too. These are the kinds of activities that could be impacted.

There would be a reduced workforce and hiring freeze at NHTSA, which, of course, makes sure that our vehicles are safe. Transit would be affected. There is no part of our transportation system or our safety mission that I don't think would be touched in some way by these levels of cuts.

Mr. QUIGLEY. Delve a little deeper on PHMSA and just what resources are necessary. And forget the issue of cuts. You know, in a perfect world, what is it that we need? What numbers do we need to get to enhanced rail safety to the point where it is never going to be foolproof, but we can help overcome the numbers that we are facing now?

Secretary BUTTIGIEG. Well, for PHMSA, we are requesting \$387.3 million and 690 positions, and that is spread across pipeline safety, hazardous materials safety, emergency preparedness, and grants. And that is another area, I would say, comes into play often when you have incidents like what happened in East Palestine because we found that many of the first responders who were involved in that response had been trained thanks to federally funded PHMSA programming.

And then, of course, you have the FRA side of the House, which is seeking funding that would allow FRA to continue to expand and develop its safety programs.

Since arriving, this administration established a process of doing detailed safety audits on individual railroads to check for compliance issues, and that kind of proactive work is something we would

love to be able to do more of, even within the authorities we have, provided we have appropriate staffing.

Then, as I mentioned in my testimony, of course, we are also interested in further authorities that might come by way of the bipartisan dialogue right now about rail safety legislation.

Mr. QUIGLEY. And where are our rail partners at with this, with what their responsibilities are and what they still need to do?

Secretary BUTTIGIEG. Well, I think they could be doing a lot more and I have called on them to do a lot more. I will say, after I called on them to participate, for example, in Confidential Close Call Reporting System, which enables whistleblowers at railroad companies to identify safety issues without fear of reprisal. They did respond, and all seven of the Class I railroads committed to join that program, so that is a step that I do want to recognize. But we would like to see a lot more, for example, more proactive work to notify communities when hazardous materials are coming into their jurisdictions aboard freight trains.

And while we will continue calling on industry to do the right thing, I think, ultimately, rather than merely asking, we need to make sure we have the right combination of legislation and enforcement activity to compel them to do the right thing.

Mr. QUIGLEY. Thank you. I yield back.

Mr. COLE. Thank you very much. We will next go to my good friend from Florida, Representative Rutherford.

Mr. RUTHERFORD. Thank you, Mr. Chairman. Mr. Secretary, great to see you.

Sir, I would like to bring up an issue that is very near and dear to many people around the country. These frontover accidents, I have heard from concerned constituents in my district and I am sure every district across America.

These frontovers are usually accidents that occur at a very low speed, usually in parking lots, driveways, and they always involve pedestrians. It is my understanding that NHTSA reports on non-traffic accidents such as these that occur in driveways, parking lots, or private roads. In their nontraffic report from 2016 to 2020, they noted that 386 pedestrians are killed every year by a forward-moving vehicle in a nontraffic setting, and that is concerning. I know there are some efforts out there that the vehicle manufacturers can take.

Is the Department of Transportation working with the auto industry at all on technology that could reduce the occurrence of these frontovers? And would DOT benefit from collecting additional information on this, from these nontraffic accidents, such as their setting and what causes them?

You know, you see some of these new trucks, they sit so high, a small child sitting in front of that vehicle, they get in from the back, the driver gets in from the back, doesn't see the child, runs right over them. Can you talk a little bit about that?

Secretary BUTTIGIEG. Yes. And thanks for the chance to address this safety concern. It is something that is mounting, especially as the typical privately owned vehicle gets larger across America. We need to make sure that each passing year our vehicles are safer than they used to be. I would point to two lines of effort that I think are responsive to the concern you are raising.

One has to do with continued data research and rulemaking on technologies like automatic emergency braking, and the braking that goes with that and just the visibility that can be created through sensors, cameras, and other technology. Often they first arrive in the fleet as relatively new and sometimes even untested technology, but quickly can be demonstrated to be something that has got such lifesaving potential that it ought to be made a requirement so that whether you have access to it doesn't depend on whether you can afford that particular bell or whistle because it is standard.

The second thing I would point to is a shift in how we are thinking about the New Car Assessment Program. I think traditionally, it was confined to the safety of the occupants and, of course, we are very concerned about the safety of the occupants of a vehicle and that is why seatbelts, airbags, and a whole lot more is evaluated.

We have reached the point where we also need to be paying attention to how the design of a vehicle has implications for the safety of those who are outside of it. And that is something that you will see more of, I think, in the years to come as NHTSA develops its next steps for the NCAP Program.

Mr. RUTHERFORD. Thank you. All right. Thank you very much. And I will be interested in following that, having worked the backups before we had the backup cameras. Do you remember that?

And I want to bring up the issue of Buy America. I am hearing from many of my constituents back home, if they are applying for the grants, the infrastructure grants from the Infrastructure Investment and Jobs Act, the challenge that they have, like everybody wants to spend our hard-earned tax dollars and their money on American made, but some of these regulations, I understand, there is lack of clarity surrounding the implementation of the Buy America requirements, causing a lot of confusion among state departments of transportation, local governments, and contractors.

I have also heard that these new expanded Buy America standards could actually stall our infrastructure development because a lot of the materials that we need, like aggregates, concrete, asphalt, can't meet—the American resources can't meet those requirements.

What is DOT doing to provide information to the various stakeholders, first of all? And just as important, can you assure this subcommittee that the implementation of the Buy America requirements will be done in a way that does not increase project cost, and on top of the inflation-related costs that we are already seeing, and does not result in these projects being delayed? Because you know how quickly we need to get them to fruition.

Secretary BUTTIGIEG. So, we are very focused on making sure that these projects are delivered on time and affordably and recognize that there is a balance between our strong commitment that begins with the President to make sure that American taxpayer dollars buy American goods and American materials and making this a process that our project sponsors find manageable. And in some cases, there will be growing pains, as well, because we are seeking to stimulate more of a domestic industry, but it is not fully there yet.

Our intention is to be as transparent and clear as possible about this guidance. So, my hope is that the new Q&A information that the Federal Highway Administration put out a few weeks ago, as well as a further push on communication, will be responsive to some of the concerns that you are mentioning.

But this is certainly something we hear about as we talk with state DOTs. And without watering down our commitment to Buy America, we do want to make sure that this is as user-friendly a process as we can make it for our project sponsors and that there is a commonsense factor applied, as well.

Mr. RUTHERFORD. Thank you, sir. Mr. Chairman, I see my time is up. I yield back.

Mr. COLE. Thank you very much. I recognize my good friend from California, Mr. Aguilar, for questions.

Mr. AGUILAR. Thank you, Mr. Chairman. Good to see you again, Mr. Secretary.

You have consistently highlighted the need to combat transportation-related emissions, including those related to transit and buses. This is demonstrated in the President's budget request which includes 1.1 billion for Low and No Emission Vehicle Programs to help transit agencies modernize their fleets.

Reducing transportation-related emissions is important for my district, right next door to my colleague here, Ms. Torres, as you visited us in the past. We have some of the worst air pollution in the Nation, and we want to see this significantly change, and we know that Low and No Emission Programs is an important part of that.

Mr. Secretary, how would, first of all, just, I guess, from a broader perspective, how would the funding levels, if we were to reduce this program to fiscal year 2022 levels in the Low and No Emission Program, impact underserved communities, like ours, that continue to suffer from air pollution?

Secretary BUTTIGIEG. Well, we know that an investment in low and no emissions buses is an investment in economic empowerment for the people who will ride it, clean air for the people who live around those routes, and, of course, investment toward our national climate goals. I will follow up to get the numbers on the impact that would come with that. What I can tell you is that we will be well short of what we are asking for here. There are advanced appropriations that are part of the picture for the Low-No Program, but our total request is \$1.1 billion, and I can tell you that every penny of that is going to be sought after, you know, by project sponsors, based on the experience that we had in our first round. We got 530 eligible project applications in fiscal year 2022 for \$7.7 billion worth of purchases. We were able to fund \$1.5 billion of that.

[The information follows:]

Impact of cuts to FTA Low or No Emission Vehicle Program

Note: Due to Transit Infrastructure Grants provided in the Consolidated Appropriations Act, 2022, note that a return to FY 2022 funding levels would actually represent an increase to the Low-No program – see table below. These points address the impact of potential cuts to the program more generally.

- In FY 2022, FTA’s Low or No Emission Vehicle Program (Low-No) program provided funding for 152 projects that will deliver over 1,100 clean transit buses in 47 States, Puerto Rico, and Washington, D.C. – more than doubling the number of low-no buses on the road in just one year.
- This program is vastly over-subscribed: FTA received 248 applications requesting \$4 billion (over 3 times the amount available).
- Underserved communities would see a significant impact if program funding were reduced. Across both Low-No and the broader Buses and Bus Facilities competitive program in FY 2022, an estimated 47% of selected projects will benefit Justice40 populations.
- In addition to reducing pollution, these projects also benefit American workers by creating and sustaining jobs in manufacturing and transit operations. 97% of FY 2022 Low-No projects will dedicate 5% of their grant to workforce development components.

Low-No Funding Table

<u>Low-No \$ Source</u>	<u>FY 2022 Enacted</u>	<u>FY 2023 Enacted</u>	<u>FY 2024 Budget</u>
BIL Division J (Advance Appropriations)	\$ 1,050,000,000	\$ 1,050,000,000	\$ 1,050,000,000
49 U.S.C. 5339(c) (Authorization)	\$ 71,561,189	\$ 73,056,178	\$ 74,963,762
Transit Infrastructure Grants (Annual Appropriations)	\$ 75,000,000	\$ 50,000,000	\$ -
<i>TOTAL:</i>	<i>\$ 1,196,561,189</i>	<i>\$ 1,173,056,178</i>	<i>\$ 1,124,963,762</i>

So, we know that there is enormous interest here and demand, and any cut to that would just mean we would have to turn away that many more worthy and eligible applicants.

Mr. AGUILAR. I also wanted to highlight that San Bernadino County, where I live, has experienced positive impacts from this program. Our local transit agency has been working toward of a goal of 100 percent zero emission fleet, by 2040, and in August, received \$9 million in funding from the Low and No Emission Vehicle Program in order to buy four hydrogen fuel cells to add to its fleet, as well as partnering with apprenticeship programs at the local community college to make sure that we can maintain that. I think it is a worthy endeavor and they are making significant progress.

Also wanted to stay with the West and talk climate in California. We know, over the last several years, California has experienced extreme weather conditions and most recently atmospheric storms and flooding. The administration has highlighted the growth in extreme weather- and climate-related disasters from the perspective of having more resilient transportation infrastructure. Can you talk about the work that your agency is doing, the Department is doing, in making advanced construction of more resilient transportation projects?

Secretary BUTTIGIEG. Thank you for the question. We are within a few days of announcing the notice of funding opportunity for the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program, which is one of the, I think, most novel and timely programs included in the IIJA. It allows us to fund and support projects that seek to make infrastructure more resilient because, as you noted, these extreme weather events are becoming more frequent and more severe. And from wildfires to droughts to floods to mudslides, they are impacting our infrastructure, certainly in California and every part of the country. This is also something, of course, that is not just confined to our PROTECT Program, but it is the first of its kind in terms of being dedicated to that.

We also make sure that, where appropriate statutorily, we are integrating resilience considerations as we evaluate various applications that come in. And just to give one example, sometimes a road project will be able to demonstrate that it is of particular significance as an evacuation route, and that is something that we would want to take account of.

Mr. AGUILAR. Thank you so much, Mr. Secretary. And on behalf of our region, and I also want to thank you for the grant opportunities that you have sent our way. We very much appreciate it. We work as a region in Southern California. We often say that my constituents might work in Norma Torres' district and go to church in another district. So, folks, the work that the transit agencies do and that we have from a mobility perspective is so important in making sure that people can get to where they need to be. Thank you for your efforts and your leadership and good to see you again.

Secretary BUTTIGIEG. Likewise.

Mr. AGUILAR. I yield back, Mr. Chairman.

Mr. COLE. Thank you very much. We will go to another of my great friends from California, Mr. Valadao, for questions.

Mr. VALADAO. Thank you, Mr. Chair. Thank you, Mr. Secretary, for making the time for us today. We really appreciate your time.

The Central Valley is one of the highest producing agriculture regions in the world. Yet, due to ongoing supply chain issues, particularly at California's ports, our farmers and ranchers are struggling to get their products to foreign markets. While it has gotten a little bit better, it still continues to be a problem for us. Can you give us any update on what the DOT is doing to make these problems a little bit easier for us?

And can you tell me about the coordination between the Department of Transportation and USDA as it relates to ag products facing those delays? Is there any prioritization for perishable goods?

Secretary BUTTIGIEG. Well, thank you for the question, and the short answer is yes, we are working closely with USDA. I would note, for example, that during the most acute periods of these backups, we were able to team up with them on helping make what are called popup ports or container yards available that facilitated a more fluid movement for agricultural exports. And we recognize that while most of the supply chain stories are covered in the media in terms of electronics coming in from Asia, the issue of American goods being exported is a very important dimension of this. That is one of the reasons why we are investing so much in port infrastructure generally, and the President's budget includes a robust request on top of the advanced appropriations for the Port Infrastructure Development Program (PIDP). And I know that many of the applications that come in for that program would benefit the agricultural export fluidity in the long run.

In the shorter run, I also appreciate the chance to mention a program of ours called FLOW, Freight Logistics Optimization Works. This is a voluntary program where we have brought in a number of players from across the sector, retailers, ports, anybody who we think has data that if they were just talking to each other more, it would make our ports more efficient and our supply chains more fluid. And we signed up a number of partners, including, largely, from the private sector, dozens now, and are working toward being able to have a prototype of that model up and running this year. It will be a small dollar amount compared to most of our requests, but I think an investment well spent for exactly the reasons you raised.

Mr. VALADAO. All right. And one of the issues there, because of the port situation, also, seems to cause some problems with our rail, as well. And is the DOT doing anything to help with the rail situation? And obviously, we saw all the news with folks—with trains literally parked and people stealing all the items off of them. Has there been anything on that front?

And then, on top of that, with the rail issue, I mean, we got to the point where we had farmers literally waiting on commodities moving across the country. I have got a large ag district with a lot of animal agriculture, so chicken, poultry, pork, dairy, beef, waiting on corn, soy, and all the different products that come from the Midwest. And I had truckers running from mill to mill, all across the valley, scrambling to get in line to pick up whatever commodity they can find. And it wasn't a simple call. It was you had to show up with a truck. And you have got empty trucks running back and

forth, tearing up roads for no purpose, just because we weren't able to get those products delivered.

And so, this rail situation tied with the port just made life miserable for us. And it has gotten a little bit better, but what can we do more?

Secretary BUTTIGIEG. Yeah, we have been pressing the railroad industry on this, but I believe there is also a public sector role to play that you will see reflected in the budget request, especially around areas like the CRISI Grant Program, which we think can contribute to fluidity, both in traditional freight rail and in some of these multimodal contexts that require specialized equipment and facilities. They could make a big difference in the kinds of context that you are describing.

Also, I would point to the fact that in addition to being consumers of rail, agriculture producers are more likely to live in communities that are impacted just by quality of life issues, like blocked crossings and the safety issues that come with a lot of grade crossings. It is why we are very glad there is a Rail Crossing Elimination Program included in IJJA and have been able to use some of our other programs, as well, to help support projects that would just reduce some of the occasions for that kind of blockage to happen in the first place.

Mr. VALADAO. All right. And a quick question. Many cities and counties in my district, and it kind of goes along with what you were just saying, don't have the resources, a lot of smaller communities. I have got some of these communities that don't even have city councils. They are just little communities, and they struggle to get the resources together to apply for some of these grants. They are burdensome. There is a lot of regulations. Is there anything that you have done or that you have the ability to do to help alleviate some of these problems to allow these smaller communities to have the access to the same resources as some of the larger communities that can afford to have the representation a lot of them have?

Secretary BUTTIGIEG. Thank you. It is something we think about a lot and we are trying to make sure that our processes are simpler and more straightforward so that you don't have to be a community big enough to have a full-time Federal relations person on staff to be able to successfully apply for and then win in our programs. And I would point to the proportions of rural projects that we have been able to fund, I think, as evidence of progress here, but I believe there is more that we can do, too.

A couple areas, just briefly, to mention. One, something as simple as reducing the page count of our Notice of Funding Opportunities, just having it done with fewer words and fewer pages, I think, is emblematic of our effort to make sure that the process is easier to navigate. We are also doing more hands-on technical assistance to help guide communities that maybe haven't been through this experience in the first place, through these processes, so that they are less opaque and less convoluted, and so those communities are more likely to succeed. Our ROUTES Council, chaired by the deputy secretary, is specifically focused on this, but we are also trying to just work it into the day-to-day work of our various programs.

Mr. VALADAO. All right, thank you. Mr. Chairman.

Mr. COLE. Thank you very much. And I just want to gently remind my colleagues try not to give the Secretary a question with 10 seconds left, so we can move quickly through and all members can ask their questions.

With that, I recognize my good friend, Mrs. Watson Coleman, from New Jersey.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman. Good to see you, sir, and thank you so much for visiting our Mercer-Trenton Airport. It was a pleasure hosting you. And I know that you got to see exactly what we—what I have been talking to you about, about an airport that provides services to so many people, not only in 12th Congressional District, my district, even in the State of Pennsylvania and in other counties across the State of New Jersey.

I appreciated the fact that you not only saw the desperate need for a new terminal, but a new fire station, a new traffic control tower to accommodate the growing demand. But in order for the airport to achieve these goals, they will need help from the Federal Government in the form of grants and formula funding.

Yeah, my airport is an example of the many more small and midsized airports across the country that are too in need of Federal assistance. And I was hoping to ask what would happen to airports like the one in my district if Federal funding was set back to the 2022 levels for operations, for infrastructure grants to the airports, for the Airport Terminal Program, sir, and for the grants and aid for airports? I know that is a bit much for one question.

Secretary BUTTIGIEG. Well, I will do my best to answer it all in one go, though. And I appreciate the question because I think it is important to make clear that there would be a real impact here. The Airport Improvement Program formula funds and the allocations of the airport infrastructure grants are based on the last—the enplanement data for the last full calendar year. So, if that is frozen in place or if the calendar year 2022 enplanements were abnormally low, which is true for a lot of airports and I think may be the case for Trenton-Mercer, which sees a lot of growth in the future but wouldn't be able to book it if they are frozen into that prior level, the consequence is that you would see a reduction, both in the entitlements and the allocations.

Now, there is a best of three provision in the statute for the 2022 and 2023 allocation, so it tries to do more of a rolling average, but that would expire after fiscal year 2023, as well, unless there were an extension. And so that would, both for that AIG and AIP programming, potentially have a very real impact.

The better news, I guess, would be that the Airport Terminal Program is a competitive discretionary grant program that doesn't have that same connection to the enplanement data, but those other sources of funding would very much potentially be impacted.

Mrs. WATSON COLEMAN. In our tower program, I mean, you were able to see the site challenge that we had in our control tower.

Secretary BUTTIGIEG. Yes, and so many towers would be impacted by the kinds of cuts that are being described here. And unfortunately, it would often be at these smaller airports that the cuts would be felt most severely.

Mrs. WATSON COLEMAN. So, we are really happy to be in what we consider to be the post-pandemic period and, hopefully, people

get to enjoy vacations and things of that nature. And in my airport, we go to places we like to go to go on vacation, sunny Florida being one of them.

Mr. Secretary, in February, DOT announced the first round investments for the new Reconnecting Communities Pilot Program, another really exciting and important program. A total of \$185 million in grants were awarded to 45 projects across the country to help reconnect these communities that are cut off from opportunity and burdened by past transportation infrastructure decision. We were able to show you, at least through a presentation, what that Route 29 looked like in terms of cutting Trenton off from its great resource of the water. I know that several communities in my district are excited to this program, including some in the 12th District, and are working to apply for future opportunities.

For fiscal year 2024, the request comes at \$100 million, with \$100 million in advance appropriations provided by the Bipartisan Infrastructure Law. And I was hoping if you would share some of the projects that are being funded, why they are being chosen, and what impact there will be, and what would happen if that funding were cut, as well.

Secretary BUTTIGIEG. One thing that has been striking in this first of its kind program is the level of demand. In our first year we got tons of applications in, which reflected both construction goals and planning projects to just get communities through that first stage. We had a round of announcements, including, I believe, one in the State of New Jersey, one in New York State that I was able to visit in Buffalo, where they seek to cap the Kensington Express that really is something of a gash through a very important part of the community. And the community members have been hoping for decades to be able to do something about.

There is another example in Florida where an interchange really has had a negative impact on the community, but can be addressed and will be now, thanks to this funding. There are places in every part of the country. It is not one region, north, south, east, west, where you do have these pieces of infrastructure that have served to divide rather than connect. And I can tell you that there was more than enough demand for all of the funding we are seeking and then some, but cutting it, I think, would leave a lot of communities disappointed.

Mrs. WATSON COLEMAN. Thank you very much. I yield back, sir.

Mr. COLE. Thank you, ma'am. We now go to my good friend from Virginia, Mr. Cline.

Mr. CLINE. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being here.

I know you are working to address the supply chain challenges that are confronting our Nation following the pandemic. A lot of it is impacted by aging or limited infrastructure. Our highways, our interstate highway system, in particular, needs upgrading, updating. I represent the Shenandoah Valley of Virginia. Virginia 6, which stretches from the Roanoke Valley up to Shenandoah Valley and has Interstate 81 which runs along it. I-81 runs from I-40 down in Tennessee to the Canadian border in upstate New York, as you know, but it is the economic backbone of western Virginia, and it runs over 300 miles in both Virginia 6 and Virginia 9 in

southwest Virginia. It is not just a transportation corridor for goods and services from points south, Mexico and otherwise, to points north, New York and New England, but it is also a major corridor for local farmers, for families, for small businesses. It really is truly, truly the backbone of the Valley.

For many years we have all agreed, on both sides of the aisle, along with my colleague from Northern Virginia, Congresswoman Wexton, and also Senators Warner and Kaine, that I-81 does need a third lane, and it was built originally for 15 percent trucking capacity, but often operates with 30, maybe upwards of 50, depending on the time of day, trucking capacity or percentage of trucks. It is the most dangerous highway in Virginia, with over 2,000 crashes and millions of hours of delays yearly.

So, the Commonwealth has adopted a corridor improvement plan. The timeline is challenging. And so I would just ask that as you consider resources and allocating those resources nationally to address the supply chain issues, congestion issues, that you look at the bottleneck that is being created by I-81 in the Valley only being two lanes. And hopefully, there are opportunities within the Department to make the interstate safer and run more efficiently.

Secretary BUTTIGIEG. Well, thank you. I am aware of this corridor improvement plan. I believe there are 64 different projects that are encompassed within it, and know that that is going to be a big lift. I am aware that the State has put forward a lot of resources, and we are glad that the increased formula dollars that come with the infrastructure law are a part of the mix of funding available for that. But certainly, we would also note that there are a number of discretionary programs that we have that might also come into play for many of the projects that are part of that broader vision and it is certainly an area that we are very much aware of as we are doing our work.

Mr. CLINE. Thank you very much. I would also ask about the livestock industry, which is important in the Valley. The livestock industry has been exempted from the ELD mandate, electronic logging devices, for the last 5 years. Meanwhile, statistics through the trucking industry as a whole show that ELDs have, in fact, reduced safety on the roads as drivers are speeding to beat the clock. How do you respond to the fact that the ELD implementation may have led to less safe roadways in some areas?

Secretary BUTTIGIEG. Well, the idea of ELDs is to make sure that drivers do not drive longer than they safely can, leading to fatigue, which we know is a major cause of crashes. Certainly, if there is an attempt to defeat or work around that, that could lead to an unsafe condition. I don't believe the solution is to abandon our work to reduce fatigue, but I do believe that there are a number of steps that we can take that are part of the broader safe systems approach that will make a difference in conjunction with the work we do around hours of service.

And just one example that I would mention is the availability of truck parking. We know one thing that creates a lot of pressure on drivers is, as they get close to timing out on their hours of service, they are not sure if there is going to be a safe, let alone convenient, place to park between now and then. It is one of the reasons why we are encouraging states to use eligible formula dollars to fund

truck parking and using some of our own discretionary dollars, most recently in projects in Florida and in Tennessee, to directly construct more truck parking because that shortage is real and an issue we hear a lot about from drivers.

Mr. CLINE. If you have any left over after that third lane gets constructed, we will put some more parking in there, too.

Secretary BUTTIGIEG. Maybe they can go together.

Mr. CLINE. One more question. Truckers and independent owners, operators from my district have expressed concern with the FMCSA's proposed rule for heavy vehicle speed limiters time and again. That would suggest that it is a complicated factor about the causation of truck passenger accidents, not to mention that the rule could be particularly harmful to small business owners. Does DOT think implementing this rule will be specifically harmful to independent owner-operators, and how did DOT decide on the suggested 60 mile per hour maximum?

Secretary BUTTIGIEG. Well—

Mr. COLE. I would ask you, Mr. Secretary, to be short. You are kind of violating the time—

Mr. CLINE. Sorry, Mr. Chairman.

Secretary BUTTIGIEG. Okay.

Mr. COLE. You didn't give the Secretary the time.

Secretary BUTTIGIEG. Well, the short answer is safety is our North Star. We will be guided by the data. And we welcome stakeholder and industry input as we are working toward finalization of rules.

Mr. CLINE. Thank you.

Mr. COLE. Thank you. I recognize my good friend from California, Representative Torres, for questions.

Mrs. TORRES of California. Thank you, Mr. Chairman. And Secretary, it is really great to see you. I hope the family is doing great.

On behalf of my constituents, I want to thank you and your staff for all of the assistance that you have provided, that they have provided to the Inland Empire, the district that I represent in the short time that you have been the Secretary of Transportation. Thank you for the RAISE grant. You came out last September and saw the challenges that we have in our district. You know, if we want to talk about the Inland Empire, it really encompasses my colleague, Pete, Representative Aguilar's district, also.

I represent the bulk of the freight corridor. We have one international airport where UPS has its second largest hub. We have three smaller executive airports, for lack of a better word. We have three major freeways where trucks, you know, compete and dominate on most days. We really need your help. And I know that you have given so much and your staff has given so much, but I would like to ask of you here to help us figure out, maybe there is a pilot program out there that we can work through, where we can get technical assistance to deal with some of the issues related to the freight corridor that I represent.

While the Port of L.A. and Long Beach are extremely important, and I would like to just remind you that 40 percent of all containerized imports come through the Port of L.A. and Long Beach, and 30 percent of all exports go through those two same ports, pretty much all of that comes through my district first, by either rail, the

Alameda Corridor splits my district in half, which causes other problems because we have no over- or underpasses. I can't say no; very few overpasses to deal with emergency vehicles that need to get from one side to the other to help people in need.

So, we have experienced the worst air pollution. We continue to experience that. Even through the COVID period where our commuters were grounded, working from home, we still had—the worst air pollution in California was centered in my district. We had 177 ozone days, so we really need help to figure out how do we—we are not looking to shut down any port. We are not looking to shut down commerce. We are looking for assistance and some relief.

You saw some of that with children, challenging streets where children had to compete with truckers, you know, to walk from their home neighborhood to their high school or middle school. So, I think that you get some of our challenges. I just want to ask you, with the cuts that Republicans are right now, you know, trying to reduce our budget, this budget, the infrastructure bill, communities like mine, simply cannot do without your help. And a 20 percent reduction to your team would have, you know, critical negative impacts in my district.

Secretary BUTTIGIEG. Well, thanks for the question. And I will never forget during my visit to your and Representative Aguilar's district seeing that passageway that the students of Etiwanda High School have to walk under without a sidewalk, let alone—or even a gutter, let alone a sidewalk, on their way to school. And of course, we are proud to be supporting changes to that corridor.

The broader issue you are speaking about is one that implicates both economic security, because we need those supply chains to be strong, and justice, because the people who live along those supply chains shouldn't have negative health consequences just because so many goods pass through their neighborhoods and their area.

This is a good example, I think, of what it means when we talk about how we use taxpayer dollars to make our country better off. You know, programs like the Congestion Mitigation and Air Quality Improvement Formula grant program, we have got \$2.6 billion programmed for that for fiscal year 2024. The Carbon Reduction Program, which was created by the Infrastructure Law, which reduces not just carbon, but I think also other harmful pollutants often will be reduced, too. And strongly believe that we need to be doing more, not less right now, especially because one of the challenges of our time is to accommodate and encourage a higher volume of throughput in terms of our goods without that leading to a higher volume of burden and pollution that would come with it.

Mrs. TORRES of California. I know that you have two young babies, and I hate to add, you know, more to your travel agenda, especially since you already visited our district, but I wanted to ask for you to send a team of your staff to work with us. I would like to have a roundtable that would include the Governor's office because they are looking to pass bills for buffer zones. So, if buffer zone areas are created, it is going to kill how goods movement, you know, flows through the Region, so we need to work together.

I apologize to the chair, and I yield back.

Mr. COLE. Thank you very much. We next go to our good friend from Arizona, Mr. Ciscomani.

Mr. CISCOMANI. Thank you, Mr. Chair. And thank you, Secretary, for being here with us today.

As you know, in my home state of Arizona, Interstate 10 connects our main cities of Phoenix and Tucson, and it serves as a critical artery for many individuals who frequently travel back and forth for work, for pleasure, for tourism. It is also key for security and more.

And as our state has grown exponentially, so has the need for an expansion of the I-10. This interstate serves as a major corridor for our state and our region, facilitating international trade and commerce, as well, but it has become a dangerous portion of the highway, with only two lanes in each direction and creating a bottleneck. So, every time I go home, I hear from my constituents about their growing frustrations with the worsening traffic on the highway and the dozens of accidents occurring due to a lack of proper infrastructure.

A few months ago, I was disappointed when this administration denied my state's Mega Grant application for an expansion of the I-10. And on December 16, 2021, the Federal Highway Administration, an agency within the Department of Transportation, of course, issued a policy memo encouraging states to prioritize using the Infrastructure Investment and Jobs Act Formula funds for road and bridge repair over capacity expansion. This memo has since been rescinded, prioritized the implementation of partisan policies and disregarded congressional intent.

So, can you please tell me about how the Department of Transportation is prioritizing infrastructure project grants and how Arizona can be more competitive moving forward?

Secretary BUTTIGIEG. Well, first of all, let me make clear that we recognize there is no one-size-fits-all policy. While we want to make sure that transportation policy and choices reflect things that America has learned over the years, including the effects of highway expansion on induced demand and the fact that sometimes it is not the solution that it seems to be, it is also certainly still the case that there are places where expansion is called for. And often the places where that is most likely to be called for are in high-growth areas, like what we see in Arizona and the West.

And in any case, as both iterations of our Federal highway guidance make clear, with regard to Formula dollars, these decisions are up to the states.

In terms of the application you referenced, I do want to make sure it is well understood that we receive far more excellent applications for the Mega program than we could fund. We were able to say yes to approximately 4 percent of the funding, which meant, of course, 96 percent worth of the applicants went away disappointed because we had about \$20 billion of applications for about \$1 billion of funding. However, of course, that was only the first year of the program and that is only one of many programs.

And so you have my commitment that if we haven't already, our team will get together with the project sponsors for that I-10 application and make sure that they know everything that would be useful to them in making their application as strong and competitive as possible, both for future rounds of Mega and potentially other programs that it might qualify for.

Mr. CISCOMANI. I do have one more question, but before that, I want to just say that looking at the fiscal year 2023 grants, it seems that most of the projects that you are referring to that received the Mega grants incorporated bicycle, pedestrian, or transit infrastructure. So, I just want to ensure that DOT isn't letting a political agenda prevent states like mine from receiving much needed grants.

So, to my question, according to your budget, DOT expects to pay about \$70 million for rent and utilities in fiscal year 2024, in addition to expenses for maintenance and repairs of its headquarters.

Given your current telework policy and the 20 percent office vacancy rate in D.C., I have concerns that this world-class space is not being utilized by 5,000 DOT Headquarters staff. What is your headquarters building current capacity rate and how does that compare to what it was before the pandemic?

Secretary BUTTIGIEG. So, without having the numbers off the top of my head, it is certainly the case that there are fewer people in the building any given day than there were pre-pandemic. And while I would note that the majority of our workers across USDOT are in work environments from truck inspection facilities to air traffic control settings where remote work is not an option, for the office jobs, telework has become an important dimension of how they work.

And while I think we still have not seen the final version of what the new normal will be like for office work in general, and for Federal office work in particular, I believe it is likely that there will be substantial taxpayer savings from right-sizing our office footprint to reflect some of the gains in efficiency that might come from more flexible patterns, things like reservation systems for spaces. There is a modest but meaningful part of our budget request, about \$6 million for things like procuring a system to manage that and digitally mapping our spaces, so that if we are not just going back to the way things were in 2019, we are seeing taxpayer savings along the way for more efficient use of the space we do have.

Mr. CISCOMANI. Well, thank you. I have more on this, but I will save it for round two. I do not want to get in trouble with the chairman. I am already sitting in the unique spot down here. I do not want to get into more trouble.

Mr. Chair, I yield back.

Mr. COLE. We could find more unique spots if we need to.

Mr. CISCOMANI. I am okay with this one. I am happy.

Mr. COLE. You are very wise. Very wise.

Mr. CISCOMANI. Happy to be here.

Mr. COLE. With that, let me go to my friend from New York, Mr. Espailat.

Mr. ESPAILLAT. Thank you. Thank you, Mr. Chairman. Thank you, Member.

Secretary, thank you for your service, your commitment to our infrastructure, to transportation. Certainly, our country needed much more than just a facelift. It needed a major investment, and the bipartisan Infrastructure Investment and Jobs Act provided \$1.2 trillion to do just that. The last time such a big investment was made was back in 1956. I do not think you were born then, but it was \$25 billion that the Eisenhower administration provided

to increase from 7,000 to 41,000 miles of road, crossing the highways across the country. But this does so much more. This is really a major investment and I think it is going to be a phenomenal job producer and motivator for our economy.

And I also want to thank you for your budget, which includes \$2.9 billion for Capital Investment Grants. And in there, there is an important project with the chairman in my district, which is the Second Avenue subway. We could build a subway still in our country, and that will address many needs in a transportation desert and will connect East Harlem and Harlem to the rest of the world.

My question is, Secretary, your budget requests \$59 million for cross-cutting research and development to advance new technologies and practices to improve railroad safety and efficiency. What are some of the new technologies in the works to improve railroad safety? Can you complete these necessary improvements with nearly a 20 percent cut to having these rail safety issues? What will the cut mean regarding that?

Secretary BUTTIGIEG. Well, thank you for the question. And whether we are talking about enforcement or whether we are talking about research, I believe this is the wrong time to be cutting railroad safety investments. The kind of work that we propose to do, I think could make a real and lasting difference in operating improvements, as well as safety improvements on our rails.

Some of the things that are in view of the FRA's Research and Development Program include further refining autonomous track geometry systems and rail integrity systems. They use ultrasound to help identify rail flaws that might not be visible to the naked eye.

There would be standards and specifications for the next generation of positive train control systems. We are hearing a lot about development on the surface roadside, but also intelligent rail systems that could make grade crossing safer, prevent trespass are something that we could do a lot of good work on.

Anything and everything that could be used to prevent a crash or derailment, an accident, is something that we want to make sure we are investing these R&D dollars to help with. And we would like to see more, not less go toward that, especially at this time when the country's eyes have been opened through the frequency of derailments and other rail accidents in this country.

Mr. ESPAILLAT. Thank you. I think that is critically important and I hope that we can avert that crisis.

Finally, I will make a statement. I always tell my colleagues that I have the largest parking lot in the entire country. It is called the Cross Bronx Expressway. And gridlock there often, every day, turns it into a parking lot. And so we are working to cap it, Mr. Secretary. I am working with Congressman Ritchie Torres for that. Robert Moses, the infamous Robert Moses, so like divided the Bronx in the South Bronx and North Bronx with the Cross Bronx Expressway. But that is a little stretch and not many people know about that. Connect the Cross Bronx Expressway to the George Washington Bridge and that is called the Trans Manhattan Expressway.

I would like perhaps for that be considered, also. It is a very small, less than a mile perhaps, stretch, but important as well. I

would like for that to be considered in the studies and the work in capping that infamous parking lot that I have in my district there, the Cross Bronx Expressway.

Secretary BUTTIGIEG. We would welcome a chance to work with you on that.

Mr. ESPAILLAT. Thank you.

Secretary BUTTIGIEG. Thank you.

Mr. ESPAILLAT. Thank you, Mr. Chairman.

Mr. COLE. Thank you very much. Just as a housekeeping matter, I want to advise the members to make sure everybody gets a first question. So, we have two more members to go, but we will bring the hearing to a close just for time consideration out of respect for the Secretary. And I know a lot of us have travel needs as well. So, only two more questions and then final statements by the ranking member and myself.

With that, I recognize my very good friend from Arkansas, Mr. Womack, for questions.

Mr. WOMACK. Thank you, Mr. Chairman. And prayers for the Cole, Oklahoma, region devastated by a tornado last night.

Mr. Secretary, I, too, want to kind of put my name on the same question that came up earlier about the discretionary grant applications and the tremendous cost, small communities that just do not have the resources that bigger communities have. Just no response necessary, but just hear it from us. We have the same concerns that was voiced earlier. As much as \$170,000 or hundreds of manhours engaged in outside consulting firms to be able to demonstrate qualification for these projects. And we want the Department to be aware of that.

I have an FTA, Federal Transit Administration, issue requesting the ability to use Urbanized Area Formula and additional fixed highway trust funds for large transit agency operating expense shortfalls, essentially, requesting the ability to use Federal funds to cover ridership shortfalls. And we know that this happened during the pandemic, but now coming out of the pandemic, we need to get away from the pandemic mindset as I call it.

Even as the President acknowledges that the public health emergency is over, according to the American Public Transportation Association, subway and commuter rail ridership was 62 percent of pre-pandemic levels in quarter 4 of 2022. And I do not think anybody with a straight face can project that ridership is going to reach pre-pandemic levels. And do not take it from me, but in November of last year, heads of 15 of the largest transit agencies sent a letter to you acknowledging that ridership would not return to pre-pandemic levels.

So, this begs the question, will this temporary assistance become another Federal entitlement? Congress didn't intend Urbanized Area Formula funds to be used for operating expenses. It was not an oversight. It is recognition that a transit agency should rely on ridership to fund their operations, which I personally think is a reasonable requirement. Frankly, many of my constituents in Arkansas think that way too much money goes to the big city transit agencies and this proposal would only increase that amount.

So, Mr. Secretary, if Congress granted you this authority, how would you ensure that this is a temporary program?

Secretary BUTTIGIEG. We do want to make sure that cities and states recognize that we still expect them to make appropriate investments in transit. But we also know that transit yields major economic benefits. For every dollar invested in transit, there is about \$5 of economic growth that come with it. And many transit agencies have continued to face fiscal issues, which we think are acute and we believe are not permanent, but are not resolving just in a year or two as post-COVID commuting patterns continue to evolve in the country.

The main thing I would emphasize here is that this is a form of flexibility, not a requirement from us. So, we are trying to make sure that the transit agencies have what they need to head off any kind of fiscal cliff that could leave commuters high and dry and, at the same time, are not viewing this as anything short of a measure to help bridge through that period. And, of course, with this or anything else we do are going to make sure we are staying within the lines of the law as written.

Mr. WOMACK. Okay. Last question is about the Contract Tower Program. I have four airports in my district that use this very successful public-private partnership, and I believe it enhances aviation safety. I think it is well-documented, it is effective, it is cost-effective. Contract Towers handle about 29 percent of all U.S. tower operations, but about 10 percent of the overall budget. So, I think it is a pretty good bang for the buck.

I am concerned about how the changes proposed in the FAA's recent market survey announcement for the Contract Tower Program will affect aviation safety and program costs. I am worried that we are introducing unnecessary risk into this successful program at a time when we are seeing historic air traffic control staffing shortages.

So, Mr. Secretary, can you, in the remaining time, 40 seconds we have, can you help me understand how you will evaluate the risk of fundamentally changing the Contract Tower Program versus any projected cost savings?

Secretary BUTTIGIEG. Well, to be clear, we are calling for a budget request that will fully fund all towers participating in the program, \$194 million, in addition to putting to use of the \$20 million provided for airport-owned Federal contract towers to be able to make improvements or changes that need to happen there.

These are subject to benefit-cost calculations. We also recognize the unique situations and distortions that have occurred across the aviation sector in recent years. And anything that we seek to do moving forward will be in the spirit of refining and improving the program, but in a way that we want to make sure works for the airports and the communities concerned.

Mr. WOMACK. Thank you, sir. Appreciate your service to our country. And as a former mayor, you get a lot of these issues that we are broaching with you. Thank you so much.

Secretary BUTTIGIEG. Indeed. Thank you.

Mr. COLE. Thank you. We will go do our last question of today, my good friend, the gentelady from Virginia, Ms. Wexton.

Ms. WEXTON. Thank you so much, Mr. Chairman. And I will take particular care that I am the last question of the day, so I will try to move it along as best I can. I also want to tell you, I kind of

like having my own little table down here. It is nice to be all alone down here and just have a little room to spread out. Very nice, so I don't mind.

Mr. Secretary, it is great to see you again as well. And for the first time since I have joined the subcommittee, I am very pleased that I am not going to be inviting you to the grand opening of the Silver Line Phase II. We opened in November. We were very delighted to have you there. Thank you so much for coming. It would have been really embarrassing if I invited you twice and you hadn't shown up. So, thank you.

Secretary BUTTIGIEG. It was a pleasure to be there. Thank you.

Ms. WEXTON. Mr. Secretary, I would like to ask you a little bit about the Leesburg Airport. I am not sure if you are familiar with that or not. The Leesburg Airport was one of a very few airports that participated in the Remote Tower Program, but it was actually a remote tower that was operated—it was entirely, entirely remote, so it was not—there was no tower there at the airport.

And as you know, earlier this year the decision was made to stop pursuing a qualification for the remote tower technology that they had been using at Leesburg Airport for several years. Also, you won't be surprised to hear that because Leesburg was untowered before it got the remote tower, it did pick up an awful lot of traffic during that period of time, and it was really good for the airport and also for the very region. I was very, very concerned about what will happen if we stop the entire—suddenly becomes untowered without any other solution.

I appreciate FAA and understand that Leesburg and FAA are having productive talks about the path forward and you know the safety risks that would come from making it stop altogether. So, I appreciate that they are working together with the Contract Tower Program in 2020, construction of a physical tower.

I look forward to discussing this in more detail with Administrator Nolan next week. I want to know now—I want to ask you now, can we count on the commitment of the Department to assure us of the continuity of air traffic control services beyond fiscal year 2023 at Leesburg Executive Airport, and the transitions from remote tower to a more permanent solution?

Secretary BUTTIGIEG. Well, thank you. I know that FAA has been closely coordinating with the city and the airport when it comes to the importance of making sure that safe operations continue.

As you noted, and my understanding is the same, that there is a plan to build a brick-and-mortar physical tower and Leesburg has been accepted into the Federal Contract Tower Program. My understanding is there is a discussion right now about how it might be possible to use a mobile tower as an interim solution to maintain those separation services.

And you have my commitment that we will continue to be in good dialogue and work with the city and the airport to find solutions that are going to maintain safety and support operations there.

Ms. WEXTON. Thank you very much, Mr. Secretary. Glad to hear that. And it is still going to be nicer than the Tower at Manassas Airport, but we can talk about that next time for us.

Union Station, I would like to talk to you a little bit about that. As you know, we are doing a lot of rail expansion work in Virginia. One of several key projects which will unlock the rail network is the Union Station expansion project. It is over a century old and, unfortunately, desperately needs safety, security, and accessibility improvements.

Union Station is right here. It is very close to the Capitol. It serves a lot of the folks here in the area. A lot of folks took the Metro Station there to come to work every day.

I'm concerned by the slow pace of progress made by DOT and FRA on the implementation of the project. It has been nearly a decade since the environmental review of this project began, over 2 years since FRA released the Environmental Impact Statement. Union Station is the only station in the country owned by DOT. Is that right?

Secretary BUTTIGIEG. I believe so, yes.

Ms. WEXTON. Yeah, and it is a beautiful station that needs a facelift. The Federal Government has the responsibility to ensure that the Union Station is maintained and expanded to meet the needs of the public. Do you agree that the completion of this project is of significant importance to both of regional and national interests?

Secretary BUTTIGIEG. Union Station is certainly a very important facility both for commuters and for intercity travel. And we want to—we are pleased to see that there is effective leadership with the newly organized Union Station Redevelopment Corporation and certainly agree that their success is important.

Ms. WEXTON. Mr. Secretary, can you tell us what steps the Department is taking to ensure that the record of decision will be completed within the calendar year?

Secretary BUTTIGIEG. I would have to check on the latest status of the environmental process, but certainly something that we are watching closely. I visited the site last year and our deputy secretary was there recently.

I think that in addition to the environmental process, it will, of course, be necessary to identify appropriate sources for funds. And we have been in touch with the mayor and others about the visions for how to do that.

Ms. WEXTON. Very good. The record of decision will be completed by the end of the year?

Secretary BUTTIGIEG. That I would have to get back to you on.

Ms. WEXTON. Very good. And so I want to talk a little about the U.S. Merchant Marine Academy. I have had the pleasure of recommending four—nominating five students there, and it is a great school. It is one of the special service academies that is one of best kept secrets among them. People can get out of the Merchant Marine Academy, they can join the Navy, they can join the Merchant Marine, they can go to university, they can make their own ticket.

But it is made be very sad to see that the individuals from the 10th District who are attending there sent us pictures of what the facilities there look like. The conditions are well beyond anybody would expect from an institution, let alone one of our Nation's top five service academies. I'm concerned that these conditions would

hinder our ability to attract a diverse pool of young men and women needed for our American military service.

And it is terrible conditions, I think. Did you ever visit the Merchant Marine Academy, have an opportunity to visit there?

Secretary BUTTIGIEG. Yes, twice.

Ms. WEXTON. And did you compare that it needs some love and TLC?

Secretary BUTTIGIEG. Yeah. Like you, I share the view that it is one of the under appreciated gems of our transportation system. And yes, and I will emphasize that our budget request includes robust request for physical capital improvements because they are very much needed for student quality of life and for the durability of the facilities there.

Ms. WEXTON. Can you assure us that this work will be overseen by a Federal construction—

Mr. COLE. We are out of time.

Ms. WEXTON. Sorry, Mr. Chairman, I yield back. I will ask the question off the record.

Mr. COLE. Thank you very much. I now go to my very good friend, the ranking member, Mr. Quigley, for any closing remarks he cares to make.

Mr. QUIGLEY. Mr. Chairman, thank you for handling a complicated hearing during votes and getting everybody home on time.

Mr. Secretary, earlier you were referencing Dickens that this is indeed for transportation the best of times and the worst of times. Clearly, the problems and challenges are extraordinary, but the opportunities are great. The Infrastructure Bill is just part of that, but it is up to us to continue to move forward because those opportunities are essential to compete on a worldwide market and to keep our people safe. So, thank you for taking on this job.

As I referenced when you took it, to the spoils go the victor, but we are glad you are doing it. Thank you.

Secretary BUTTIGIEG. Thanks very much.

Mr. COLE. I thank my friend. Mr. Secretary, I want to join the ranking member, thank you for being here today. Thank you for your testimony, which as usual, was full and forthcoming and direct and very much appreciated.

To my friends on the other side of the aisle who were concerned about the cuts, I am going to echo a quote that I used in our last secretarial meeting, we don't have our final number yet, so it may be better than you think, it may be just as bad as you think, or it could be worse than you think. The one thing I will guarantee you, you won't be happy with it, whatever it is. So, that is fair enough.

But I also take the opportunity to remind my friends, we are in an extraordinary inflationary cycle, the worst in over 40 years. Most economists agree that was kicked off by the American Rescue Plan. I would argue that the Inflation Reduction Act was probably the most misnamed piece of legislation in history because it was basically a climate change bill. You can be for it or against it, but it didn't help with inflation. It accelerated that problem.

And we are dealing with that now you know, partly by restraining spending. But the Federal Reserve, obviously, is raising interest rates, which I know complicates your life, Mr. Secretary. But

more important to all of us, it complicates the life of every single American. Nothing tougher on families than inflation. And the lower your income, the worse problem it is for you. So, that it is the consequence we think of overspending and we are going to do some things about that.

But you also have my commitment. We are going to work with you, particularly in the safety areas. We share your concerns and appreciate your efforts in that regard.

I do not know any politicians, Republican or Democrat, that don't like to build roads and don't think infrastructure is a worthy investment. So, we are going to do as much as we can within the confines of the number we are finally given, to work with you and your Department. Certainly, to work with my friends on both sides of the aisle, all of whom have legitimate local concerns, and all of whom who care very deeply about the national transportation infrastructure and what we can do to make it better.

So, again, Mr. Secretary, thank you for your service. Thank you for being here. I look forward to working with you in the weeks and months ahead. And with that, the hearing is adjourned.

[Answers to submitted questions for the record follow:]

The Hon. Pete Buttigieg, Secretary
**Budget Hearing – Fiscal Year 2024 Request for the Department of
Transportation**
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations

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The Hon. Pete Buttigieg, Secretary
**Budget Hearing – Fiscal Year 2024 Request for the Department of
 Transportation**
 Chairman Tom Cole
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Chairman Tom Cole

1. Global Positioning System Backup

Eighteen federal agencies have cited the country's lack of a Global Positioning System (GPS) backup as a national security vulnerability. In 2021, your department issued a report recommending that the United States consider multiple technologies to address this problem. This Committee has provided support for a GPS backup program in the last two appropriations acts. This program allows for a wide adoption of multiple technologies that provide the necessary GPS ground-based backup for satellite technology.

- Can you give us an update on the Department's efforts to address our country's lack of a GPS backup system?

Answer: DOT's focus is on implementation of the recommendations of the January 2021 Complementary PNT and GPS Backup Technologies Demonstration Report. DOT is conducting research and testing to facilitate adoption by owners and operators of critical infrastructure of commercially-available complementary PNT technologies into those end-user applications. DOT research includes development of a similar level of standard setting, resiliency and vulnerability testing, and performance monitoring as exists for GPS. DOT convened a Complementary PNT Industry Roundtable on August 4, 2022, to bring commercial GPS backup technology service providers and Critical Infrastructure users together to facilitate critical infrastructure owners investing in use of the GPS backup and/or Complementary PNT technologies and services they need to be responsible users of PNT, ensuring they can operate in the face of GPS disruptions.

Using FY22 funding, DOT has developed and has begun to implement a detailed Complementary Positioning, Navigation, and Timing (CPNT) Action Plan designed to facilitate adoption of resilient Positioning, Navigation, and Timing (PNT) solutions by owners and operators of critical infrastructure (including transportation) via commercially-available PNT technologies. The plan involves promoting informed partnerships between PNT technology vendors and critical infrastructure owners and operators, supporting the development of CPNT specifications and standards, conducting CPNT testing and evaluation, and creating a Federal PNT Services Clearinghouse. Taken together with the efforts of other Federal partners, these initiatives will continue to strengthen the resilience

of the Nation's PNT-dependent systems, resulting in safer and more secure critical infrastructure.

- What is the status of the GPS/PNT program within the Office of the Secretary?

Answer: The Department of Transportation (DOT) leads the Federal role of coordinating civil sector PNT requirements and represents the civil (non-defense) Departments and Agencies in the development, acquisition, management, and operations of the Global Positioning System (GPS) in coordination with the Department of Defense (DoD) per Space Policy Directive 7 (SPD-7).

DOT plays a critical role in the implementation of Executive Order (EO) 13905, "Strengthening National Resilience Through Responsible Use of PNT Services", by conducting PNT vulnerability assessment and testing to raise awareness of the extent to which the Transportation Systems Sector depends on PNT services; identifying approaches for operations to withstand disruption or manipulation of those services; and engaging the transportation community to promote the responsible use of PNT services.

In support of implementation of EO 13905, DOT has entered into an Interagency Agreement with the DOD Defense Innovation Unit, using FY22 funding, to accelerate the implementation of an automated GPS interference detection capability leveraging use of commercial data from GPS receivers across space, aviation, maritime, and surface domains. This capability will provide the U.S. Government and the public with a common operating picture of GPS interference events. In coordination with DHS, DOT continues to develop standardized PNT contract language to require Federal adoption of resilient PNT solutions into transportation and other critical infrastructure sector applications.

2. Grant Applications for DOT Discretionary Programs

DOT has the responsibility of awarding nearly \$40 billion dollars in fiscal year 2024 through the many competitive grant programs at DOT. I applaud the Department for combining funding opportunities into joint NOFOs to help streamline the application process for grantees. And we've heard from industry that the public posting of upcoming funding opportunities has been helpful as well. I would encourage the Department to post a comprehensive list to be fully transparent with stakeholders.

One of the concerns I have is with smaller communities not having adequate resources to apply to the many grant opportunities. I've learned that the cost for writing some of these grant applications are upwards of \$100,000 for a single application.

- I recognize that you are not responsible for the costs associated with grant writing. However, can you share what efforts DOT is taking to help tribal and rural applicants with offsetting these consulting costs or with putting together a competitive package?

Answer: The Department has undertaken multiple measures to enable all communities, regardless of their wealth or resources, to compete effectively for discretionary grants. We are using new approaches and leveraging technical assistance grants, direct technical assistance, and technology.

On April 7, DOT's Thriving Communities program selected four organizations—we call them Capacity Builders—to support 64 communities in 42 states, 6 Tribal Nations, and Puerto Rico. The Capacity Builders and each designated community will co-design this support to identify, develop, and advance a pipeline of transformative infrastructure projects.

Rural and Tribal Assistance Pilot Program grants are intended to increase a recipient's capacity to evaluate and develop projects that qualify for Federal funding and financing. Grant writing assistance is an eligible expense as are staff salaries and procuring advisors. The Build America Bureau (Bureau) worked closely with our Assistant Secretary for Tribal Government Affairs and engaged Tribal entities in a webinar consultation to design the program. The Bureau will accept and review grant applications on a first-come, first-served basis to reduce the usual emphasis on an application's comparative sophistication and polish. This approach enabled the Bureau to develop a shorter, easy to understand Notice of Funding Opportunity (NOFO) and a simplified, three-page application template. The Bureau will start accepting applications 60 days after the June 15 Notice of Funding Opportunity announcement, giving all applicants time to prepare their materials. We introduced the NOFO with an online event for over 1,100 participants and we are having another webinar to discuss the application and respond to questions.

Some DOT grant programs (such as RAISE) set-aside funding for planning grants, which help communities offset expenses they incur before applying for construction grants. Planning grants often equip communities with necessary tools to submit competitive applications for future capital funding.

The DOT Navigator website (<https://www.transportation.gov/dot-navigator>) is a new resource to help communities understand the best ways to apply for grants and to plan for and deliver transformative infrastructure projects and services. Its pages provide general information to develop grant applications and understand frequently required documents, contacts to DOT regional and field offices, and a searchable menu of technical assistance resources available to help new and repeat grantees realize their communities' vision for moving goods and people safely, efficiently, sustainably, and equitably.

Additionally, the Department's Rural Opportunities to Use Transportation for Economic Success (ROUTES) Initiative developed user-friendly tools and resources to help rural communities overcome barriers to accessing funding, while also offering direct technical assistance to rural stakeholders, tribal

communities, and Federal partners via email, in-person meetings, and virtual events. Dedicated resources include the Rural EV Infrastructure Toolkit and the DOT Discretionary Grants Dashboard. Efforts are underway to revise the Rural Applicant Toolkit for Competitive Funding Programs to provide user-friendly information and resources to support rural applicants' understanding of DOT discretionary grant programs and the Federal funding process.

3. ROUTES Initiative

The Rural Opportunities to Use Transportation for Economic Success, also known as ROUTES Initiative, was codified in the Infrastructure Investment and Jobs Act to coordinate technical assistance across operating modes for rural communities and Indian tribes.

- Can you discuss how the ROUTES Council, which has many DOT officers as participants, has improved access to discretionary funding and financing programs, as required in statute?

Answer: The ROUTES Council ensures that the needs of rural America are a priority consideration across the Department. Chaired by the Deputy Secretary of Transportation, the ROUTES Council meets every other month and provides opportunities for Departmental leadership to coordinate rural-focused activities currently underway and establish priorities for the coming years. Recently, the ROUTES Council hosted the Acting Secretary of Labor for a discussion on potential joint DOT-Department of Labor partnerships to develop the transportation workforce in rural and Tribal communities.

Per the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, the ROUTES Council works to organize, guide, and lead the ROUTES Initiative and better align new and existing funding, financing, and technical assistance programs throughout the Department with the unique needs of rural communities. In support of this mission, the ROUTES Initiative develops user-friendly tools and information, aggregates DOT resources, and provides direct technical assistance to better connect rural project sponsors with the funding, financing, and outreach resources available. ROUTES resources include a revised Rural Electric Vehicle Infrastructure Toolkit to support rural stakeholders planning for electrification, as well as a new DOT Discretionary Grants Dashboard that helps users determine which grants best suit their transportation infrastructure needs. With a portfolio of all things rural, the ROUTES Initiative provides information across the Department to support rural transportation policy and equitable access for rural communities that face challenges relating to safety, economic development, and failing infrastructure.

- Can you elaborate on the future efforts of the ROUTES office?

Answer: The ROUTES Office is committed to addressing rural infrastructure challenges so that the needs of rural communities are better integrated into the Department's overall mission. The ROUTES Office will continue working with the modal administrations on outreach, grants, and technical assistance to align with Departmental priorities of safety, economic strength and global competitiveness, equity, climate and sustainability, and transformation. Serving as the Department's liaison for multiple interagency place-based funding efforts, such as the U.S. Department of Agriculture's Rural Partners Network and the U.S. Department of Energy's Energy Communities Working Group, ROUTES will work to strengthen partnerships with other rural-focused Federal agencies to expand DOT's presence in rural America, better promote rural resources, and capitalize on synergies between Federal funding and technical assistance programs.

- What are the office's goals for this upcoming fiscal year?

Answer: DOT's rural strategic framework is based on the importance of engaging rural communities, harmonizing DOT programs, and utilizing a whole-of-government approach. In the upcoming fiscal year, the ROUTES Office will further refine these three strategies to better focus efforts to address disparities in rural transportation infrastructure and improve safety and economic competitiveness. Specifically, the ROUTES Office plans to facilitate rural safety peer exchanges to promote information sharing and capacity building; increase direct engagement with underserved rural and Tribal communities; develop a resource to track rural funding investment; and promote the use of applicant aids to improve the grant application experience.

4. Roadway Safety

Last month, the National Highway Traffic Safety Administration released a report that found nearly 43,000 people died in traffic crashes in 2021, the highest number in 16 years. In my home state of Oklahoma, there were 762 traffic fatalities in 2021 – an increase of nearly 17% from the prior year. A recent report found speeding, alcohol-impaired driving, and non-use of seat belts to be the major behavioral factors.

- What are NHTSA's plans to reduce fatalities of both drivers and non-drivers impacted by traffic crashes?

Answer: In February 2023, the Department of Transportation (DOT) released a *Call to Action* with our partners on the one-year anniversary of the National Roadway Safety Strategy (NRSS) (<https://www.transportation.gov/NRSS>), a comprehensive roadmap for addressing the national crisis in roadway fatalities and serious injuries. Institutionalizing a Safe System Approach (SSA) is part of DOT's NRSS, leading to innovative work to protect vulnerable road users,

including pedestrians, bicyclists, people who use wheelchairs and other mobility devices, and those in low-income communities and communities of color.

NHTSA is committed to working with the States, which play a critical role in reducing traffic fatalities and injuries, to successfully implement the NRSS and the SSA within the behavioral safety formula grant programs. With significant increases from the Bipartisan Infrastructure Law (BIL), NHTSA makes available nearly \$900 million annually in highway safety formula grants and transfers funds to the 50 States, the District of Columbia, Puerto Rico, the U.S. Territories, and the Bureau of Indian Affairs (on behalf of the Indian Tribes). This funding accounts for approximately half of NHTSA's budget. The agency is assisting States with training and technical assistance to implement data-driven programs that can reverse the deadly trend on our roadways, including topics such as understanding data, identifying program gaps, and supporting stakeholder roundtables. To further support State highway safety programs, NHTSA is investing additional resources from BIL to accelerate our behavioral safety research on risky driving behaviors, including impaired driving, speeding, distracted driving, not using seatbelts, and post-crash care by supporting the integration of emergency medical services (EMS) and 911 into highway safety planning.

Making vehicles safer is instrumental to NHTSA's focus to reduce traffic fatalities and injuries. NHTSA's vehicle safety research and rulemaking portfolios will advance safety for occupants of motor vehicles as well as for pedestrians. NHTSA has initiated rulemakings that would require Automatic Emergency Braking (AEB) on both light and heavy vehicles. For light vehicles, this rulemaking would also require Pedestrian AEB to extend that technology's benefits to those outside the vehicle. On August 21, 2023, NHTSA published a Notice of Proposed Rulemaking (NPRM) proposing to amend FMVSS No. 208, "Occupant crash protection," to require seat belt warning systems in new passenger vehicles and light trucks. In addition, NHTSA is developing an advance notice of proposed rulemaking on a new Federal Motor Vehicle Safety Standard for advanced drunk and impaired driving prevention technology in new passenger vehicles and light trucks. NHTSA is working to publish these proposed rules in 2023 and anticipates that these rules, when finalized, will reduce fatalities, injuries and economic costs resulting from motor vehicle crashes. Finally, NHTSA is working on updates to the New Car Assessment Program on advanced crash avoidance technologies, including information relating to vulnerable road user safety, to assist consumers with vehicle purchasing decisions and to encourage safety improvements.

- Are there areas where NHTSA can further improve and collaborate with other Federal agencies?

Answer: NHTSA collaborates with Federal agencies inside and outside the Department of Transportation. NHTSA's key collaborators within the Department include FHWA on implementing a Safe System Approach to enhance the safety of pedestrians and bicyclists, to help communities address speeding, and to identify common areas of opportunity; and FMCSA on safety standards that, when implemented, will enhance the safety of all road users. The agencies are working closely as we implement the new requirements from BIL, such as the Advisory Committee on Underride Protection, the Motorcyclist Advisory Council, and the connected vehicle technology research. Outside the Department, NHTSA continues to collaborate with a broad spectrum of agencies, such as the Bureau of Indian Affairs of the Department of Interior; the Centers for Disease Control (CDC), the Indian Health Service, the National Institutes of Health (NIH), and the Substance Abuse and Mental Health Services Administration of the Department of Health and Human Services; the National Institute of Justice (NIJ) and the Drug Enforcement Agency of the Department of Justice; and the Environmental Protection Agency. To improve post-crash care, NHTSA works closely with its federal partners on the statutory Federal Interagency Committee on Emergency Medical Services (FICEMS). Through these existing relationships and new collaborations under BIL requirements, NHTSA is seeking opportunities to expand delivery of its programs through other Federal agencies, including military bases throughout the country.

5. FHWA Proposed Rule on Greenhouse Gas Targets

The Federal Highway Administration issued a proposed rule last July requiring states to set declining carbon dioxide emission targets. I understand the proposal received over 62,000 comments and is being prepared for the Office of Management and Budget's final review. While many agree that reducing greenhouse gas (GHG) emissions is a necessary goal, the rule has raised serious concerns from the transportation sector, starting with DOT's legal authority to impose GHG performance management measures on States. Setting that issue aside, I want to ask about the impact of implementing the rule as proposed, especially on rural States.

- Can you discuss what costs States would incur if they had to implement the rule as proposed?

Answer: In the Regulatory Impact Analysis to the 2022 Notice of Proposed Rulemaking (NRPM), FHWA estimated total undiscounted costs between 2022 and 2031 of \$14,695,129 (in 2020 Dollars). These cost estimates include \$4,323,522 for the 42 States that do not currently quantify GHG emissions.

- How will the rule be enforced?

Answer: Under the proposed rule, which would amend 23 CFR part 490, States would be required to set declining targets for GHG emissions on the National

Highway System and measure their progress against those targets. The NPRM proposes to revise the existing regulations governing performance achievement to require that if significant progress is not made for the target established for the GHG measure, the State DOT must document the actions it will take to achieve that target in its next biennial report. FHWA did not propose a penalty for failing to achieve a target.

- What are the penalties if they do not meet the targets?

Answer: The 2022 NPRM does not propose a penalty for failure to achieve GHG performance targets.

- Can you tell us definitively that, at the end of the day, States will not receive less federal highway funding or lose any flexibility in spending these funds if they cannot meet the targets?

Answer: The proposed rule does not impose penalties of any kind—financial or otherwise, including restrictions on the use of Federal highway funds—if States miss the targets they have established.

6. SMART Grant Program

On March 21, DOT announced the selections for the first round of Phase 1 awards under the Strengthening Mobility and Revolutionizing Transportation (SMART) discretionary grant program. Of the 59 projects selected, none are focused on automated vehicles for passengers or goods using coordinated automation, despite this being the first listed eligibility within the text of the law.

- How many applications did the Department receive in this award round for projects featuring automated vehicles?

Answer: Out of 392 applications submitted for the first round of SMART grant funding, the Department received 24 applications for projects that identified coordinated automation as their primary technology area. Of these, 20 projects featured automated vehicles.

- How many of these projects were rated “highly recommended” or “recommended”?

Answer: Of the 24 projects that identified coordinated automation as their primary technology area, five were rated “highly recommended” and six were rated “recommended.” One of the highly recommended projects was funded.

- Does the Department have a view on the benefits of coordinated automation for movement or passengers or goods?

Answer: The Department is committed to doing our part to advance transportation technology that saves lives. When done right, vehicle automation holds great promise to improve surface transportation, enhancing the quality of life for all Americans and ensuring that the U.S. and its workforce are leaders in the safe development of AV technology.

7. DOT Headquarters Workspace Utilization

There are over 5,000 headquarters staff at DOT. While the Office of Management and Budget has called for agencies to meaningfully increase in-person work, DC office vacancy rates are still very low.

- What is the current occupancy rate of the Coleman-Mineta campus?

Answer: Like many employers, our in-office daily occupancy rate on the average day is lower now than it was before the pandemic given increased use of telework. At the same time our workforce is growing in size as we implement the Bipartisan Infrastructure Law. We are currently in the process of rightsizing our space at DOT Headquarters and DOT facilities around the country. We know there is potential to consolidate space in the Coleman-Mineta DOT Headquarters building. To that end, we are currently pursuing a Space Utilization Study of our DOT Headquarters building and have requested funds in fiscal year (FY) 2024 to continue consolidating and optimizing our space.

- What is the current in-office work plan for the Department?

Answer: Thousands of DOT employees report to their worksites every day. These public servants include air traffic controllers; railroad, pipeline, and motor carrier safety inspectors; crane operators; engineers; and many more – all of whom support the safe operations of the nation’s transportation system. When consistent with mission requirements, we offer employees in certain positions work schedule flexibilities, including telework and remote work, allowing DOT to continue delivering effectively on our mission, while remaining an employer of choice. DOT set overarching guidance that Operating Administrations (OAs) must use to guide their policies, but each OA has the flexibility to set their telework policy based on mission needs. Telework agreements are put in place at the individual employee level – between an employee and their supervisor.

- How is the Department planning to increase in-person work as requested by OMB?

Answer: DOT submitted an updated work environment plan to the Office of Management and Budget (OMB) in response to OMB Memo M-23-15 “Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work

Environments.” The updated work environment plan includes adjustments to the DOT-wide guidance on work schedules that aim to make in-person work more meaningful, while giving Operating Administrations (OAs) the discretion to set in-person work schedules based on operational needs and mission requirements, including leveraging work schedule flexibilities as a tool for talent recruitment and retention when consistent with operational needs and mission requirements.

- How does your \$6.2 million workspace reconfiguration request help address occupancy rates?

Answer: In order to right-size our footprint in the Coleman-Mineta DOT Headquarters building, taking into account the increased use of telework and the expansion of our workforce under the Bipartisan Infrastructure Law, we are pursuing a Space Utilization Study of the Coleman-Mineta DOT Headquarters building in FY 2023. Results of this study, which are anticipated in the second quarter of FY24, will inform potential changes in DOT space utilization. Additional funding will be needed to implement the proposed changes, which is why we have requested \$6.2 million for workspace reconfiguration in FY 2024.

- Why does this work require additional budgetary resources?

Answer: Utilizing the results of the space management study, DOT will pursue opportunities to further support the needs of its workforce and to increase the utilization of its facilities. The additional budgetary resources will allow DOT to implement space consolidations and optimization through design and alterations, office relocations, and introduction of new furnishings and technology (ex: a reservation system supporting use of shared space). The requested \$6.2 million will allow DOT to more effectively support DOT staff—that includes with physical modifications of the workspace and needed technology solutions. We will need the funding in FY24 in order to initiate the modifications to the building to have the space accessible to staff in FY25.

8. FRA Safety Inspectors

The Federal Railroad Administration (FRA) reduced its targeted hiring total for safety inspectors from 390 in fiscal year 2021 to “approximately 350” in the fiscal year 2022 and 2023 budget requests. Yet, each year Congress has provided increased funding levels for FRA’s Office of Safety & Operations. The fiscal year 2024 budget requests “more than 350” safety inspectors.

- Why did the FRA reduce its target for safety inspectors in its fiscal year 2022 budget request, compared to fiscal year 2021?

Answer: While the Department cannot speak to the formulation of the fiscal year (FY) 2021 President’s Budget—which was developed under the last Administration—the 390 inspector “target” level specified in each of the FY 2019 to 2021 President’s Budget was not achieved. The peak of FRA’s inspector staffing was 370 inspectors in FY 2016. FRA currently has 329 inspectors on-board, with an additional 25 new inspectors that have been selected by FRA and currently going through the pre-employment process. FRA has an additional 47 active inspector recruitments ongoing that will result in additional, new inspectors.

The 350 inspectors referenced in subsequent budgets during the Biden-Harris Administration was intended to reflect the current workforce on-board, and not serve as a target for the requested funding level. The FY 2024 President’s Budget does not specify a target for any individual job series. Within the 676 positions requested in the Office of Railroad Safety, the intent is to increase inspector levels to at least 370 in FY 2024 with the funding requested. It is important to note that while railroad safety inspectors play a critical role in advancing FRA’s safety mission, the agency employs nearly 300 additional specialists, engineers, analysts, and other personnel in the Office of Railroad Safety that possess expertise across a range of railroad safety subjects, and that these positions and functions are also vital to carrying out the agency’s safety oversight, enforcement, and technical assistance activities.

- How will FRA ensure it hires enough safety inspectors to keep our rail network safe and efficient?

Answer: FRA has established hiring policies, including the approval of Direct Hire Authority by the Office of Personnel Management, that enable the agency to expedite the filling of inspector vacancies. Additionally, FRA has developed position management practices that allow FRA the flexibility to regularly adjust our inspector staffing levels across disciplines and geographic areas of responsibility as we continually evaluate future changes in the rail operations, and to respond to the emergent, dynamic needs in rail safety. Accelerated hiring using the Direct Hire Authority and the benefits of continuous evaluation of safety needs via our position management practices give the agency confidence that we will have the necessary inspectors with the requisite technical expertise in the correct geographic areas of responsibility.

The Hon. Pete Buttigieg, Secretary
Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation
 Steve Womack
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Rep. Steve Womack

1. Question Subject Area

Question Background: The Safe Driver Apprenticeship Pilot was created by the IIJA. Congress explicitly did not require FMCSA to require motor carriers to participate in registered apprenticeships. Recent estimates suggest trucking companies will need to hire an additional 1.1 million drivers to keep up with the rate of retiring drivers, among other factors, over the next several years. 49 states, including Arkansas, allow CDLs to be issued to drivers at the age of 18; federal regulation restricts CDL-holding drivers from operating across state lines until they are 21.

Question: What actions will the Department consider to eliminate the current regulatory hurdles to participation and ensure the Safe Driver pilot collects sufficient, credible data?

Answer: FMCSA has required that motor carriers seeking to participate in the Safe Driver Apprenticeship Pilot (SDAP) program be participants in the Department of Labor (DOL) Registered Apprenticeship Program (RAP). This requirement allowed DOT to meet the 60-day implementation deadline set for the SDAP program. DOT was able to leverage an existing, successful apprenticeship framework to immediately begin recruiting apprentices and experienced drivers among participating motor carriers. The RAP further promotes safety by providing additional training, such as classroom instruction and paid work experience.

DOT found that RAP mentorship and pay benefits served as both a recruitment incentive and retention tool for apprentice drivers. Current retention rates show that 91 percent of the apprentices who complete a RAP program are still employed nine (9) months later, which suggests that drivers who turn 21 while participating in the SDAP program will remain within the industry. Driver retention is an integral element of recruiting and training new drivers. Driver turnover rates for large truckload carriers exceed 90 percent, while rates for smaller truckload carriers exceed 70 percent, indicating that drivers regularly leave companies or the industry altogether. Apprenticeships allow drivers to enter the industry without the burden of debt from training, help drivers prepare for the challenges of the job, and provide training on innovative technologies.

The Agency continues to work with large stakeholders to promote the SDAP program, and participating carriers are also committed to enrolling as many drivers as possible and are leveraging all possible avenues, including working with local vocational schools to target their current classes.

The Hon. Pete Buttigieg, Secretary
Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation
 Congresswoman Jennifer Wexton (VA-10)
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Rep. Jennifer Wexton

1. U.S. Merchant Marine Academy

Question Background:

The Fiscal Year 2023 National Defense Authorization Act included language directing the Maritime Administrator to “enter into an agreement with a Federal construction agent for the development of a plan to execute capital improvements at the United States Merchant Marine Academy.”

Question:

Mr. Secretary, can you confirm to the Subcommittee that, as is done at the other service academies, capital improvement work at the USMMA will be overseen by a federal construction agent?

Answer: Consistent with a recommendation from the National Academy of Public Administration, MARAD has appointed a Senior Executive to the new position of Facilities Director. Under the leadership of the new Facilities Director, MARAD has already developed a plan to execute capital improvements at the United States Merchant Marine Academy (USMMA), meeting the intent of the language of the Fiscal Year 2023 National Defense Authorization Act (NDAA). As part of this work, MARAD recently entered a Campuswide Maintenance Contract (CMC) designed to ease the burden on USMMA personnel when contracting out services under the Facilities, Maintenance, Repair & Equipment (FRME) Program. Additionally, MARAD is in the process of reorganizing all functions related to capital improvements, as well as day-to-day and deferred maintenance. In addition, both MARAD and the Office of the Secretary (OST) have established oversight boards to assure significant expenditures over \$1 million of both capital improvement (CIP) and maintenance (FRME) funds are allocated appropriately and that work on the campus continues to progress.

As a result of these initiatives, the USMMA has embarked on several projects since the NDAA was enacted. Notably, work on Samuels Hall and Lower Roosevelt Field are progressing, contracts have been awarded for the demolition of Crowninshield Pier and the replacement of the inadequate wave screen at Mallory Pier, and MARAD is currently evaluating bids for a major refurbishment of Fulton/Gibbs Hall. The two pier projects and the Fulton/Gibbs Complex refurbishment will begin this summer. Lower Roosevelt Field and the pier projects will be complete by the end of the calendar year. Samuels Hall and the renovation the Fulton/Gibbs Complex are anticipated to be completed in 2025 and 2026, respectively. As a result of the USMMA’s efforts, MARAD has been able to

commit all pre-FY23 CIP funds to these projects and anticipates fully obligating all funds once it awards the contract for the Fulton/Gibbs Complex renovation. It anticipates further obligation of its current FY 2023 allotment for new capital projects currently under development. In addition to actively moving forward on capital improvement projects, the Academy also awarded a campus-wide maintenance contract in December 2022 that gives it the flexibility to start to meaningfully address deferred maintenance, with that contract allowing up to \$42 million over five years. The contract also requires the collection of maintenance data into a tracking system that not only allows for coordination of preventive maintenance, but also for data analysis to determine future capital needs.

The Hon. Pete Buttigieg, Secretary
Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation
 Rep. Mario Diaz-Balart (FL-26)
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Rep. Mario Diaz-Balart

1. Question Subject Area – Autonomous Vehicles and China Threat, NHTSA

Question Background: This budget request acknowledges safety improvements made possible through the use of automated vehicle technology. While I commend NHTSA’s research efforts, the reality is that we are at an inflection point in the commercialization of autonomous vehicles. The United States is facing a real competitive threat from China and other countries that are taking big steps to win the race to AVs, and US companies face significant regulatory uncertainty that undermines our ability to compete and win the future of the global auto industry that supports millions of American jobs. Lack of certainty has already forced major American companies out of business or to abandon their pursuit of the technology.

Question: We share the goal of America winning the AV race against China. It is critical to job creation, national security, and the global AI race. Industry is at an inflection point, but lack of leadership at NHTSA is forcing American AV companies to make company-betting choices on how to commercially scale the technology - not how to build the technology, but how to deploy it - due to lack of clarity from its regulator. What steps is NHTSA taking to provide clarity on how industry can scale this technology in the United States?

Answer: Safety is our number one priority, and with rigorous engineering, data- and science-driven approaches, NHTSA strives to build public trust and confidence in every action taken, knowing lives depend on it.

In addition to continuing to advance ongoing vehicle and behavioral safety research efforts pertaining to driving automation technologies, NHTSA is establishing an Office of Automation Safety with the goal that the office will 1) accelerate and expand consideration of opportunities to better understand and oversee these technologies; 2) provide added transparency for the public; 3) analyze requests for exemptions for automated driving systems (ADS)-equipped vehicles; and 4) further inform NHTSA’s regulatory strategy moving forward. In furtherance of these goals, NHTSA is actively exploring leveraging our authority to establish a program that is designed to promote safety, transparency, and evaluation of ADS technologies, and we are working toward publication in the near future of a proposal to establish this program.

NHTSA is also using a variety of tools at its disposal to address unintended and unnecessary regulatory barriers and to further assure the safety of ADS, including finalizing a rule on occupant protection FMVSS in the context of ADS.

2. Question Subject Area – Autonomous Vehicles and China Threat, NHTSA

Question Background: In light of China’s concerted effort to infiltrate our airspace and spy on our country earlier this year, it is important to remember that the threat is broader than we might imagine. Every day, hundreds of thousands of drones made by Da Jiang Innovations (DJI), a company the U.S. military considers a Chinese military company, are used to inspect America’s critical infrastructure, placing sensitive information at risk. In fact, a rule banning the use of Chinese drones recently went into effect in my home state of Florida to address this very issue and it’s past time that we look at options to mitigate the risks associated with Chinese drone manufactures at the national level. As I am sure you are aware, both Congress and the Federal government under multiple administrations have identified a number of significant national security, cybersecurity, and human rights concerns with drones manufactured by Chinese military companies. In March, the Department of Transportation (DOT) announced the recipients of federal funding under the Strengthening Mobility and Revolutionizing Transportation (SMART) program, including seven grants totaling over \$10 million to state, local, and tribal governments to purchase or operate drones. I have serious concerns that the Department is not doing enough to prevent federal taxpayer dollars from supporting the purchase or use of drones manufactured by companies subject to the influence or control of China.

Question: Do you agree that DOT should ensure federal grant funding is not being used on drones manufactured by companies that pose a threat to national security?

Answer: Yes. However, in the context of research and development, the FAA conducts a significant body of research through its FAA Center of Excellence (COE) for Unmanned Aircraft Systems (UAS) (also known as ASSURE) using grant funding to inform UAS data-driven policy decisions, safety assessments, procedures, rulemaking, and standards to enable the agency to integrate emerging entrants safely and securely. This research evaluates safety risks and requires consideration and evaluation of the characteristics of drones most commonly flying in the U.S. today. Foreign-manufactured drones make up the majority of the marketplace, so it is crucial to ensure that the highest fidelity research possible is performed to adequately address the safety of the NAS.

The use of Federal grant money should be scrutinized and only approved for narrowly focused research efforts that expand the FAA’s knowledge and understanding of the safety and security risks posed by foreign manufactured drones. Every day, manufacturers are modifying and evolving their technologies with different modalities, protocols, and capabilities that can only be understood through tailored research efforts that look at these systems and assess their impact to public safety, the airport environment, and to the national airspace.

- What process does the Department have in place to vet incoming federal grant applications for connections to Chinese military companies?

Answer: The FAA Center of Excellence (COE) for Unmanned Aircraft Systems (UAS) is required to certify that they have reviewed the latest Department of Homeland Security (DHS) industry alert on drone use if it is determined drones

will be utilized in research grants. They must further assess and certify the risks within their proposals, which are then reviewed by the FAA.

FAA's Airport Improvement Program and Bipartisan Infrastructure Law grant programs can only accept grant applications from recognized airport sponsors, pursuant to Federal law. The grant recipients, in turn, are required to comply with Federal procurement regulations, including Build America, Buy America Act requirements (Pub. L. 117-58, div. G, title IX, subtitle A), and other requirements under Sec. 889 of the National Defense Authorization Act of 2019 (Pub. L. 115-232) on restrictions related to Chinese manufacturers.

- I understand that the Federal Aviation Administration (FAA) still uses drones made by Chinese companies in its work, and may permit third party contractors to fly DJI drones to inspect the FAA's national infrastructure. Can you commit to reviewing this matter and ensuring that federal taxpayer dollars are not used to fund the operation of technology that places our security at risk?

Answer: The FAA utilizes the GSA Blue Unmanned Aircraft Systems (UAS) approved system list as a default for appropriate UAS systems to acquire for operational purposes. The existing policy was implemented following the issuance of Executive Order 13981, Protecting the United States from Certain Unmanned Aircraft Systems. The intent to curtail the acquisition of "covered systems" of foreign-manufactured drones was implemented in a policy that the FAA will not acquire any "covered systems," either directly or through a contractor, for the operations of the FAA.

However, understanding that foreign-manufactured drones make up the majority of the entire UAS marketplace, it is crucial to ensure that the highest fidelity research possible is performed to adequately address the safety of the National Airspace System (NAS). Therefore, to meet the FAA's statutory and regulatory requirements regarding the safety of the NAS, the FAA needs to conduct research, utilizing foreign-manufactured drones and domestically-manufactured drones, to compile the data necessary to inform UAS data-driven policy decisions, safety assessments, procedures, rulemaking, and standards to enable the agency to integrate emerging entrants safely and securely. The FAA does individualized cybersecurity planning to implement the safeguards necessary to properly protect the integrity of FAA and U.S. Government systems from foreign-manufactured drones.

3. Question Subject Area – 5G, FAA

Question Background:

The FAA partnered with telecommunications companies, including Verizon and AT&T, to delay some 5G usage until July of this year as air carriers worked to retrofit airplanes to ensure they will not face interference. The FAA and industry's current focus are on replacing or retrofitting

radio altimeters to make them more resistant to possible 5G interference. As you'll recall, there was a sense of confusion and uncertainty with the initial 5G rollout last year.

Questions: Can you provide this subcommittee an update on the status of the industry's ability to meet that deadline? Are you confident the deadline will be met and avoid any disruptions or threats to aviation safety?

Answer: The FAA has been collaborating with the airframe manufacturers, radio altimeter manufacturers, trade associations, and airlines to track the progress of the retrofit for both domestic and international airlines. The airlines have made significant progress with the retrofit. As of July 18, 2023, the manufacturers and airlines report that approximately 90 percent of the U.S. domestic (14 CFR Part 121) fleet is equipped with a 5G C-Band tolerant radio altimeter and the numbers are growing daily. Moreover, approximately 83 percent of the commercial transport category airplanes regularly flying into the U.S. are equipped with a 5G C-Band tolerant radio altimeter. The FAA has received no reports of delays or cancellations due to airplanes not equipped with a 5G C-Band tolerant radio altimeter since the wireless power-up on July 1.

- What have aviation stakeholders, including carriers, OEMs, and airports, shared with the Department about meeting that timeline? What are the challenges?

Answer: The radio altimeter manufacturers have shared that they expect to have enough of the retrofit parts to their customers to complete the retrofit by one to three months past July 1, 2023. The airframe manufacturers estimate that their airline customers should be able to complete the remaining retrofits before the end of the calendar year. Although stakeholders have raised concerns about supply chain issues, they have not provided us with specific, actionable items that we might help to address. After expressing some initial reluctance, the radio altimeter manufacturers increased capacity at their manufacturing and repair facilities to accommodate customers who placed late orders.

- Finally, is the Department willing to step in and work with the telecom companies to extend the deadline if necessary, and avoid a disruption to the flying public and to the air cargo supply chain?

Answer: The telecom mitigations are voluntary. Representatives from domestic and international passenger and cargo carriers were present at the stakeholder roundtables hosted by the Administrator, during which such mitigations and their relationship to the timeline for aircraft retrofit were discussed at length. The telecom companies agreed to extend their mitigations to July 1, 2023, and aviation stakeholders provided assurances that they would act with due haste to complete the retrofits.

As of July 18, 2023, approximately 90 percent of the U. S. domestic fleet and 83 percent of the combined U.S. fleet and international fleet operating in the U.S. are equipped with a 5G C-Band tolerant radio altimeter. Domestic and international

operators are reporting that they expect retrofits to be completed by the end of 2023. Those aircraft that are not equipped with a 5G C-Band tolerant radio altimeter are still able to operate but are subject to certain flight restrictions. We are optimistic that the progress made so far will continue at the current pace. Furthermore, apart from approximately 120 older, out-of-production airplanes, all transport category airplanes operating under 14 CFR part 121 have a 5G C-Band tolerant radio altimeter available for installation. The airframe and radio altimeter manufacturers are working to develop solutions for these aircraft.

4. Question Subject Area – China Threat with Light Detection and Ranging Tech

Question Background: As you know, Light Detection and Ranging (LIDAR) technology is revolutionizing many sectors of the transportation industry, including at smart traffic intersections, port container terminals, and airports. LIDAR sensors are also a key component to enabling advanced autonomous vehicle and drone operations. This critical technology is so successful due in part to its ability to capture high-resolution 3D imagery in real-time, which can be used for everything from precise localization and navigation to object detection and the tracking of human behavioral patterns. However, the vary factors that make LIDAR technology so promising also present serious risks when used by our adversaries for nefarious purposes.

There are serious concerns about the ongoing proliferation of Chinese LIDAR companies into the U.S. economy and the potential for the Chinese Communist Party (CCP) to collect a wealth of highly sensitive information about our critical infrastructure. Publicly available sources suggest Chinese LIDAR companies have been partnering with the Chinese regime and the People's Liberation Army for years to enable computer vision for military vehicles and systems, receiving research support and considerable government funding to do so. LIDAR sensors from these same companies are now flooding the U.S. market with heavily-subsidized Chinese LIDAR that is actively being deployed on our street corners, at our transportation hubs, and affixed to vehicles operating on our roads and aircraft operating in our skies.

The Department of Transportation has several funding programs for which the procurement of LIDAR is an eligible expense such as the SMART Grant Program distributed by your office, MARAD's Port Infrastructure Development Program, and FHWA's Advanced Transportation and Congestion Management Technologies Deployment Program. Without vigilant oversight by the Department, federal taxpayer dollars could be used not only to support LIDAR manufactures with connections to the Chinese military and CCP, but also to help deploy Chinese LIDAR across the country at a risk to our national security.

Questions: Is the Department aware of the national security concerns associated with Chinese LIDAR companies?

Answer: Yes, the Department is aware of these national security concerns, and we maintain awareness through information received through the Department's Office of Intelligence, Security and Emergency Response. We are aware that LIDAR is an increasingly essential element of ADAS/ADS systems and that China holds

approximately 60 percent of the global market for automotive LIDAR. We also note that China has proposed a technology export ban on LIDAR from China.

- Are there any guardrails currently in place to prevent federal taxpayer dollars from supporting the further deployment of Chinese-manufactured LIDAR across the country?

Answer: The Department does not set procurement rules or guidance outside of the Federal Acquisition Regulation (FAR) or requirements contained in legislation. The Department implements all requirements of the FAR and of guidance and direction provided by cognizant Departments and Agencies (e.g., Department of Commerce's Bureau of Industry and Security regulations, Federal Communications Commission ban on certain equipment authorizations, FY19 National Defense Authorization Act Section 889). The Department's implementation of such guidance is limited to Federal contracts and covered subcontractors.

The Hon. Pete Buttigieg, Secretary
 • **Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation**
 Ranking Member Mike Quigley
 Subcommittee on Transportation, Housing and Urban Development, and Related
 Agencies
 House Committee on Appropriations

Rep. Mike Quigley

1. Question Subject Area

Topic: Emerging Transportation Technologies

Over the past several years, countries such as Spain, Japan, and China have developed alternative forms of transportation such as high-speed rail, which has several benefits including the creation of thousands of jobs and pollution reduction through reducing traffic and congestion. New and emerging technologies will strengthen the workforce in communities across the country and provide access to transportation for those living outside of major cities.

How is the Department utilizing entities such as the Non-Traditional and Emerging Transportation Technology (NETT) Council to achieve these goals and how is the DOT prioritizing emerging transportation technologies in its work going forward?

Answer: DOT uses a variety of mechanisms to make sure it fully realizes the benefits – environmental, mobility, job-creation, and others – of new technologies, while making sure that they are safe and can help to increase the safety of our transportation system. The NETT Council – composed of representatives from each of DOT’s operating administrations and Secretarial offices – aims to reduce, to the maximum extent practicable, impediments to the prompt and safe deployment of new and innovative transportation technology, including with respect to safety oversight, environmental review, and funding and financing issues. The NETT Council accomplishes this by engaging with stakeholders and experts to identify novel and emerging technologies, and associated issues, and coordinating DOT’s response. In doing so, the Council considers the intersectionality between Transformation and the other Departmental strategic goals (Safety, Equity, Climate and Sustainability, Economic Strength and Global Competitiveness, and Organizational Excellence).

DOT uses other entities to further help it achieve these goals. For example, DOT has recently convened an Interagency Working Group of 22 Federal departments and agencies to develop a national strategy for the deployment of Advanced Air Mobility (AAM) that will include recommendations regarding the safety, operations, security, infrastructure, air traffic concepts, and other Federal investment or actions necessary to support the evolution of early AAM to higher levels of activity and societal benefit. DOT also leverages Federal advisory committees to inform its approach to emerging technologies, including the forthcoming Transforming Transportation Advisory Committee (TTAC) and the Advanced Aviation Advisory Committee (AAAC).

The Hon. Pete Buttigieg, Secretary
Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation
 Rep. Tony Gonzales
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Rep. Tony Gonzales

1. Question Subject Area

Question Background: With 800 miles of U.S.-Mexico border, Texas's 23rd district has the largest stretch of the border territory of any Congressional District. I represent the Presidio, Del Rio, and Eagle Pass Land Ports of Entry, which facilitate a substantial number of commercial motor vehicle crossings and support U.S. trade with Mexico, one of the United States' top 3 trade partners. In 2013, the Government Accountability Office reported on the need for additional infrastructure at some land border crossings to facilitate legitimate trade and travel—such as additional commercial truck lanes.

Question: To what degree is the U.S. Department of Transportation working with U.S. Customs and Border Protection and the General Services Administration to dedicate infrastructure dollars to projects that promote trade facilitation at land ports of entry?

Answer: DOT and the Federal Highway Administration lead a binational coordinating group known as the U.S.-Mexico Joint Working Committee (JWC), which brings together representatives from the DOT, Mexican Secretariat of Infrastructure, Communications, and Transport, Department of State, Department of Homeland Security (Customs and Border Protection), General Services Administration, and the U.S. border State Departments of Transportation and their Mexican State counterparts to coordinate on land transportation planning and the facilitation of efficient, safe, and economical cross-border transportation movements. The JWC also works with the border States to develop "Border Master Plans" (BMPs) used to plan for future investments in infrastructure, including expanding highways and other transport infrastructure that lead to Land Ports of Entry (LPOEs).

2. Question Subject Area

Question Background: The United States is facing a real competitive threat from China and other countries that are taking big steps to win the race to autonomous vehicles, and U.S. companies face significant regulatory uncertainty that undermines their ability to compete and win the future of the global auto industry that supports millions of American jobs. Lack of certainty has already forced major American companies out of business or to abandon their pursuit of the technology.

Question: How are you and your team at NHTSA working to ensure the U.S. remains the leader in autonomous vehicles technology?

Answer: NHTSA's mission is safety, and mature automated driving systems (ADS) have significant safety potential. As these systems are being developed and tested, they are still going through rapid changes, and NHTSA is evaluating the development of these technologies closely. To that end, NHTSA is staying on top of emerging research and trends in driving automation systems, exploring U.S. demonstration program opportunities, working with States and other modal partners, providing clarity on exemption paths, meeting frequently with stakeholders, advancing our regulatory portfolio, and providing safety guidance, among other activities. NHTSA is also using a variety of tools at its disposal to address unnecessary regulatory barriers and further assure the safety of ADS, including finalizing a rule on occupant protection FMVSS and using its exemption authorities.

We also believe transparency and oversight can increase public confidence in new technologies. The agency rolled out the AV TEST Initiative, a public online tracking tool that displays voluntary information on ADS road-testing activities across the United States. NHTSA also issued a Standing General Order requiring crash reporting on incidents involving ADS-equipped vehicle to allow NHTSA to assess the safety of the systems.

Finally, NHTSA is establishing an Office of Automation Safety with the goal that the office will 1) accelerate and expand consideration of opportunities to better understand and oversee these technologies; 2) provide added transparency for the public; 3) analyze requests for exemptions for ADS-equipped vehicles; and 4) work to implement NHTSA's regulatory strategy moving forward.

3. Question Subject Area

Question Background: I'm hearing from airports about regulatory delays from various Federal agencies in the application of new Buy America/Build America provisions. The lack of defining which construction materials fall under this new definition and in what aspects of a project are holding up much-needed infrastructure improvement projects at our airports. And there is growing frustration that DOT, FAA, and OMB are not working together on a solution.

Question: Is it prudent now for DOT to reinstate a nationwide waiver until the FAA issues more airport-specific guidance and conducts a sound assessment of supply chains and material availability?

Answer: The Biden Administration is committed to supporting American manufacturing by strengthening Made in America standards and maximizing the use of domestic products in Federally-funded infrastructure projects. Congress also demonstrated its commitment to these same principles by passing the Build America, Buy America Act (BABA) as part of the historic Bipartisan Infrastructure Law. DOT has a long track record of successfully applying Buy America requirements in its Federal assistance

programs, including FAA's Airport Improvement Program, which are similar in many ways to the requirements enacted in BABA.

In May 2022, DOT issued a temporary 180-day waiver of BABA's domestic preference requirements for construction materials to allow for a longer transition period to the new requirements and allow time for stakeholders and industry to establish procedures to document compliance. During the waiver period, DOT also issued a Request for Information (RFI) seeking input from the public, including DOT's project sponsors, their contractors and offerors, manufacturers, labor unions, transportation and trade associations, and other interested parties on implementing BABA's new construction materials requirement.

Based on its review of comments received in response to the RFI and other engagement opportunities with stakeholders, and consistent with the purpose of the temporary transitional waiver, DOT did not see fit to modify or extend the construction materials waiver beyond its expiration in November 2022. As a result, DOT's financial assistance programs for infrastructure projects are now subject to the BABA requirement that construction materials used on those projects be produced in the United States.

In April 2022, OMB issued its initial implementation guidance for applying Buy America preferences under BABA. That guidance also included preliminary standards for construction materials. In August 2023, OMB issued final guidance to agencies and stakeholders to support the implementation of BABA requirements for construction materials and ensure that the intent of Congress to expand the application of domestic preferences on Federally assisted projects is fully realized.

4. Question Subject Area

Question Background: Several former FEMA Administrators recently wrote to you on the public safety imperative of maintaining AM radios in vehicles. In a state like Texas, my constituents rely on AM radio for important, lifesaving information during power outages and other emergencies, news reporting, and important agricultural information for our farmers and ranchers. Additionally, American auto manufacturers are openly talking about the opportunity to use the EV revolution to earn billions of dollars in subscription fees from consumers for services that have long been part of the vehicle purchase and permanently available. These kinds of fees are among the "nickel and diming" of the American consumer that President Biden criticized in recent speeches.

Question: What steps are you committed to taking to ensure that automakers maintain AM and FM Radio in their dashboards and without monthly subscription fees to preserve their access to this vital service?

Answer: The Department recognizes the important role that AM radio and FM radio have played and continue to play in providing people the information they need for safety, including information about weather emergencies. The National Highway Traffic

Safety Administration (NHTSA) is delegated authority under the National Traffic and Motor Vehicle Safety Act to protect the public against unreasonable risk of crashes due to the design, construction, or performance of a motor vehicle, and against unreasonable risk of death or injury in a crash. We understand there is legislation in Congress that would give NHTSA authority to require automakers to equip motor vehicles with AM radios as standard equipment. We look forward to closely reviewing the legislation and working with Congress on this issue.

5. Question Subject Area

Question Background: I'd like to discuss freight rail and safety, and I'd like to zero in on the short line freight rail industry, which consists of about 600 small, local railroads nationwide. Short lines are critical to countless communities and economic sectors, helping industrial, manufacturing, and agricultural customers move their goods to market. The short line freight rail industry estimates that more than \$12 billion in investments are needed to ensure that the industry can modernize and meet the needs of our economy. Short line freight railroads have been successful using the very popular CRISI program since it was created in 2015. These resources allow short line freight rail to leverage the power of private, state and local dollars to advance capital rail projects – thereby improving the backbone of freight *and* passenger rail systems, advancing safety measures, improving supply chain efficiency, creating well-paying jobs, and harnessing the many environmental benefits of moving goods by rail.

Question: Can you discuss your commitment to the CRISI program? Can you discuss the importance of ensuring CRISI funds are used to help short line freight railroads invest in safety upgrades?

Answer: Short line railroads play a critical role in the U.S. transportation system, often providing the “first- and last-mile” connections to the Class I network for freight shippers and customers. However, unlike the Class I railroads, many short line railroads lack the capital funding necessary to invest in improvements to their infrastructure and equipment.

The CRISI program was designed by Congress in part to assist resource-constrained short line railroads in addressing their backlog of capital needs. Since the CRISI program received its first appropriations in fiscal year (FY) 2017, the program has funded more than 100 short line projects totaling over \$600 million. This represents nearly 40 percent of all CRISI awards through FY 2021. FRA is currently evaluating more than 300 applications totaling \$7.9 billion in FY 2022 CRISI applications.

The Bipartisan Infrastructure Law (BIL) provides \$1 billion per year over five years for the CRISI program. The FY 2024 President's Budget builds on the BIL funding by requesting an additional \$510 million for CRISI. The FY 2024 President's Budget recognizes the important role CRISI plays in helping short line railroads address potential safety concerns, enhance freight fluidity, strengthen the supply chain, and invest in improvements to accommodate projected growth in freight rail shipments. The FY 2024

President's Budget also proposes to dedicate \$25 million in CRISI funds for a locomotive replacement program to assist short line railroads in rehabilitating, remanufacturing, procuring, or overhauling their worst-polluting, most inefficient locomotives. This funding will help to remove the dirtiest locomotives from America's rail network and further the Department's efforts to reduce EPA criteria air pollutants that affect vulnerable communities, diesel fuel consumption, and carbon dioxide emissions.

The Hon. Pete Buttigieg, Secretary
Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation
 Adriano Espaillat – D-NY-13
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Rep. Adriano Espaillat

1. Question Background: Question on Active Transportation Infrastructure

Question: I was glad to see your request include \$60 million in unobligated balances to fund the Active Transportation Infrastructure Investment Program. This is a program that I have long advocated for and helped to secure its inaugural funding last Congress. As you know, this program would provide competitive grants for constructing active transportation networks, including sidewalks, bikeways, and pedestrian and bicycle trails. This is critical to my district, and I thank you for your leadership. How will the \$60 million request expand safe active-transportation networks nationwide, and why is it important? What geographic areas has your agency identified as having the highest need?

Answer: The fiscal year (FY) 2024 funding request for \$60 million will promote the development of networks built for active transportation by providing a second opportunity for system owners to consider how their plans and projects support the creation of active transportation infrastructure, and to use this funding to develop plans and projects that emphasize connecting people to all of the places that they need to go in a way that is both safe and comfortable. A Notice of Funding Opportunity (NOFO) is currently under development for the FY 2023 Active Transportation Infrastructure Investment Program appropriation of \$45 million. Given that an eligible construction project for the Active Transportation Infrastructure Investment Program must have a total cost of at least \$15 million, the \$60 million requested should allow for the funding of additional plans and projects. Providing a second round of this discretionary grant program may also allow for further development of plans and projects funded in the initial round.

Geographic areas that meet the statutory eligibility for receiving a 100 percent Federal share, where at least 40 percent of residents in a majority of census tracts served by the project fall below the Federal poverty line, have the greatest need for active transportation networks. Active transportation facility networks may help to reverse the disproportionate fatalities experienced by pedestrians in these and other underserved areas while providing opportunities for community development and reducing the personal cost of transportation.

2. Question Background: Question on the Importance of Transportation Operating Funds

Question: The Bipartisan Infrastructure Bill, Mr. Secretary, substantially increased federal financing for capital expenditures at transit agencies. Sadly, none of this cash can be used to maintain our transit infrastructure. Without the personnel required to run or repair the equipment, a brand-new bus or train is dysfunctional. According to the Department's FY24 budget proposal, transit agencies could temporarily use federal funding for operations. Based on the data your agency must review, how will expanding federal transit operations funding help achieve equitable access to public transportation? How has the lack of federal operation funds constrained future opportunities to expand and improve public transportation?

Answer: The Bipartisan Infrastructure Law funding will expand transit access as well as maintain and improve our existing transit systems. This includes over \$4.5 billion in fiscal year (FY) 2024 for FTA's State of Good Repair Formula Grants program. These investments are critical to ensuring high quality service.

With decreased fare revenues and the depletion of COVID supplemental funding, the largest transit agencies, which have historically depended on fare revenues to cover their operating costs, could face revenue shortfalls totaling up to 40 percent of their operating budgets. These systems may have to consider service cuts, fare increases, or postponement or cancellation of capital projects to preserve sufficient operating funding. If additional state, local, or Federal operating funds are not identified, a 40 percent funding shortfall could even lead to a complete elimination of service in some areas.

Financial shortfalls at transit agencies in major American cities would impact thousands of workers and hundreds of thousands of riders, many from disadvantaged populations, and have ripple effects throughout the American economy. Transit is often a 'ladder of opportunity' for disadvantaged populations accessing employment, education, health care, and other daily needs. Fare increases and service cuts or eliminations driven by revenue shortfalls would erode these opportunities and disproportionately impact those communities most reliant on public transportation.

To address this challenge, FTA's FY 2024 budget proposes to allow Urbanized Area Formula Funds and Flex Funds transferred from FHWA to be used for operating expenses, providing large transit agencies additional flexibility to address operating shortfalls.

The Hon. Pete Buttigieg, Secretary
Budget Hearing – Fiscal Year 2024 Request for the Department of Transportation
 Rep. Ryan Zinke (MT-01)
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Rep. Ryan Zinke

1. AM Radios in Vehicles

Question Background:

Several former FEMA Administrators recently wrote to Secretary Buttigieg on the public safety imperative of maintaining AM radios in vehicles. In a state like Montana, when a catastrophe or severe weather event knocks out the power, my constituents rely on AM radio for important lifesaving information. Additionally, AM radio serves as the backbone of our emergency alerting infrastructure when critical messages need to go out. Drivers in the state of Montana need this communications lifeline to stay safe.

Question:

What steps are you committed to taking to ensure automakers maintain the AM radio in their dashes?

Answer: The Department recognizes the important role that AM radio has played and continues to play in providing people the information they need for safety, including information about weather emergencies. The National Highway Traffic Safety Administration (NHTSA) is delegated authority under the National Traffic and Motor Vehicle Safety Act to protect the public against unreasonable risk of crashes due to the design, construction, or performance of a motor vehicle, and against unreasonable risk of death or injury in a crash. We understand there is legislation in Congress that would give NHTSA authority to require automakers to equip motor vehicles with AM radios as standard equipment. We look forward to closely reviewing the legislation and working with Congress on this issue.

2. Federal Lands Access Program (FLAP) vs. County Assessments

Question Background:

My questions are about the Federal Lands Access Program (FLAP). I have heard this complaint from County Commissioners many times. They will receive a bid from an engineering firm for a project at X-number of dollars, then when they bid the same project through FLAP the estimate is much higher, sometimes 300-400 percent higher costs than the original bid. They receive the federal funding but they – and I – are concerned about the waste of taxpayer dollars.

Background on “FLAP” - The Program supports projects that are on, adjacent to, or provide access to federal lands. Not only recreation purposes. Any highway or bridge that touches federal land is eligible. Funding is allocated among the states by a formula based on the amount of federal land, the number of recreational visitors, federal road mileage, and the number of federally owned bridges. FLAP is funded at an average annual authorization of \$262 million.

Questions: Where is this money going?

Answer: By law, FLAP funds are allocated by formula across the 50 States, with 80 percent of funding going to States that contain at least 1.5 percent of the total public land in the United States, a group that includes Montana. Public lands include those managed by the National Park Service, the Forest Service, the United States Fish and Wildlife Service, the Bureau of Land Management, and the U.S. Army Corps of Engineers. Following state-specific allocations, a Programming Decision Committee (PDC) comprised of a FHWA, State DOT, and local government representative(s) decides which projects to fund in each State. The PDC members select projects based on project submissions following a “call-for-projects” open period.

Is it tied up in bureaucracy and simply paying for the overhead of the DOT being a middleman to disburse funding?

Answer: No. By law, “administration” is not an eligible activity of FLAP funds, and FHWA does not expend FLAP funds to administer the program.

And can you commit to opening an investigation into the reason for the increased bid costs?

Answer: FHWA would be happy to respond and research specific project examples where bids appeared to be in question. Some States’ multiyear program of FLAP projects are based on construction estimates from prior years and initial scoping of the project. As the project gets closer to development, the scope may change and/or project construction costs may increase based on inflation that was not considered when the project was initially approved by the PDC. In the absence of specific examples, it is difficult to ascertain the reasons behind bid cost deltas.

WEDNESDAY, APRIL 26, 2023.

FEDERAL AVIATION ADMINISTRATION

WITNESS

BILLY NOLEN, ACTING ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

Mr. COLE. The subcommittee will come to order.

Today we welcome the testimony from the Honorable Billy Nolen, acting administrator of the Federal Aviation Administration.

Administrator Nolen, I understand that you will be leaving the FFA in the—excuse me, the FAA—I am from Oklahoma, so you make that mistake a lot—this summer after serving both as FAA’s chief safety officer and as head of the agency during a critical and dynamic post-pandemic period.

We have seen air travel come roaring back to life, reaching pre-pandemic traffic far more quickly than anyone expected. These past several months have also been challenging, from near misses on our runways to the January outage of the Notice to Air Missions system that led to the first nationwide ground stop in more than 20 years.

By all accounts, your steady hand and safety expertise has served our Nation well during this critical period. And I know safety is your number one priority. It is also our number one priority. We thank you sincerely for your service and wish you well in your next chapter. And certainly, I look forward to working with you during your final months at the FAA, and I trust that our hearing today won’t be our last conversation. But again, welcome to the committee.

Mr. NOLEN. Thank you, sir.

Mr. COLE. The President’s request for the FAA is \$19.8 billion, a \$784 million increase above fiscal year 2023.

Mr. Nolen, as we develop our fiscal year 2024 bill, I intend to work with you and your colleagues at the FAA to ensure that we continue to support the world’s safest, most complex aviation system.

We have witnessed rapid advancements in aviation technologies transforming our skies in ways that were once unimaginable, from uncrewed aviation systems to electrical vertical takeoff and landing vehicles to commercial spacecraft. Our airspace is about to become much more crowded and more complex. We will work together to ensure that these new entrants flourish, while maintaining the highest possible standards of safety and efficiency for over 2 million commercial air passengers who fly every day.

The aviation sector is an engine of economic growth. Commercial aviation alone contributes more than \$1 trillion to our economy.

New aviation technologies promise to fuel even more economic growth and lead to a better quality of life for all Americans. I am particularly excited about the promise of new air transportation opportunities for rural and Tribal areas.

Administrator Nolen, I look forward to our discussion today. I am confident that we can work together to support FAA's critical missions, ensuring the continued safety of our airways, and paving that way for innovation and economic growth.

I now recognize my very good friend, the distinguished ranking member from Illinois, Mr. Quigley, for his opening statement.

Mr. QUIGLEY. Thank you so much, Chairman.

And welcome, Administrator Nolen. After all the work you have done, I don't want to say acting. You are administrator.

Mr. NOLEN. Thank you.

Mr. QUIGLEY. You have got the responsibilities. But I want to thank you for your service, not only your capacity as a pilot in commercial, but also your advocacy for aviation safety. You have led the FAA during uncertain and difficult times, and I appreciate your unrelenting commitment throughout that time.

Today we are here to examine how the fiscal year 2024 President's budget request advances aviation safety and improves our National Airspace System. I have got to tell you, it has been tough this year listening to constituents who know my role as acting member. During some of the more frustrating times, I had someone say, I don't feel like I am buying a ticket. I feel like I am buying a chance, all right. It just shouldn't be the case under these circumstances.

Each day the FAA provides service to more than 45,000 flights, serving 2.9 million travelers daily. Chicago O'Hare, located in my district, sees more than 72,000 passengers, on the average, with flights operating out of more than 190 gates and across eight runways, and I have been on all of them.

O'Hare is more than a place to connect business and leisure travelers to the world; it is an economic hub helping move goods around the international marketplace. O'Hare also houses 220 businesses, which provide food, beverage, and retail services to passengers, and more than 40,000 workers.

Thousands of airports across the National Airspace System, including O'Hare, are now starting to feel confident in their ongoing recovery from the devastating impacts of COVID. Air travel is projected to increase by nearly 10 percent this year, which means aviation safety, workforce readiness, and airport infrastructure must be state of the art.

We must not forget the lives that were taken from the devastating Boeing MAX accidents, the recent grounding of the National Airspace System, and near misses at our airport runways. And consumers too often have to bear the burden of flight cancellations, delays, and inconveniences of choice policies.

While we have made advancements to our National Airspace System through the efforts like NextGen and aircraft certification, funding the sustainment and modernization of Notice to Airmen System, and investing in navigation aids, more can and must be done. Moving the needle on sustainable aviation fuel research,

noise and emission reduction, and technological improvements also require our attention and resources.

Central to these advancements is the need for a robust workforce. Every product and process within the airspace system requires a person to certify, navigate, operate, or rapidly respond. This is especially true for our air traffic controllers, who we rely on to manage our airspace and keep travelers safe.

I support the budget request to hire and train an additional 1,800 controllers, which builds on the 1,500 new controllers we funded in 2023.

As the industry rapidly changes, the FAA needs the support of Congress to keep pace and set the standards. This requires cooperation among many partners across the globe and signal to the world that we are willing to invest in our system.

This subcommittee has increased funding for the FAA over the past several years, and in a year where we hope to see an FAA reauthorization pass through Congress, it is critical we continue to provide critical investments. It is our duty to help the FAA modernize its air traffic control system, improve efficiency, transition legacy equipment into modern platforms, and develop a highly skilled workforce, and I believe the budget does just that.

I look forward to learning more in depth about the proposed solutions within the budget request and ways we can support the advancement of FAA. Again, thank you for being here today, and we look forward to your testimony.

Mr. COLE. I thank my friend for his typically thoughtful testimony.

Administrator Nolen, your full written statement will be included in the record. You are recognized for 5 minutes.

Mr. NOLEN. Well, good morning, Chairman Cole, Ranking Member Quigley, and members of the subcommittee. Thank you for the opportunity to discuss the administration's fiscal year 2024 budget request for the Federal Aviation Administration.

The FAA operates the safest, most efficient airspace system in the world, but this is not by accident. Simply put, safety is not free. The recent close calls remind us that safety requires continuous, predictable, and robust funding. The President's budget request of \$19.8 billion for the next fiscal year, combined with \$5 billion for the Bipartisan Infrastructure Law, provided to reduce the backlog of airport and air traffic projects, is critical to maintain our safety record. This is especially important in two key areas of the FAA's work: operations of the air traffic system and oversight of airlines, manufacturers, and crews.

This budget requests an additional \$26.2 million over this year's budget to strengthen our safety oversight in several areas. This amount includes funding for 53 new positions to complete the implementation of the Aircraft Certification, Safety, and Accountability Act. It also addresses recommendations from recent investigations and independent reviews following the Boeing 737 MAX accidents.

Additional funding for 72 positions will supplement existing core safety programs, including efforts to improve certification of the small airplanes, safety data analysis, and other key aviation activities. The remaining funding will strengthen aviation hazardous

material safety oversight, a critical component of our overall strategy.

We expect air traffic will meet or exceed pre-pandemic levels this year, and we don't see that growth slowing down. To deliver the safe services everyone expects, the budget seeks \$117 million to increase the hiring of air traffic controllers and to reduce the air traffic controller training backlog that we experienced during COVID.

As mentioned, we plan to hire 1,800 trainees in fiscal year 2024, an increase of 300 above the 1,500 that we are on track to hire this fiscal year. Funding to hire and train air traffic controllers is only part of the equation. They need modern equipment and fully maintained buildings to perform their duty. One such piece of equipment is the NOTAM system.

This request includes \$19.6 million to retire our aging databases and applications and move to a more reliable, modern system. The request takes our modernization efforts one step further by providing \$115 million toward accelerating other priority projects. This funding will allow the FAA the flexibility to respond to unexpected events and to increase capital investments when needed.

But we cannot modernize for tomorrow if we don't keep pace today. Many of our air traffic buildings need urgent attention. The budget asks for \$510.8 million in the facilities and equipment account to improve air traffic control's facilities. Our backlog of uncompleted renovations and repairs for facilities that directly support operations is \$5.3 billion. The average en route air traffic center, or combined control building, is 61 years old. More than 50 percent of our terminal radar control facilities are more than 40 years old.

Members of the committee, civil aviation makes up more than 5 percent of the United States' GDP. The funding that you provide is a worthwhile investment in our country's future. It is not hyperbole. The budget cuts that have been considered by some would be wrong, they would be deep, and they would be impactful to the flying public. Cuts will slow down modernizations of old systems, hobble our efforts to train more controllers, and jeopardize our work to usher in the next era of aviation.

I can guarantee you that the FAA will be good stewards of the funding you provide. We look forward to your support, and I am happy to take your questions.

[The information follows:]

**STATEMENT OF
BILLY NOLEN, ACTING ADMINISTRATOR
FEDERAL AVIATION ADMINISTRATION**

**HEARING BEFORE THE COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE
ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED
AGENCIES: THE FISCAL YEAR 2024 BUDGET REQUEST FOR THE FEDERAL
AVIATION ADMINISTRATION**

APRIL 26, 2023

Good morning, Chairman Cole, Ranking Member Quigley, and Members of the Subcommittee. Thank you for the opportunity to discuss the Administration's Fiscal Year (FY) 2024 Budget request for the Federal Aviation Administration (FAA).

The FAA operates the safest and most efficient aerospace system in the world, but we do not take that for granted. We achieved this safety record because we have made a concerted effort to evolve our approach – both in detecting risks and in responding to risks.

The President's Budget requests \$19.8 billion to operate and enhance our airspace system in FY 2024. When combined with the \$5 billion in advanced annual appropriations under the Bipartisan Infrastructure Law, the total FY 2024 funding request for the FAA is \$24.8 billion. This funding level would allow the FAA to make needed investments to safeguard the most complex airspace in the world while modernizing our aviation systems, equipment, and infrastructure.

Aviation Safety

Aviation is safer today than ever before, but vigilance can never take the day off. Recently, we have seen an uptick in incidents across the aviation system, including events on runways, terminal area ramps, and even unruly passenger incidents. Even though these events may not represent a trend, we must pay attention.

That is why I issued a Safety Call to Action and convened an Aviation Safety Summit in McLean, Virginia on March 15. More than 200 aviation safety leaders, including commercial carriers, regional carriers, airports, labor and other aviation experts, attended and discussed ways to enhance flight safety. I urged attendees to discuss specific steps they could take in their

respective areas to further tighten the U.S. aviation industry's already strong safety net.

Only by working together with our many stakeholders can we continue to enhance safety, but we also know that continued and sufficient investment in our workforce and infrastructure are vital to this effort.

The FAA's aviation safety oversight workforce works tirelessly to uphold our commitment to safety. This Budget requests an additional \$26.2 million to strengthen our safety oversight capabilities in several areas. This amount includes \$16.2 million and 53 new positions to continue a thorough and complete implementation of the Aircraft Certification, Safety, and Accountability Act. It also addresses recommendations from recent investigations and independent reviews following the Boeing 737 MAX accidents.

An additional \$7.9 million and 72 positions will supplement existing core safety programs, including efforts to improve certification of small airplanes, safety data analysis, and other key aviation safety activities. The remaining \$2.1 million will strengthen aviation and hazardous materials safety oversight, a critical component of our overall strategy. This money will enable the agency to continuously raise the bar on aviation safety.

Safeguarding the National Airspace System

More than 44,000 aircraft and nearly 3 million passengers take to our nation's skies every day. Each and every one of those passengers expect us to make their journey as safe as possible. To deliver on that expectation and obligation, this Budget requests significant investments to staff, sustain and modernize our dynamic airspace system.

This Budget seeks \$117 million to continue the push we started this fiscal year to hire additional air traffic controllers. The rapid return of air travel is a great indicator of the resiliency of the American economy, but it also makes accelerating our hiring push a top priority. This Budget provides the investment necessary to ensure that a surge of new controllers can match this resurgence in air traffic. We plan to hire 1,800 new controller trainees in FY 2024, an increase of 300 above the FY 2023 hiring goal, as well as address the backlog of training for developmental controllers currently working in air traffic facilities. This plan will also help the agency overcome the consequences of the COVID-19 pandemic, which resulted in shutting

down the Air Traffic Control Training Academy in 2020 to protect the health and safety of our employees.

Funding to hire and train air traffic controllers is only part of the equation. They need modern equipment in fully maintained facilities to perform their critical duties. One such piece of equipment is the Notice to Air Missions (NOTAM) system. This Budget requests \$19.6 million to retire our aging databases and applications and move to a more reliable, modern system.

The FY 2024 Budget request takes our modernization efforts one step further by targeting \$115 million toward accelerating priority projects. This funding will allow the FAA the flexibility to respond to unexpected events and to increase capital investments where needed. The Budget also seeks an increase of \$25 million in the Operations account to bolster the FAA's field and software maintenance programs, reducing the risk of system outages that could lead to delays and flight cancellations.

The FY 2024 Budget request includes \$390.8 million across our Operations and Facilities & Equipment accounts to update our telecommunications infrastructure, which will offer bandwidth improvements that are critical to our modernization efforts. The FAA is accelerating the transition to a more modern telecommunications infrastructure using Internet Protocol multimedia networks. The end state for our telecommunications infrastructure is the FAA Enterprise Network Solutions (FENS), which represents a generational advancement in network architecture and technology. Starting this year, FENS moves away from point-to-point, hard-wired circuits and will enable the innovation needed to support NextGen operations and meet evolving security and resiliency needs.

Facilities Maintenance/Sustainment

The Budget requests \$510.8 million in the Facilities & Equipment account to improve our air traffic control facilities. The FAA must act to replace aging and outdated facilities. As of today, our backlog of uncompleted renovations and repairs for facilities that directly support daily operations totals approximately \$5.3 billion. The average en route traffic control center or Combined Control Facility is 61 years old. More than 50 percent of the terminal radar control facilities are more than 40 years old. Combined with the \$1 billion in advanced appropriations provided through the Bipartisan Infrastructure Law, \$1.5 billion would be available for this

critical work to address the sustainment backlog and to replace aging and outdated facilities.

NextGen

This Budget request also continues the deployment of NextGen, with \$977.1 million across multiple accounts for initiatives aimed at delivering the maximum amount of benefits from these new technologies.

For example, the Budget proposes \$70 million for Data Communications, or DataComm, which enables text-based communication between the pilot and controller. This technology improves safety and efficiency by reducing communication errors and lessening radio frequency congestion.

The Budget proposes \$138.4 million to continue deploying Automatic Dependent Surveillance – Broadcast (ADS-B). ADS-B is an advanced surveillance technology that uses an aircraft’s broadcasted position instead of relying on traditional radar. It is a foundational capability that enables the more complex and data-focused aspects of NextGen to happen.

The Budget request also includes \$45.2 million for the Terminal Flight Data Manager system, which enables real-time collection, distribution, and updating of electronic flight data information in the terminal area, contributing to increased efficiency.

These key capabilities are already delivering benefits. Through calendar year 2021, NextGen delivered more than \$8.5 billion in benefits to airlines and the flying public.

Environment

The FAA, the Department, and this Administration place a priority on making aviation more environmentally friendly and sustainable, and thus guaranteeing its viability for future generations. This Budget includes significant and ongoing investments in aircraft technology, sustainable aviation fuels, operations, and policy measures. The FY 2024 Budget request includes \$109.7 million in the Research, Engineering and Development account to work toward the goal of achieving a quiet, clean, and efficient air transportation. A great example is the development of sustainable aviation fuels, which are the most promising near to medium-term solutions to meet long-term aviation climate goals.

The budget also includes an additional \$4.2 million in the Operations account to reduce the environmental footprint of FAA facilities, reduce energy consumption, ensure facility compliance with environmental and safety requirements, and meet air quality standards.

New Entrants

This Budget request continues to invest in the integration of new entrants into the national airspace system.

Almost seven years ago the FAA published Part 107, aimed mainly at drones smaller than 55 pounds. Now, our efforts have expanded to include Advanced Air Mobility, covering much larger drones capable of carrying people and cargo in complex environments. To support these efforts, this Budget requests \$135.9 million across multiple accounts.

Since 1995, the FAA has licensed or permitted more than 500 commercial space launches and reentries. This Budget requests \$49.2 million to continue supporting this increased activity through efforts such as the implementation of the Streamlined Launch and Reentry Licensing Requirements in the new Part 450.

Workforce

The FAA remains committed to fostering a strong and diverse workforce, both internally and for the aviation industry as a whole. The agency has taken tremendous strides in promoting education and increasing the aviation professional workforce of tomorrow. This Budget invests in those efforts with an additional \$1.3 million to implement FAA's Diversity & Inclusion Strategic Plan. The Budget also seeks an additional \$3.7 million to address anticipated shortages and a lack of diversity in aerospace technical fields. As part of this initiative, the FAA will continue to build and grow on the Minority Serving Institution (MSI) Internship Program, which enables interns to develop their skills, gain hands-on experience, and learn about the FAA. In addition, on March 2, the FAA awarded the second round of Aviation Workforce Development Grants totaling \$10 million. These programs provide meaningful experiences to stimulate interest and encourage a new generation of pilots and maintenance technical workers.

Airports and Research

The nation's airports are an important component of aviation infrastructure and serve as economic engines for America's cities and communities. The \$3.35 billion requested in FY 2024 for the Airport Improvement Program grants reflects the FAA's commitment to support safety, capacity, and efficiency at our nation's airports. It supports safety-related airfield development projects, including those to reduce runway incursions and the risk of wrong-surface takeoffs and landings.

The Bipartisan Infrastructure Law greatly expanded the resources available to airports. The Airport Terminal Grant and the Airport Improvement Grants combined make \$4 billion available in FY 2024, providing an important lifeline for airports as aviation surges back from its CY 2020 lows.

This budget supports these critical grant programs by providing an additional 47 positions to provide oversight in a wide range of areas, including safety and compliance, engineering, community planning, safety, and environmental protection.

The FY 2024 Budget request includes more than \$41.8 million for the Airport Technology Research program to support the safe and efficient integration of new and innovative technologies at airports. This includes supporting the FAA Office of Security and Hazardous Materials with the execution of the Unmanned Aircraft Systems Detection and Mitigation Airport Pilot Program, as established by Section 383 of the FAA Reauthorization Act of 2018.

This Budget request also includes \$255.1 million in the Research, Engineering & Development (RE&D) account to continue the FAA's research across all aspects of aviation. This includes \$111.2 million for research in essential safety areas, including \$21.1 million for safety research related to drones. Other research areas include advanced materials, aircraft icing, continued airworthiness, aircraft fire detection and suppression systems, and safeguards to protect against fires involving lithium batteries, fuel cells, and hazardous materials. Some of these efforts, such as Sustainable Aviation Fuels, I've already highlighted. Much of our research is performed at the FAA's William J. Hughes Technical Center, the nation's premier air transportation system laboratory.

Federal Contract Towers

Finally, this Budget request includes \$194 million for the Contract Tower Program. The FAA recognizes the importance and value of contract towers to rural America and smaller communities. This funding level is expected to fully fund all towers currently participating in the program.

Conclusion

Members of the committee, civil aviation contributes roughly \$1.8 trillion annually to the national economy, provides 10.9 million jobs and constitutes 5.2 percent of the gross domestic product. The FAA contributes to the success of this industry while always upholding our commitment to maintain the safest, most efficient airspace in the world. We look forward to your support in enabling the U.S. to remain the gold standard in world aviation.

Mr. COLE. Thank you very much, Administrator. I appreciate your statement and certainly staying within time limits, so thank you.

Let me begin, if I may, and I ask this question of everybody, because I think it is really important for us to think about in Congress, and that is the consequences of a continuing resolution should something like that occur. Every appropriator up here on both sides of the aisle does not want to see that result, and I am quite sure that you at the FAA don't want to see that either.

So could you enlighten the committee on what the consequences would be if we failed to reach an agreement and resorted to a continuing resolution to fund the FAA?

Mr. NOLEN. Well, thank you, Chairman Cole. Let me just say—and I appreciate the bipartisan support that we are hearing this morning—a full-year CR would really cause harm at the FAA across multiple areas. It would likely lead to flight delays and cancellations. We would be forced to implement a hiring freeze. We would be unable to increase hiring of air traffic controllers to meet our standards.

We would also be unable to deliver on accelerating the pace of modernization that has been talked so much about, including our NOTAM system, as well as our telecommunication infrastructure that will help us keep pace with what is called the modern Info-Centric NAS. It also could entail, you know, again, the number of furloughs, possible reduction in force as well, so just some of the more draconian things we think could result from that.

Mr. COLE. Thank you very much. We all know and we sometimes get, you know, taken up in technology, but at the end of the day, all these organizations are based on workforce and people, and we have got some challenges in that regard. So could you enlighten us a little bit on the long-term strategy that you have to appropriately staff our air traffic control facilities so that we don't suffer from slowdowns? And in a related sense, what kind of new skills and, you know, staffing needs are associated with some of the new entrants into our airspace?

Mr. NOLEN. It is an excellent question, Chairman Cole. So let me just say that we really appreciate the support that we had, not only in fiscal year 2023, and we recognize that this \$117 million that the President is requesting will help us accelerate. We recognize the impacts of the pandemic. What that meant was we wound up closing Oklahoma City. We closed the training academy there for almost a year. And then we once we got restarted—we all recognize how hard it is to stop, start, restart. But we are on pace.

To date, we have hired 979, who are either in training or have been issued notice to head to training for the 1,500 controllers that we will hire this year. We are also adding resources in our—Aviation Safety services. We are adding resources to our office of Commercial Space Transportation. We are adding resources to our office of Airports. And all of this, to your point, sir, is not only keeping pace with where we are but then projecting into the future.

So as we see these new entrants, eVTOLs, drones beyond visual lines of sight, I am sure we will talk about more over the course of this morning, but all of that is what we are looking for. And our goal is to make sure that we have got an FAA workforce that is

qualified, that is technically that level of technical expertise, and that level of experience that will help us keep pace with where we are and where we need to go and maintain our global leadership throughout the world.

Mr. COLE. Administrator, I understand the FFA [sic], the National Air Traffic Controllers Association, and MITRE are collaborating to update the controller staffing targets for each FAA facility. Could you give us an update on the status of that collaboration, and are you comfortable committing to keeping the committee informed of the outcome of any new staffing targets as a result of the effort?

Mr. NOLEN. Yes, sir, you do have my absolute commitment that we will keep the committee informed.

So to talk a little bit about where we are, in the past, our staffing standards were based on staffing ranges, and so you will be seeing in the coming weeks our updated controller workforce plan.

One of the things we did different this year was we stood up a collaborative workforce resource working group, and that effort, working in concert with MITRE, was a facility-by-facility look at staffing targets that says what is the level of traffic, what are the busiest days to ensure that we have adequate levels of staffing that meets the demands of the NAS. So that is this exercise. You will see part of that included in the controller workforce plan when it comes to you here in the coming weeks. And we will certainly be happy to follow up with you, sir, on that.

Mr. COLE. Thank you very much.

We now go to my good friend, the ranking member, for any questions he cares to pose.

Mr. QUIGLEY. Thank you again, Chair.

Administrator, the chairman is right. He asked the initial same question, which makes sense, of what would happen if there is a continuing resolution. And that is altogether fitting and proper because we are all too good at doing continuing resolutions. But I consider continuing resolutions purgatory and 20 percent cuts hell. So if it isn't purgatory and it is hell, you know, what is the difference in your answer to that same question? What does a 20 percent cut or more mean?

Mr. NOLEN. Well, thank you. Let me start, I do have a couple of props today, and I am happy to leave them with the committee. When we think about our pathway to modernization, I will, show you this chart. It looks pretty busy, and it is. It just goes to show that within the FAA we manage thousands of systems of which right here in red the NOTAMs is just one.

So if you look at this body of work that we need to do, anytime we start and stop, then it just takes that much longer to get the work done. So when we think about the kind of cuts that might be either anticipated or put forth, we are talking about having to furlough all FAA employees for up to 22 days. We are talking about the potential reduction in force of up to 10 percent, which is in excess of 4,000 FAA employees.

It means immediate cuts in all of these critical systems. It would mean suspending training at our FAA academy, so this path we are on to getting more controllers out there to meet the demand that is back faster than ever. It would mean closing, shutting down

service to 125 low-activity towers and over 250 Federal contract towers, which means that two-thirds of the NAS will be without air traffic control services.

So those are just the things that we see. We are on a mission, and I just want to make sure we go forward.

Mr. QUIGLEY. So to be—I am sorry, but to those who don't know what that means, does that just mean delays? Does it mean theoretically less safe? Or does it mean that perhaps smaller regional airports aren't going to get service?

Mr. NOLEN. It means that smaller regional and some of the airports with contract towers would not have controller service at those airports. That means those two-thirds that I am speaking to would not have ATC control there at those 250 contract towers in those 125 low-activity airports.

Mr. QUIGLEY. I interrupted your flow. Please—

Mr. NOLEN. That is all right. I was finished, sir.

Mr. QUIGLEY. Okay. So how do you make those decisions? In the end when it is like this, how would you prioritize, and who makes those decisions? Obviously with this, there is a lot of ox getting gored. Who do you—who makes those decisions? Is this based primarily on getting the most people where they can go or keeping the system—even if you, in someone's mind, were to try to help the most, is it primarily just trying to get the most people where they are going and to try to keep the safety as high as possible?

Mr. NOLEN. Well, safety is always our north star. So the one thing we absolutely will do is to ensure that the system is safe. But that also means it comes with the possibility that you have—roughly two-thirds of the country is without air traffic control services. It also means, to your point, we would be, you know, looking at it, you know, sort of as an enterprise risk management, which now includes the entire NAS, you are talking about how do we make decisions that we can ensure we can move the maximum amount of the flying public with the resources we have and the constraints that we would be operating under.

Mr. QUIGLEY. If there is no tower, you can't have service there, correct? I mean, is that—

Mr. NOLEN. You could. There are, today, areas, you know, some areas that have what is called uncontrolled airspace, where pilots have procedures to be able to operate into and out of airports without an air traffic control tower. I have done those—I have done some of that kind of flying early in my career. That is not the most efficient way to go, and when you are talking about disrupting two-thirds of it, that is quite an impact.

Mr. QUIGLEY. There is a reason the towers are there.

Mr. NOLEN. Absolutely.

Mr. QUIGLEY. You made those flights. You feel safer because there is somebody else watching. There is no way in the world, right, you can watch those space all around you?

Mr. NOLEN. It is an absolutely safer condition to be in, to have a level of air traffic control and to have those—to your point, the eyes out there in areas where you might have radar, et cetera. So there is a—there is a lessening of safety, if you will, without those towers being controlled.

Mr. QUIGLEY. Thank you, sir.

Mr. COLE. Thank you.

My good friend from Arkansas, distinguished Mr. Womack, is recognized for his questions.

Mr. WOMACK. Thank you, Mr. Chairman, for the time.

Thank you, Administrator Nolen, for your work, and best wishes for whatever the next chapter is in your life.

I am glad we are having the conversation up here today about the prospects of a continuing resolution, because you can probably count me as pessimistic about this committee's ability, for a lot of reasons, to get responsible legislation across the floor of the House and the Senate signed into law and certainly by October 1.

And it is important, I think, for everybody. And, oh, by the way, let me just say, everybody up here would probably agree that we need to do our work and we need to do it in a timely fashion, and we need to give these agencies time to respond accordingly.

But the fits and starts you talk about on a continuing resolution are real, are they not? I mean, you have got to do contingency planning—

Mr. NOLEN. Yes, sir.

Mr. WOMACK [continuing]. And it is problematic because you don't know what the end result is going to be. But is there any way to put a cost on it in terms of how much it costs the agency to do all of the preplanning and all of the contingency planning and not knowing what the end result is going to look like?

Mr. NOLEN. I don't have those numbers with me today, but we can certainly get those to you.

Mr. WOMACK. Is it substantial?

Mr. NOLEN. It would absolutely be substantial. If you just think about what it means that you have lost sort of two-thirds of towers, all of your contract towers, and another 125 of those low-activity ones. You think about the work we are doing on certification, we are hearing, you know, that level of concern from industry. I can tell you we are moving at speed to be able to enable what comes—what we say, what comes beyond the jet age. But all that requires a steady level of momentum in that work.

So to have to stop all of that would put a pause and could most likely result in us losing our place as the global leaders, as the world is moving at pace here.

Mr. WOMACK. Like most agencies of the Federal Government, you have a lot of contracts in place, and then there are plans to start new things—

Mr. NOLEN. Exactly.

Mr. WOMACK [continuing]. Whatever it is. What happens to those?

Mr. NOLEN. We have to put those on pause. So contracts would be put on pause. We are in the middle of, again, NOTAM modernization. We are in the middle of changing our outdated telecommunications system and modernizing that. As I said, we have thousands upon thousands of systems, of which NOTAM is just one, when we think about other things that contribute. So all of those are things that we would have to stop, pause, and, you know, conserve while we operate as safely as we can given the constraints.

Mr. WOMACK. Thank you. I am not a fan of CRs. I am not a fan of government shutdowns. I think the appropriators need to do their work to the best of our ability, and I think we need to do it on time, and I will leave it for that moment.

I am a strong proponent of the FAA contract tower program. As you know, contract towers handle about 29 percent of all U.S. tower operations, but account for about 10 percent of the budget. Like many of my colleagues, I am concerned about the FAA's plan to realign the Federal contract tower service areas at a time when we are facing severe controller shortages, as you have already addressed.

In your response to a letter sent by me and some of my colleagues on this issue, you indicated that a safety risk assessment for this proposed service—this service area isn't necessary as FAA considers this an administrative change. I would like to urge you to reconsider the position. My understanding is that the realignment will introduce new tower vendors to the program and prescribe that at least one tower in every service area shift to a new operator.

So the question is pretty simple. Can I get your commitment that you will take another look at the potential unintended consequences of the proposed realignment and conduct a proper safety risk assessment?

Mr. NOLEN. You can have my commitment, sir, that I will take that back to the team. We will look and see what is possible there, and we will come back to you.

Mr. WOMACK. I appreciate that. It is pretty important to my district and certainly to a lot of others that rely on these contract towers. And I have less than a minute left, and my next question is probably a little more detailed, so perhaps we will have to submit that for the record.

But, Mr. Chairman, I will yield back the available time I have.

Mr. COLE. Thank you very much.

I now turn to my good friend, distinguished lady from California, Mrs. Torres.

Mrs. TORRES of California. Thank you, Mr. Chairman.

And I absolutely agree with my colleague on the other side about CRs and the cost to the Federal Government and all our agencies that are doing such critical work and important work for us in our communities.

Welcome, Administrator. Thank you for being here with us.

I represent the 35th Congressional District, southern California, Los Angeles, San Bernardino, and Riverside counties, which includes the Ontario International Airport and three other executive airports that have flight schools and all of that. We must invest in technology and resources to combat air pollution in disadvantaged communities, which causes devastating health consequences, such as asthma.

The Inland Empire is ranked as having the worst air pollution in the U.S. San Bernardino and Riverside counties rank first and second, respectively, for the worst ozone pollution in the U.S. The two counties also rank in the top ten for the worst annual particle pollution nationally.

As stated by the National Institutes of Health, studies have shown that ultra-fine particle matter is elevated in and around airports. I am not proposing shutting down any of the airports. I am encouraging you and your staff, the agency, to focus on this issue.

Administrator Nolen, what ways has the FAA worked to address air pollution near airports, and what more can we do?

Mr. NOLEN. Well, thank you for the question, Congresswoman Torres. So we have done quite a bit in this area, and we have still quite a bit more to go. As part of our CLEEN, or the Continuous Lower Energy Emissions and Noise Program, we are working on three streams. And when we think about what is happening, how the elimination of AVGAS for general aviation, that body of work is ongoing. We obviously need feedstock. As we transition, our goal is to be completely away from leaded fuel by 2030, so we have given ourselves that goal.

We continue to work with our community, with the general aviation industry in terms of how can, you know—number one, where is the stock, having a strong transition period, having incentives there. So that is a part of the work we are doing around clean energy.

With respect to noise, we are doing similar things. Technology, as manufacturers are making airplanes that have a lower noise profile, that is a good thing.

Mrs. TORRES of California. Bigger.

Mr. NOLEN. And they are bigger. But at the same time, we are doing things—in some air space we are doing optimized profile descents. We have that at 64 of the Nation's airports. What does that mean? You know, having been a pilot for 42 years myself, where years past, you do a step—stair-step approach, you know, you descend, level off, power comes up, that is noise. Descend again, power comes up, that is noise. Now you come out of altitude on a continuous profile descent, you bring the power back to idle, and you are descending through most flight levels till you are into the airport traffic area.

Mrs. TORRES of California. Not all pilots are equal. Some of them are Navy pilots that, you know, love to do this [indicating].

Mr. NOLEN. I understand that. And there is differences in and around training schools, as one can imagine. But we are very much engaged. And the third part of what we are doing is having a strong level of engagement with communities on noise.

Mrs. TORRES of California. If I may add too, I would like to know if—you know, what consideration, you know, is taken about these communities when we reroute flight paths. Often flights are sent over the same communities that are mostly impacted. I will give you an example. In 2015, my office wasn't even notified of the changes, and just about a year ago there was another proposal to push flight paths to LAX further east, which comes into my community over our district.

Mr. NOLEN. Well, let me just say, having flown into and out of all of those airports many times across the course of my career in private industry, I can remember the early days. And what I will say where, again, I mentioned the stairstep, and now you come out of altitude over Palm Springs, over Banning, coming out of Arizona,

and you are almost on a continuous profile descent, which greatly minimize the noise signature of the past.

One of the other things that we have done, of course, things we call Metroplex. So we are trying to find ways to have more efficient patterns that eliminates noise—that reduce—I am sorry, that reduce noise. I would love to say it could all be eliminated. And we continue to work. And the other thing, of course, we want to make sure that we are fully engaged with communities, that they are part of the solution.

Mrs. TORRES of California. My time is up. I appreciate your response, and I yield back.

Mr. NOLEN. Thank you.

Mr. COLE. Thank you very much.

I now go to my good friend from Florida, Mr. Rutherford, for any questions he may have.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

And thank you, Administrator Nolen, for being here.

I want to go back to the air traffic control staffing issue. Northeast Florida is actually under the Jacksonville Air Route Traffic Control Center, which as you know, is one of the busiest in the country. And as I spoke to those controllers during the pandemic and since, they are very concerned about the amount of overtime that they are being required to work. And I see some very aggressive hiring numbers. You mentioned that you had just hired 979. Now we are looking at 1,800 next year.

My question though is, is that doable? Even with the \$117 million plus up, is that doable? Can we hire 1,800 air traffic controllers in that time span? What is the throughput of your training?

Mr. NOLEN. It is a good question, and thank you for it. So we do believe, we have sort of moved heaven and Earth, if you will, and I have given that challenge to our team both in air traffic organization, in our finance department, in our folks who operate the academy at Oklahoma City. We feel like we have got a strong pathway to get there. So that is just a part of the equation.

To mint a fully certified controller, he or she goes through the academy, they get through that training, they get out to the facility, they have to be fully certified on a facility-by-facility basis, and that is really what takes us the bulk of the time. So we are looking to see how can we decrease the throughput from the time I start, get accepted to the FAA as a controller, to the time I come out the other side as a fully certified controller.

Mr. RUTHERFORD. Yeah. I am glad you brought that certification up, because that 3-year certification, you know, we are only graduating 60 percent through that process. So my question is, to stop from having 10 percent fewer flights this summer, as some have predicted because of the staffing, with that 1,800, are you taking that 60 percent graduation rate—or certification rate, I should say—after the 3 years; are you taking that into account in these numbers so that we are meeting the requirements of the aviation?

Mr. NOLEN. We are. So if you recall some of our earlier statements and earlier activities we did, so last year, what we saw last summer was post-pandemic a fundamental shift. Suddenly everybody wanted to be in Florida, right. So we saw the traffic was between 105 and 137 percent at certain airports across Florida. We

addressed that last year. If you recall, we did a stakeholder summit specifically for south Florida.

Now, south Florida is constrained by several things. Not only have you got air traffic, but we also have space traffic, we have military operations area, that at times the level of taking all of those three things together can impose some pretty good restrictions on Florida. So we have worked with the community, whether we go above, whether we go with what we call capping and tunneling.

So our team has pulled every lever that they can, and working with the industry, working with DOD, working with NASA, and our own Office of Space Transportation, we think we have got a pretty good model, and we have solved most of the challenges that we had in Florida last summer, to include putting more controllers back in there.

Mr. RUTHERFORD. Okay. So in the certification process, are you looking at opportunities there to increase that 60 percent? Because, you know, you have got that investment in them already. It seems like we should be focusing as much as we can on how do we get more of those folks over the line. Can you talk a little bit about that?

Mr. NOLEN. Absolutely, sir. That is absolutely one of our priorities to see how do we set young people up for success. And so we want to make sure that we are getting the best of the best and as they get through what is a rigorous process by design. Just take a look at these 10 incidents that we talked about earlier this year.

Mr. RUTHERFORD. Right.

Mr. NOLEN. We are very intolerant. We have got to the point that our tolerance for accidents is zero.

Mr. RUTHERFORD. Right.

Mr. NOLEN. We are getting to the point, I want us to be at the point where our tolerance for near misses is zero, and especially serious near misses.

So as part of this controller workforce, I want every qualified young man and young woman who wants to come and work for the FAA as a controller to do so, but the process is always going to be rigorous. But we are looking to say what are the steps we can take to get through there.

Mr. RUTHERFORD. Thank you.

Mr. NOLEN. Thank you, sir.

Mr. RUTHERFORD. And on behalf of all of us up here who fly a lot, thank you for that standard.

Mr. NOLEN. Yes, sir.

Mr. RUTHERFORD. I yield back.

Mr. COLE. I now turn to my good friend from California, Mr. Aguilar, for any questions he may have.

Mr. AGUILAR. Thank you, Mr. Chairman.

Mr. Administrator, good to see you again. Thank you for your tenure and your service.

Mr. NOLEN. Thank you.

Mr. AGUILAR. Last Congress, we were able to pass the Bipartisan Infrastructure Law, which was a generational investment in infrastructure and transportation systems. The law provided \$15 billion in airport infrastructure funding. And in speaking with our local

airports, they have experienced delays on receiving approvals for their projects due to FAA staffing shortages.

Can you talk to us a little bit about the staffing needs to implement specifically the Bipartisan Infrastructure Law and improve airport projects in a timely manner?

Mr. NOLEN. So, two things in that area. So, you know, as part of the budget, the President's budget for next year, we are adding additional head count to the Office of Airports, so we have more folks in airports. And certainly, I have spoken to the controller piece. We will continue to work there. But I am looking across all of our five lines of business in our eight staff offices to make sure that we have the staff that is necessary to keep up with the demands of the NAS, and especially as we move into the new entrants that we see coming into the marketplace. So we feel like we are very aggressive. We appreciate the support, the bipartisan support from Congress to help us get there.

Mr. AGUILAR. How difficult—you have heard conversations about the continuing resolutions or about 20 percent, you know, potential cuts. How are those discussions impacting those staffing needs, your recruitment, your retention? What is the morale of the agency if we also are coming on the heels—again, thank you for your service, but we don't have an identified next administrator. What is the morale of the agency? What do we need to know?

Mr. NOLEN. Well, I can tell you that what you have in the agency is 44,000-plus professionals who come to work every day and wanting to make sure that they deliver for the American people and the flying public, and I am very pleased with that.

We are getting back to a more full-time cadence as we come out—as we sunset the pandemic. It goes without saying, the specter of either a long-term CR or some pretty draconian cuts has an impact, you know. We have not started to have that conversation, but if you think of the conversations that you may have to go furlough every FAA-er for up to 22 days, that you may have to do a 10 percent reduction in force, that you will stop all training, that you will close two-thirds—all of the contract towers and then another 125 low-activity towers, that is significant—when I say raw, deep, and wide, that is what it means if we are into that space.

Mr. AGUILAR. Can you talk a little bit more about the contract tower program? On both sides of the aisle here, you have heard support for it. Where in the queue of cuts does that line up? What is the timing and notification? What would that look like?

Mr. NOLEN. You know, as we think about that, I don't have that number right in front of me today. So with your permission, I would love to come back to you and say what would be the number, when we would have to make—you are saying when we would have to make notifications, right? I can certainly come back to you with that answer.

[The information follows:]

Federal Contract Tower program closure procedures under budget cuts

Response: In the event of a significant FY24 budget cut at the 20% level, the FAA would take immediate action to identify the last funded through date for the FAA Contract Tower (FCT) contracts. Once this date is identified for each tower, we would work with contractors to notify by official FAA Letter the termination of contracts. To allow for adequate planning, the FAA would like to provide sixty (60) days' notice prior to the termination and withdrawal of funding. Per the existing contract, FCT contracts may be terminated with contractors by using AMS Clause 3.10.6-1 Termination for Convenience of the Government (Fixed Price).

The process and procedures to close FCT Towers includes performing Safety Risk Management for each site, official notification to users (airport, pilots, airlines/ private businesses, clubs, and surrounding community), local emergency response procedures, airport procedures, issuance of NOTAMs, cancellation of Orders and Agreements and establishment of new agreements, coordination with overlying/other facilities, public outreach, issuance of Letter to Airmen (LTA), equipment and frequency review and transition.

The process of reopening the FCT Towers would require rehiring personnel, training, requalification which would be a lengthy process.

Impact: In calendar year 2022 services for FCT facilities constitute 50 percent of the Air Traffic Control Towers in the National Airspace System (NAS) and 32 percent of Air Traffic Control tower operations according to FAA Operations Network (OPSNET). These services are mandatory to sustain the safe operations of the NAS and any disruption in continuing the required services at these facilities would have a major impact to the flying public and services to FAA owned facilities.

The safety and operational impacts as a result of the loss of Air Traffic Control (ATC) services at FCT locations are:

- The FCT program has proven to be a vital public safety and economic development asset for dozens of communities – many of them rural – in every corner of the country. These municipalities depend on the contract tower program to provide commercial and general aviation services to support the needs of that community, and in many cases, support for a variety of air ambulance facilities.
- FCT locations would become uncontrolled airports decreasing the overall level of safety for the flying public. A staffed FCT location is an airport that is considered a "controlled" tower and the air traffic is under positive control of an ATC specialist. When an airport is "uncontrolled", the air traffic is not under positive control and the "See and Be Seen" concept is used for pilots to visually separate themselves from other aircraft.

- Increased FAA Controller workload at adjacent air traffic control facilities. FAA ATC personnel will have an increased number of aircraft to control within their airspace since FCT locations would not be staffed. The total FCT Operations for 2022 were 17,553,445 according to the FAA Air Traffic Activity System (ATADS).
- Reduced airport capacity and efficiency at FCT Locations. The reduced airport efficiency will have a major impact during IFR weather conditions and other weather events (i.e., Instrument Flight Rules (IFR) aircraft will be limited to one-in-one-out concept).

In addition to these operational impacts, The FCT program employs approximately 1,400 Air Traffic Controllers. The reduction of funding for the FCT program would result in unemployment for this highly skilled ATC workforce. The FCT workforce is highly specialized and requires a Control Tower Operator (CTO) certification and sixteen hours of monthly proficiency to maintain credentials. The break in service for more than a 30-day period would impact the credentials for controller certifications and leave these FCT locations without qualified ATC specialists for re-hire and staffing.

Mr. AGUILAR. Sure. But I guess broadly, if you are asked to make 20 percent in cuts, and you just identify it in the answer to the previous question that those would be the low-activity towers and the contract towers would be gone, you know, what does that look like?

Mr. NOLEN. Well, that means that two-thirds—you know, there are 247 contract towers, another 125 low-activity towers. So you look to see at our top—let's just take, you know, 5,000 airports in the United States of which, you know, you have got 500 that have some significant levels of traffic, right. Of that you have probably got another 50 that are major, major airports.

So as you start to think about these outliers in communities that made their support as a contract tower, you have immediately lost that. So is that a lessening of safety? I would argue that it is. Am I more safe with or without a tower? The answer to that is probably I am with a tower, even though our pilots are professionally trained and they have procedures. But these impacts are real and they would be very meaningful.

Mr. AGUILAR. Thank you. I was pleased in the President's budget request that he included \$10 million to replace legacy precision approach path indicator systems with new LED systems to reduce the carbon footprint.

Can you talk with us about the agency's, you know, ability to work with small businesses to modernize, you know, technologies and replacing systems like this?

Mr. NOLEN. This is, well, something that really excites me, again, as a pilot who has flown for 42 years, including as an international captain. Having modernized systems, you know, precision-approach indicators, we have got, you know, satellite-based navigation and all of that, that means we are more efficient, that we can get in there, that the level of safety has certainly been enhanced. And so we work. We have got our William J. Hughes Technical Center in Atlantic City, New Jersey, where we do an incredible amount of testing, so we really appreciate the funds that have been allocated to that.

Everything that you can think of, when we think about contract towers, when we think about remote towers, we have the ability there to take virtually any technology that someone can envision and put it into a test environment and pressure test it to say, is it really fit for purpose, or if it is just another whiz, bang, you know, wow, sounds pretty cool but doesn't really work. That is our ability to sort of put it through its paces.

Mr. AGUILAR. Thank you so much. My time is up. Thank you, Mr. Chairman.

Mr. COLE. Thank you very much.

I now go to my very good friend from Florida, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Mr. Chairman, thank you so very much.

Administrator, again, thanks for your service.

Mr. NOLEN. Thank you.

Mr. DIAZ-BALART. Let me get a little bit parochial here for a second, parochial. So the Naples Airport, which, as you know, started in the forties as a training ground, and obviously because of the growth is now a pretty active place. So operations by jet aircraft in Naples Airport have more than tripled since just 2010, which means that even on peak days, and whether you are—if you are

looking at Thanksgiving, actually Thanksgiving through Easter, it is more than 70 takeoffs and landings per hour.

And so I want to talk to you about something that I know the ranking member has been very, very involved with, which is noise. In that airport, by the way, the FAA had originally had Naples Airport as part of the Florida's metroplex project. The airport obviously invested time and money, but then it was excluded.

And so here is my question: What support is the FAA providing to airports that are conducting noise studies? Number one. The community that obviously is now impacted rather severely by the noise, what else can be done to make sure that the community's voices are heard and that their concerns are heard? Because it is a growing concern, and, you know, when you look at Naples area, this is not going to just get better. It is going to get worse. And so what can we do to be a little bit more proactive and maybe a little bit more aggressive to help the constituents out there?

Mr. NOLEN. Well, thank you. Let me just say there, going back to some of my earlier comments, right, you know, sort of the three prongs of trying to address noise and emissions is, number one, technology itself. Airplanes are demonstrably quieter than they were, but we can use, again, optimized profile descents where we can. As I said, we have those at 64 airports. It may or may not be—I am not sure if it is at Naples, but that is something I can take away and come back to you with.

But lastly, to your point, the most meaningful one is that continuous engagement. We do that at the airport itself, and that is something we are very much committed to. So to the extent that there is something we can continue to do to address it with a particular community at the airport, you have our commitment that we will continue to do that.

Mr. DIAZ-BALART. And I appreciate that, and we will follow up with my team to your folks.

Switching gears now. Am I wrong, has there been an increase in near misses or at least, you know, whatever the term is for the—

Mr. QUIGLEY. Near hits.

Mr. DIAZ-BALART. What is it? Near hits. The ranking member says near hits. Has there been an increase? If not, is it just that we are hearing more about it? And, if so, why? And talk to us a little bit about that, if you would.

Mr. NOLEN. Yeah. So maybe I will go to the analogy, in the absence of news, all news is news, right. So if I were to do a whiteboard here and throw a couple of dots, it would be immediately apparent. On a year on year, went back and looked at it and did a 10-year look back in terms of what we would call near misses, you know. If you think runway incursions, or near misses, on an airport, we classify those A, B, C, or D. The As and Bs, we consider As quite serious, Bs a little less so, Cs—further down. We have had about 10 of those year to date.

Now, let me put that into perspective. On any given day, we are flying between 45,000 and 50,000 flights in the NAS. So that is a lot of flying. So when you look at the numbers on an absolute basis, that it is not a big number.

But coming into the year, when we saw this sort of all come together, we believe, again, as I stated, there is zero tolerance for an

accident. And so to provide an additional level of safety, I want to say there is zero tolerance for a close call. So that is why I issued an administrative call to action, and brought 200-plus members of the aviation leadership together to discuss what we can do. We immediately issued a safety alert for operators to say let's make sure we aren't missing on a blocking and tackling.

So we will continue to do those things, and there are other steps that we can take, and we would be happy to share those with you, sir.

Mr. DIAZ-BALART. Great, Administrator, and I have little time, but I appreciate your statements. You know, Mr. Quigley has obviously been dealing with the noise, has been leading on that effort for a long time. He obviously represents a very, very large airport, and the folks that I am dealing with are dealing with a much smaller airport. But for the people that live around it, as you know, it is just as problematic. So I appreciate your willingness to work with my team and my staff and myself, and we will be following up with you.

Mr. NOLEN. Thank you, sir.

Mr. DIAZ-BALART. Thank you. I yield back, Mr. Chairman.

Mr. COLE. Thank you very much.

I now recognize my good friend from New York, Mr. Espallat.

Mr. ESPAILLAT. Thank you, Mr. Chairman.

Administrator, thank you for being here. In your testimony, you highlighted your commitment to fostering a strong and diverse workforce. Currently, the FAA workforce is 60 percent White, 65 percent men, and just 35 percent women.

What are some of the provisions that you feel could change that scenario within your diversity and inclusion plan and that will help create a more inclusive workforce?

And I know that in my district, a very iconic district that has Harlem and Barrio, Washington Heights, the Bronx, dozens of languages are spoken there. There are many young people that want to enter that workforce, but there seems to be a lack of access to it. So what are you proposing that will help change that?

Mr. NOLEN. Well, let me give you, first, a good example of how we approach the next generation of air traffic controllers. We realized that we really wanted to reach out and broaden both our aperture and the net in terms of how we attract and retrain controllers. So last year, we met up with gamers, because we think they have got skill sets that we could use as controllers. We went to social media influencers to help us get the messaging out. We wound up getting over 800,000 unique hits to the site. We were expecting around 10,000 applications. We wound up getting 57,000 applications. That was one of the most diverse talent pools ever.

I think you have to do more than just attract. You have got to both attract and then you have got to train, you have got to mentor, and you have to establish those pathways. Those are the things that the agency is doing and is committed to. First and foremost, we want an agency that is talented, that is qualified, that is diverse, and represents America at large. And so that is the work that we are undertaking.

Mr. ESPAILLAT. Yes. Administrator, this past weekend I traveled. And at the airport I saw about over a dozen cots and people sleep-

ing there at the airport, little kids and moms, and delays, and there is also chronic cancellations. And it seems that the airline industry has gone to, to use Star Trek, where it has never been before. And I often feel that the travelers, customers are not justly compensated for delays and cancellations, and it pretty much has become a norm. And I often hear that—perhaps that the lack of air traffic controllers may unfortunately contribute to that.

But what is your assessment of where we are? I mean, you are asking for—how will your \$117 million request help hire additional traffic controllers? How do we get out of this situation? Now, I know we all travel weekly, and I am sure that we have seen, you know—we know this.

Mr. NOLEN. Well, thank you. Thank you, Congressman. I will say, having—again, having spent 33-plus years in that ecosystem of traveling and having had my fair share of delays, I also have had my fair share of getting the flying public to where they need to be.

What we have heard—and you have heard from the Secretary, who was here last week, is absolute commitment from the Department. What we expect is that airlines will deliver on their commitment to their customers. And our goal is to ensure from all sides that we are meeting our commitment.

So, again, we are very thankful for the \$117 million. It will help us continue the path of hiring. We are on track to hire 3,300 controllers between this year and next fiscal year, which would, given attrition, a net increase of about 500. But we are taking steps.

In your district, you know, as we know, we held a New York summit. We talked about what are the things we can do. We recognize the summer is on track to be a busy one, so we want to use every tool we have in our toolbox to make sure that we can meet the expectations of the traveling public. So we will continue to hold airlines accountable, and we will also hold ourselves as an agency accountable as well.

Mr. ESPAILLAT. Thank you, Administrator.

Mr. Chairman, just for the record, I think that the airlines need to be held accountable, that there is rampant delays and cancellations, and travelers are just not getting compensated justly for that. There is really a different standard right now for how travelers could get back the money that they are investing for traveling, which is in many cases very, very high.

Thank you, and I yield back.

Mr. COLE. I appreciate the gentleman's thoughts. I think his sentiments are widely shared.

With that, I would go to my very good friend from California, Mr. Valadao.

Mr. VALADAO. Thank you, Mr. Chair.

Thank you, Administrator Nolen, for testifying today. Appreciate the time.

I know it has been touched on a little bit, but due to the COVID-19 pandemic, many pilots took early retirement when air travel collapsed. Estimates show about 18,000 openings per year for airline and commercial pilots this decade. However, the FAA issued an average only half the number of pilot licenses from 2017 to 2021.

What is the FAA doing to try to help this situation?

Mr. NOLEN. Well, thanks for the question. We continue to work very hard. As you know, what the industry is doing, that is principally in this industry role to see what it is doing to produce tomorrow's generation of pilots with the number of retirements we saw through the pandemic. Most are on track to meet the demands of what they need. We recognize that there is some pain points among some of the regionals out there.

Our goal as the FAA is how do we incentive. So we have got some workforce development grants, and we are able to go to institutions and say how do we find ways to attract more people. That level of competition is high, so the level of attraction is there, but we have still got work to do. We want every, you know, qualified pilot that we can get.

Mr. VALADAO. I mean, a lot of those bonuses I assume come from the private sector, and I assume the FAA is going to play a role in approving those licenses. I mean, is the process getting easier or more difficult?

Mr. NOLEN. Yeah. When we think of licensing registration, there was a point where we were like 200 days. We have gotten that down to 75 days, and our goal is to get it down even lower than that. So certainly every license has my signature on it. Our team is committed to reducing the backlog and just make sure, whether it be an aircraft registration, whether it be a license, whether it be medical, we have streamlined all of those systems. And this is just one more of those things, when I talk about modernization and having something that is fit for purpose is critically important for us to stay on pace.

Mr. VALADAO. I appreciate that. And I understand the importance of safety, because as my colleague from Florida mentioned, some of the near—I think he used the inappropriate term, but “near hits” is something that we should obviously be concerned about. We want to make sure we have got properly trained pilots, but we need enough of them.

One quick issue that I wanted to bring up. It has come to my attention that a German company, HeliService International, has won a contract to transport passengers between two U.S. points, one in Rhode Island and U.S.-based offshore wind platform. My understanding, it is illegal for a foreign-owned company to transport passengers between two points in the United States.

What is the FAA doing to review the Part 135 of the air carrier certification for this company to determine whether the company is owned by United States citizens or whether it is lawfully bid, if the lawfully bid was awarded correctly?

Mr. NOLEN. So I can't speak to this particular event, but you have my commitment that I will have the team research that and we will come back to you, sir.

[The Department responded for the record:]

APPLICATION FOR FOREIGN AIR CARRIERS (HELISERVICE) FLYING
UNDER PART 135

Foreign air carriers are limited on the carriage of cargo and passengers within the U.S., with few exceptions (i.e., ICAO Freedoms of the Air).

Regarding HeliService specifically, it is an existing Part 135 air carrier and is owned by a holding company (HeliService Holding U.S. Inc.) that operates under

various trade names (d.b.a. s) whose majority ownership (51%) is U.S. The 49% ownership share is foreign (German).

The FAA reviews Part 135 application and works directly with the applicant based upon the specifics outlined in their application.

Mr. VALADAO. And I appreciate that. Thank you.

Back to the aviation safety deal. Runway safety incidents have been headline news, and I think you mentioned that it is on the horizon a little bit, and I think it is pretty well recorded. What is the FAA doing to ensure that these things don't happen in the future and keep people safe? I mean, as has been mentioned, we all fly a lot, but we obviously want to keep these as safe as possible.

Mr. NOLEN. Thank you, sir. We use a multiprong approach here. We started out, first and foremost, with an administrative call to action. One of the first things we did was to issue what is called a SAFO, a safety alert for operators, and in which we said to airlines, pilots, to the community, let's ensure that we are safe, let's ensure that we are vigilant, and make sure we have got the basic blocking and tackling.

We reiterated the need for—in maintaining the sterile period discipline between both the flight deck and the cabin. We then brought together 200 stakeholders to a summit that we did just about a month ago, and we went through what we are seeing. We looked through what the data was showing us and steps we can take.

Out of that came—the request was the need for data, more of it in near real time. So we are working with MITRE and other stakeholders, with our Office of Accident Investigation, and say how can we accelerate getting the data so that we can sift through it faster and get it out to the global community quicker.

Additionally, we have asked our other team to see what are the other data sources that we can use. We have made this one of our top priorities to move from, not just zero fatal accidents but zero serious near misses as well, so that is part of our process.

Mr. VALADAO. And my time is just about up, but I appreciate you bringing up the safety summit. I know that these things were talked about. Hopefully something came of that and you can share with us in the future, and we can help try to implement some of those to resolve this situation.

Mr. NOLEN. We would be more than happy to. Thank you.

Mr. VALADAO. All right. Thank you. And my time is expired, Chairman.

Mr. COLE. Thank you very much.

We now go to my good friend from Virginia, Ms. Wexton.

Ms. WEXTON. Thank you very much, Mr. Chairman.

Thank you, Administrator Nolen, for being with us here today. You know, listening to all my colleagues talk about their experiences at airports and flying, it makes me feel a little bit left out because I only have to get in my car and drive about an hour to get here. I also feel, more than anything, I feel lucky at the moment as well.

So I want to talk to you a little bit about what you are doing for recruiting. I just want to say that that is really cool, because you have got to meet people where they are. And I think it is really great the way you guys are doing that, and I think it will really

hopefully pay dividends to you. And I look forward to hearing how that works out for you guys.

Mr. NOLEN. Thank you.

Ms. WEXTON. So the sheer number of applications you got is astounding, so I think that is a really good start. Hopefully you guys will have adequate training, and you won't have to cut these classes off earlier or anything.

Mr. NOLEN. Yeah.

Ms. WEXTON. Thank you very much.

And, you know, last week, I spoke with Secretary Buttigieg about a situation at Leesburg Executive Airport. I know your staff have talked a little bit about this. I would like to continue that conversation with you today.

Leesburg participated in FAA's remote tower program. Since then, the operations have increased by 47 percent ever since they started continuous ATC at the Leesburg Executive Airport. That started in 2018.

Has Leesburg's participation in the pilot program given FAA valuable information about the remote tower program and what the drawbacks and benefits of it could be?

Mr. NOLEN. Yes, it has, indeed. And one of the key lessons learned for us is that, as we have new technology, novel technology, let's just make sure we are putting it in a good test environment. So what we will do going forward is we can take things like someone has got a new remote tower technology, et cetera, we can put that into operation at our technical center, make sure it is absolutely fit for purpose. We recognize where we are, and we have been having ongoing conversations with all of the stakeholders in Leesburg, and we are working to see what next steps might be.

Ms. WEXTON. We are kind of the FAA's guinea pig on that, right. I mean, we kind of were, you know. And I am glad that we were able to give you some valuable information, but as you know, Leesburg was also accepted into FAA's contract tower program in 2015, but they decided to forego that so they could participate in the remote tower program.

So, you know, would you agree that if they had participated in the contract tower program, they would have an operating contract tower by now in all likelihood?

Mr. NOLEN. It would be my expectation that they would have.

Ms. WEXTON. Okay. And now they don't because they participated in the remote tower program, though, right?

Mr. NOLEN [nonverbal response].

Ms. WEXTON. Okay. And thank you, I know you were disappointed by the outcome of the Leesburg remote tower certification process. I want to focus on the safety of Leesburg's airspace. And more importantly, I am glad to hear that the FAA and Leesburg have had productive conversations on the path forward. But there is an agreement to fund a remote tower until, I guess, the end of September. Is that correct?

Mr. NOLEN. That is correct.

Ms. WEXTON. Is that depending on what happens here today in our hearing or what happens in the appropriations process, or why is it end of September?

Mr. NOLEN. We are committed to working with Leesburg on, say, how do we get them into the Federal contract tower program. As we said, if we were to see cuts, that would pause that program. But our goal is to work with them to make sure they have got a solution, whether it be starting with the mobile tower and then ultimately having a remote—a Federal contract tower.

Ms. WEXTON. Even if they do decide to construct a physical tower, it would take 5 to 7 years for them to do that. You know that, right?

Mr. NOLEN. My understanding is that timeline is a little shorter than that, but I am happy to follow up with you with some specifics.

Ms. WEXTON. And Leesburg was untowered prior to entering the remote tower program. But, you know, has the FAA assessed the impact of ATC operations stopping at Leesburg without any alternative that would do safety there? Have you assessed that?

Mr. NOLEN. We continue to work with Leesburg, and we are looking to say how do we find a mutually beneficial solution there.

Ms. WEXTON. Thank you. You know, it seems to me that Leesburg was kind of the guinea pig for this program. We helped you guys out by participating in it. You kind of took it away really, really quickly, and it leaves Leesburg in a big lurch. You know, the travel there has increased 47 percent since they started the program, and now they are going to be left with nothing, possibly.

So I hope that you guys will help them out and help them with the efforts to ensure the continuity of ATC during the entirety of the transition. Will you commit to me that you will go back and talk to them about committing to that?

Mr. NOLEN. We can give you a commitment that we will certainly stay fully engaged with them and look to ways that we can move things as quickly as we can.

Ms. WEXTON. Thank you very much.

And with that, I yield back, Mr. Chairman. Thank you.

Mr. COLE. Thank you very much.

We now go to my good friend from Montana, Mr. Zinke.

Mr. ZINKE. Thank you, Mr. Chairman.

And thank you for serving. You have an impressive career, and certainly you are very impressive in committee.

So a couple questions. I have seen your organizational chart. I look forward to your efforts how to streamline it, because chain of command is important.

Mr. NOLEN. Yes.

Mr. ZINKE. And as a former secretary, I have seen some awful organizational charts that just don't provide. So I look forward to your efforts on that.

Mr. NOLEN. Thank you.

Mr. ZINKE. So I noticed in your testimony you talked about how to attract pilots.

Mr. NOLEN. Yes.

Mr. ZINKE. I want to talk a little about how to retain. While I am not a pilot myself, I know many, and I hear the same thing. They are concerned. They are concerned about the new pilots coming in. And I didn't realize, if you are in the right seat, the first time you have passengers is the first day of work, because you are

doing simulators, so you have never actually flown passengers before. So you have got the right seat first day.

But there is a concern about experience and then age. We are probably about the same age on there. There has been several bills and discussions about moving the age from 65 to 67 to retain our experienced pilots. Do you have a position on that?

Mr. NOLEN. I don't have a position on it. What I will say is that decision would rest with Congress, and we will certainly execute on whatever decision that Congress makes in this area.

Mr. ZINKE. It seems to me that there are—you know, people live longer, healthier, certainly we do. And to capture what I would consider reserve pilots that have a lot of experience but still want to fly, I think is probably good policy, and I would think that issue is bipartisan.

So shifting gears, UAVs. So as a former Navy SEAL, I have flown UAVs. And when I got out in 2008, I talked about integrating the NAS with UAVs. We are no further along integrating the NAS with UAVs than we were. Some of it, the ground has changed, technology has changed, the threat has changed, and I get that.

But where my concern is, our foreign competitors are moving rapidly forward, and very few companies will invest in the sensor heads for precision agriculture or wildlife management without having some certainty that they are going to be able to develop the products and have a reasonable return on investment.

I look at Montana. At one time there was a Hays MOA, which was the size of Florida, relatively little if any air traffic in it, a lot. It seems to me that in such areas are prime at least for prototypes to go out and train and make sure that the industry is in a position when we do enter the NAS that we perform and are competitive.

Mr. NOLEN. Right.

Mr. ZINKE. My ask is, if you consider looking at the Hays MOA, or other areas that have relatively little if any air traffic in it, and then going forward with a reasonable delineation in altitude—

Mr. NOLEN. Yes.

Mr. ZINKE [continuing]. Maybe 500 feet or 400 feet, put it on the NOTAM so you have it, and reasonable control so you can test and operate those systems. Do I have your—do you look at it, if you would?

Mr. NOLEN. You do have my commitment that we will take a look at that.

Mr. ZINKE. And lastly, I am a little concerned about the rural airports out there. You know, Montana, by the way, is the same size from here to Chicago plus 2 miles. A pretty big State. We have a lot of rural, you know, smaller airlines that run around, but all of them are being challenged because they seem to be—they do it for a short amount of time and then they get recruited all the way up.

Mr. NOLEN. Yes.

Mr. ZINKE. So I would ask that, as you look at pilot retention, though, also consider how to make sure our rural pilots are at the beginning of the feeders that are also viewed in your efforts going forward.

Mr. NOLEN. They are, indeed. And we certainly look at it as an entire ecosystem. Like you, I started my career in the military, got all of my pilot training in the military. But we are just looking across, and our goal is to be able to have pathways for pilots wherever they are starting their career.

And, you know, we have universities that are pushing as many out as they can. I have driven across Montana, and it is a beautiful State. As we think about Advanced Air Mobility, as we think about what the future will entail, there is some real opportunities in terms of how we connect rural areas to larger cities and intra-cities.

So this is one that really excites me between UAS and drones is to make sure we get it right, and to make sure that we are matching the pace, at least the energy—we say safety will dictate the tempo, but we want to make sure that our level of energy is high in getting this done. And I can tell you from our executives who are in charge of it, it is.

Mr. ZINKE. Well, thank you, and I look forward to you coming out to Montana.

Mr. NOLEN. I will be back out there.

Mr. ZINKE. Mr. Chair, I yield back.

Mr. NOLEN. Thank you.

Mr. COLE. Thank you very much.

I now turn to my good friend, Mr. Ciscomani of Arizona, for any questions.

Mr. CISCOMANI. Thank you, Chairman.

And thank you, Administrator, for being here, and thank you for spending time with us and answering questions.

Mine is going to focus a little bit on the homefront there for me in Pinal County, one of the counties that I represent. Are you by any chance familiar with the Pinal Airpark in my district in southern Arizona?

Mr. NOLEN. I am not specifically. You know, I have flown over Arizona many times and—

Mr. CISCOMANI. No problem. Let me—allow me to give you a little background on that, and then I will pose a quick question there at the end.

You know, the overview here is of this important FAA classified facility. It was built in 1942. Pinal Airpark has played a vital role in our national defense and commercial aviation industry for more than 80 years now. And located approximately 32 miles northwest of Tucson, Arizona, which is where I reside, the general aviation and military airpark was originally known as Marana Army Airfield, where it was an Army Corps—Army Air Corps training base that graduated 10,000 pilots during World War II. So it has got a strong history there.

Today, the airpark sits in the heart of what we call the Sun Corridor Megapolitan and one of the fastest growing regions in our country. It serves a diverse and growing military and commercial aviation community with a \$2 billion dollar economic impact and approximately 130,000 annual commercial and military flight operations, making it one of the busiest multiuse airports in the country without an air traffic control tower.

So in order to ensure airpark safety and support military readiness, Pinal County will soon apply for a new air traffic control tower under the FAA's air traffic control contract tower program. I would like to ask for your full and prompt consideration upon receiving such an application.

Mr. NOLEN. We will certainly give it all due attention, sir, once we have that application.

Mr. CISCOMANI. Thank you. Thank you for that. Thank you. And in the meantime, I would like to also invite you to Arizona, and your team, to join me at Pinal Airpark for a site visit at your earliest convenience. I promise you, you will have fun, and we will get you some really good Mexican food that is close by.

Mr. NOLEN. Thank you for the offer. I will certainly do everything I can to either get myself there or some of our executives there as well.

Mr. CISCOMANI. Excellent.

Mr. COLE. The chair advises my friend, that is borderline bribery.

Mr. CISCOMANI. Then let's scratch that one off the table, but, you know, the invite still stands. And you are invited too, Mr. Chair.

Mr. COLE. In that case, it is a perfectly appropriate invitation.

Mr. CISCOMANI. I figured. I actually yield back, Mr. Chair. Thank you.

Mr. COLE. Thank you very much.

I will now go to my good friend from Virginia, Mr. Cline, for any questions he may have.

Mr. CLINE. Thank you, Mr. Chairman.

Thank you, Mr. Administrator. I want to talk to you about drones and the special authority provided to the Secretary of Transportation under 49 U.S.C. Section 44807, to take a risk-based approach to authorize certain drone operations on a case-by-case basis. It is a critical authority to enable operations such as drone package delivery that are otherwise unachievable under current regulations and must remain in place until FAA publishes a regulatory framework that enables routine, expanded, and more complex operations.

What we have seen, though, in the meantime is that the FAA has issued only one certificate, durability and reliability process, specific to type certification of drones, but the actual implementation of the process has been inconsistent and lacks clear communication and expectations. Since the FAA has not provided specific 44807 criteria and guidance for applicants, we are at a loss.

So as the FAA steers commercial drone applicants away from type certification to section 44807, what is the process the agency is using to grant exemptions under 44807, and what objective criteria are you using to determine the scope and scale of an applicant's operation?

Mr. NOLEN. So let me say a couple of things there. Look, this is just one where we have just got to do better, and we have got to do better than what we have done, and I will just own that on the part of the agency. I think, you know, when we think about what BVLOS, beyond visual line of sight, has the potential to offer, we are committed to getting there.

I have got a strong new executive director in the Office of UAS, our associate administrator in aviation safety services, and you have our commitment that we are working through this as quickly as we can. We are working to use consensus industry, consensus standards. We are looking for ways and we think about how do we scale up, how do we get it right.

We received the BVLOS ARC, Aviation Rulemaking Committee, all of their comments. We are adjudicating those, and then we, of course, have to turn that into rulemaking. While we wait for the rulemaking process, to your point, we are using waivers and exemptions, and our team is working to make sure that we can assess those and process those as quickly as we can.

So you have our commitment that we will unstick that part of the pipeline, and we will work to get this BVLOS, you know, rule-making out there as soon as we can.

Mr. CLINE. Okay. So we understand that instead of working through current regs, you are going to look to a new rulemaking and a timeline then as quick as you can. But do you have objective criteria that you are using right now to determine the scope and scale of an applicant's operation?

Mr. NOLEN. We do have objective criteria that our team is using. I don't have all that in front of me, but I would be happy to have our team follow up with you on that one.

[The Department responded for the record:]

OBJECTIVE CRITERIA FOR UAS EXEMPTIONS UNDER 49 USC 44807

The FAA uses a risk-based approach to determine if 44807 petitioners can operate safely. The FAA conducts a Safety Risk Assessment, as outlined in FAA Order 8040.4, Safety Risk Management Policy, and FAA Order 8040.6, UAS Safety Risk Management Policy.

When evaluating an exemption, the FAA must consider the impact on safety, and whether granting the request is in the public interest. The FAA is considering how to enable certain BVLOS operations, such as infrastructure inspection and package delivery. The public benefit of expanding these drone operations is clear, and the FAA is evaluating use scenarios for infrastructure and package delivery in certain circumstances, with an eye toward more general applicability.

Mr. CLINE. Okay. And how are you communicating those criteria to applicants?

Mr. NOLEN. So our communication process, we are working very close—in fact, I just yesterday met with the Commercial Drone Alliance, so we are in constant communication between the Commercial Drone Alliance, and the General Aviation Manufacturers Association. We have AUVSI, which is leading proponent, who actually sits on our management advisory committee. So I would say that we are well connected to the drone industry, we have just got to get better at delivering.

Mr. CLINE. Okay. And my understanding is that the timeframe, you are working to make sure that that communication is done in as efficient and as speedy of a timeframe as possible?

Mr. NOLEN. I agree.

Mr. CLINE. Okay. Mr. Chairman, with that, I am going to yield back the balance of my time. I appreciate it.

Mr. COLE. I thank the gentleman very much.

We will now start a second round of questions.

Mr. Administrator, actually, I am going to build on what my friend from Virginia just raised. I mentioned in my opening remarks my interest in uncrewed aircraft and vertical takeoff landings and new technologies coming into the marketplace, obviously pose great challenges to you at the FAA as to how and the speed with which we regulate, but great opportunity for us as a country as well to take the lead.

So how is the FFA—actually the FAA adapting certification processes to ensure the safe and efficient integration of these novel technologies into our national airspace?

Mr. NOLEN. Well, sir, for me, and I do believe we are at this inflection point in history. Never have I been more excited, you know, certainly as acting administrator, and I can tell you the level of excitement extends throughout our certification service, our flight centers' inspectors.

We have restructured part of the certification process on the aircraft side itself to make sure that it is aligned, that it is efficient, so that piece is already in play. I have given direction to our associate administrator for Aviation Safety to ensure that their process is as transparent as we can make it. We want to be transparent, we want to be communicative, and we want to be moving forward, and we are.

If I take, you know, eVTOLs, Advanced Air Mobility for the moment, right, three things: certify the vehicle; number two, you know, set operational standards for how the pilots will operate them; and number three, integrate them into the airspace. We are working through all of those. Our SFAR, our Special Federal Aviation Regulation, for how the pilots will operate, it is currently at the Office of Management and Budget. We expect to have that published by the time the first eVTOL takes flight, either late next year or early 2025.

The certification of the aircraft itself is pretty straightforward, and our team is working diligently there. I can tell you we match, EOF calls it special conditions and we call it power lift, but essentially we have got the same thing, something that takes off, like a helicopter flies, like an airplane lands, like a helicopter. I have got thousands of hours in helicopters and even more thousands of hours in airplanes, so I understand that. And our goal is to make sure that we don't lose—and we have no intent of losing our global leadership in this space.

Mr. COLE. That leads me to my next question on this. And I am not suggesting we are in any kind of a race, but I know you are in communication with comparable authorities in other countries. How would you rate where we are at and how we are sort of doing in this situation compared to comparable systems?

Mr. NOLEN. A good question. So I traveled the world last year—I started in Singapore, Brazil, Paris—I am sorry, Farnborough, London, Dubai. The world is moving, but they look principally to the U.S. and they look to EASA as the two sort of preeminent regulatory authorities. During Farnborough last year, we stood up something called the National Aviations Authority with ourselves, Canada, the U.K., Australia, and New Zealand, to see how do we continue to do that.

We have established strong partnerships with Japan, with South Korea, with Singapore, and with EASA itself. Our goal is to make that playing field as level as we can internationally, and that we are working at speed so that if an American OEM manufacturer of an eVTOL, that they can take that anywhere in the world and have a sense that it can be operated, and vice versa.

We are moving at speed. Remember, we have the most complex system in the airspace. So you might be able to go put something that is a one-off. We want to make sure that we can do it at scale in our very complex NAS. But I can tell you, that is our priority, and we are really—it is something that really excites the agency.

Mr. COLE. Yeah. I think these technologies offer, honestly, some of the most isolated parts of our country the greatest opportunity. And I represent some very rural spaces in America. Very interested in your thoughts about will we be able to build a system, particularly in remote Tribal areas or rural areas, they could have access and maybe jump-start where they have been in terms of air travel.

Mr. NOLEN. Absolutely. And, in fact, there—you know, I won't call out any particular operator, but there are those who are already starting to think about how this works in rural areas. For example, we are working with the Choctaw Nation. We have done a lot of work in this area to say—and they have been a strong partner for us. And so as we look across, that is exactly one of the use cases we think of is that ability to connect smaller communities to larger communities in cities. So we are on the cusp of this, and we are going to make it happen.

Mr. COLE. Well, Mr. Administrator, I was going to try and drag you into mentioning the Choctaw Nation because I represent part of them, so thank you for anticipating me, and it is even better when it is done that way.

So, with that, I will turn to my good friend, the ranking member, for any questions he has.

Mr. QUIGLEY. Thank you again, Mr. Chairman.

Administrator, we touched in our previous phone call on the issue that my colleagues have brought up, the noise issue. And I appreciate that we are talking about technology changes, and I appreciate those pilots that respect neighborhoods, and I want to talk later about how we can get more of them to do this and encourage that.

But I think it is important to fundamentally get back to where we start with this, and that is—I am the vice chair of the Quiet Skies Caucus. I have been doing this 14 years. In all that time I have heard that the FAA has indicated it is revisiting its noise policy and reviewing day-night average sound level, DNL.

I don't think anyone argues that that number, 65 DNL, wasn't at the time it was put in place just pulled out literally of the air, that it wasn't necessarily a rational figure based on science or facts. Where are we? I have heard for years now there were studies, it was going to change that.

And part of—what a cynical person could determine is that we didn't want to touch it because, if we determine that lower levels would impact people, oh, we would have to pay for more sound-proofing. And I just think it is fair that we treat the reality of the situation in that interim time.

Harvard and Boston University study found that seniors exposed to aircraft noise faced increased risk of hospitalization for cardiovascular issues in ZIP Codes where aircraft noise is higher, the admission rate in hospitals is higher for these diseases. So I just want us to deal with what the reality is. And if it requires more, then at least we have an honest problem to address.

Mr. NOLEN. Well, let me just say, Chairman Quigley—I am sorry, Ranking Member Quigley, that our team, we are committed to updating that study. We are committed to updating the study, and so I would be happy to follow up with your staff on that.

We recognize that there is at times a relativity to noise. We have tried using Metroplex and other tools in our toolkit to see how do we maintain the level of efficiency, how do we move into—again, CLEEN is one of our top initiatives, as this continues to lower emissions and noise. So it is one that we are indeed committed to, and we are committed to that level of engagement. So I think it is one that requires continuous engagement, and you will see that from us.

Mr. QUIGLEY. When do we think we will get some whiff that the study is complete and some conclusions as to what is an appropriate DNL or at least some analysis of what different levels on that spectrum do to people of different ages and health and so forth? When are we finally going to get some sense of what the science and health are telling us?

Mr. NOLEN. If you will allow me, I will take that as an IOU, and we will certainly come back to you and your staff.

Mr. QUIGLEY. Okay. And I greatly appreciate that, but knowing that your intentions are to do something else, I truly and really don't want to talk to your successor next year and have the same question answered the same way.

Mr. NOLEN. We will come back to you with some timelines, sir.
[The Department responded for the record.]

INFORMATION ON THE 65 DAY-NIGHT NOISE LEVEL STUDY AND NOISE POLICY REVIEW

On May 1, 2023, the FAA issued in the Federal Register a request for comment on its review of the FAA's civil aviation noise policy, with a particular focus on noise metrics and noise thresholds. The comment window will close on July 31, 2023.

The FAA also announced four virtual public webinars between May 16–28, 2023.

For more information, please visit www.faa.gov/NoisePolicyReview.

Mr. QUIGLEY. I appreciate that. I yield back.

Mr. COLE. Thank you very much.

I now go to my good friend from Florida, Mr. Rutherford, for questions.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Administrator, we have heard a lot about 5G in the last few years and the agreement with telecom industries to delay the 5G around certain airports. But those deals were cut through July 1 2023.

Mr. NOLEN. That is correct.

Mr. RUTHERFORD. So my question is—I am also hearing from the industry that they don't think that the altimeters are going to be available in the numbers that are going to be required. I would like

to know, have you heard that and, if so, are we going to have to go back to the telecom companies and ask for an extension of this restriction?

Mr. NOLEN. Let me say too that we are not planning to ask for an extension of this commitment. We have communicated very strongly on this issue. I have met with the CEOs of all three of the radio altimeter manufacturers, that being Thales, Rockwell Collins, and Honeywell. We have talked to industry. There is something to be said here.

We have said all along that we believe that spectrum, that 5G and commercial aviation can safely coexist. And so we set out a pathway, some that started with voluntary mitigations. We have allowed the telecos to turn on nearly 121,000 radio altimeters—I mean antennas, I am sorry, for their networks. But that is just two.

We have voluntary agreements with Verizon and AT&T. We have 19 others who are coming on to the spectrum there. So we are working across government. We are working with the Federal Communications Commission, with the NTIA, to say what we need to do. But at the same time, what we said to the industry, this is one we have identified a risk and an ask and that requires a mitigation, and then we have given them until July of this year to retrofit.

Now, when we get to July 1, if they haven't retrofitted, it means they will not be able to take advantage of lower visibility approaches. That may result in a divert. If by the time we get to next year they haven't retrofitted, they will not be able to operate in the NAS.

So when we look at the effort that it will take, we believe that this is the right path to be on to address the risk, all the while where we are working off of voluntary mitigations. And we have got some of those that go out there farther in time. So it is one we are working together, but it takes commitment on all sides.

Mr. RUTHERFORD. So, I mean, condition two and three, that is a lot of approaches. Are we really going to do all those diverts?

Mr. NOLEN. I don't know what the body of diverts will be. If you think of when you have mostly low-weather situations—and certainly I have flown thousands and thousands and thousands of hours and lots of approaches, and I can tell you, the number of times that I personally have diverted or had to do low-visibility approaches I can count on two hands, and that is in 30-plus years.

Mr. RUTHERFORD. So let me ask this: The number of altimeters that are going to be available, do we know what that is exactly yet?

Mr. NOLEN. We do. We do know—we know what the global—

Mr. RUTHERFORD. What percentage?

Mr. NOLEN. So the global fleet populations, if you think about 7,000 airplanes that need to be retrofitted and you look at that, we are talking commercial. That doesn't—

Mr. RUTHERFORD. Right.

Mr. NOLEN. We are not talking business aviation or general aviation, right—

Mr. RUTHERFORD. Right.

Mr. NOLEN [continuing]. And helicopters, though all of that is in work.

Mr. RUTHERFORD. Now, when you say commercial, you are talking cargo as well, right?

Mr. NOLEN. Absolutely, yes, sir. Indeed.

Mr. RUTHERFORD. And so what is that percentage?

Mr. NOLEN. So if you look at where we are, there is a level of uptake. There are three—I will just do a quick—there are three—or four groupings. You have got Group 1 and Group 2. Most of those have already been retrofitted because they were the most susceptible to 5G interference. Group 3 constitutes the bulk of the airplanes that need to be retrofitted, and so the radio altimeter manufacturers are working very hard. They have upped their level of production in terms of what they need. And Group 4 is a little bit further out there.

Will there be some? You know, it is incumbent upon operators to make sure that they are indeed talking with their radio altimeter manufacturer. I am talking with them, and I have ongoing dialogue with them on a frequent basis, but we are holding to our timelines.

Mr. RUTHERFORD. Okay. And if you can give me a 10-second answer to—because I am running out of time—to the Federal Flight Deck Officers program. I know that doesn't fall under FAA. That is TSA.

Mr. NOLEN. Yes.

Mr. RUTHERFORD. But they are trying to expand that program. It has proven to be very successful.

Is FAA, are you all committed to making that 100 percent, if possible?

Mr. NOLEN. To your point, it is a TSA program. So we don't own it, TSA does, but we are happy to, you know, see how that all plays out.

Mr. RUTHERFORD. You like the program? You are pushing the program?

Mr. NOLEN. What I can say is, I am not pushing one way or another. I have been in that space myself as a captain.

Mr. RUTHERFORD. Well, we would like you to push. Thank you. I will yield back, Mr. Chair.

Mr. NOLEN. Thank you, sir.

Mr. RUTHERFORD. Thank you.

Mr. COLE. I thank the gentleman.

Now we go to my good friend from California, Mrs. Torres.

Mrs. TORRES of California. Thank you, Mr. Chairman.

Administrator, there are just two last things that I wanted to address with you. In 2022, there were over 2,450 unruly passengers, 831 investigations, and over \$8.4 million in fines levied. Also, surveys have shown that 70 percent of flight attendants have been sexually harassed at work. This is incredible and unacceptable. And there are other safety issues.

For example, I myself have been sitting next to passengers sitting in an emergency row. They had had so many drinks, that if there was truly an emergency, I don't believe—I am not confident that they would be able to open the door or even get out of the way.

So what plans does the FAA have to improve the ways FAA protects crews and passengers from physical abuse and harassment?

Mr. NOLEN. What I can tell you is that we have an absolute zero tolerance for bad behavior. The industry, they are working it from their end. We don't own a no-fly list. That rests with TSA. But if someone chooses to act up, my message to them is to stay home, because if you act out, we are going to come after you with everything that we have. And if it is warranted, we will refer you to the Justice Department for prosecution.

There is no tolerance for this, and we are working with everything we are doing. I know the industry is working to ensure that their crews are well trained, that ability to assess whether someone might be under the influence. So it is a collective effort on all of our parts, you have seen us go out with some prosecutions that we have done and substantial fines, that we will continue to do that. And especially as we see travel come roaring back, we are going to lean in even more.

Mrs. TORRES of California. I just think that we need to increase the public awareness, maybe through PSAs, about what is acceptable and unacceptable, including, you know, grooming habits. No one wants to sit next to someone who hasn't taken a bath in 2 weeks, you know, 6 hours in flight. It is really tough, from a personal experience.

I want to now talk about the AIP grants, which have been vital to increasing aviation safety. I want to raise one example of a safety issue that could be solved by the AIP in my district. The Ontario International Airport has a number of former DOD buildings that have been abandoned in the middle of the airport. These World War II-era buildings have become a place where, at one point, we had homeless individuals, you know, trespass, and they had to be removed not just for their safety, but there was a big risk that they could enter the airfield. These old buildings are in such disrepair that they are not safe to enter due to structural and asbestos hazards.

I understand that Ontario leadership has attempted to work with the regional FAA office numerous times to address how to best handle these buildings, but there has been a number of delays during this process. And I would like to get your commitment that this relationship and communication will improve. You know, and if I need to be a part of this conversation in order for it to be improved, then, please, add me to the list.

Mr. NOLEN. Well, thank you. You do have our commitment. I will certainly have my team take a look at that and see where we are, particularly in Ontario, and we will certainly come back to you with an update.

Mrs. TORRES of California. Thank you. I appreciate that, and I yield back.

Mr. COLE. Thank you very much.

We now go to my good friend from Arizona, Mr. Ciscomani, our future host.

Mr. CISCOMANI. Everyone is invited. Thank you, Mr. Chair.

Administrator, as you know, the Tucson International Airport is located in southern Arizona. That is where I mentioned just a second ago. And it is an essential transportation facility for thousands of commercial, military, and general aviation users. It is also sig-

nificant for homeland defense. It is the largest F-16 training base in the country, training many of our allied nation soldiers.

Now, in response to the safety requirements put in place by the FAA, the airport is undergoing a more than \$400 million airfield safety project, which took around 10 years to plan. This project will expand the runway, decreasing the number of near misses and runway incursions.

About 2 years ago, construction finally began enabling the project, and about \$100 million of work has been accomplished to date so far. The next phase is the largest phase of the project, and the Tucson Airport Authority has yet to receive a solid timeline for funding rollout from the FAA, creating a bit of uncertainty there about the future of this project.

Can I get a commitment from the FAA to support the Tucson Airport in completing this project in a timely manner?

Mr. NOLEN. Well, sir, let me say, you have my commitment. Let me go back and check with the team, see what the status is and we promise to follow up with the status update.

[The Department responded for the record:]

UPDATE ON TUCSON AIRPORT AIP FUNDING SUPPORTING RUNWAY EXPANSION PROJECT

The engineering design phase of this complex program was completed in FY-2021 and construction is underway. Future construction phases are anticipated to occur over the next 5-7 years.

The FAA is actively engaged in supporting this important safety initiative, including a broad range of technical and financial support. The FAA is currently working to consider the airport's FY-2023 AIP funding needs, including requests for discretionary funding to bolster the airport's available AIP entitlement funds.

Over the last 15 years (since 2008), the FAA has awarded more than \$263 million in AIP grants to Tucson International Airport, including more than \$105 million in AIP discretionary funds. In addition, since 2020, the airport has received more than \$28 million in COVID funds.

Mr. CISCOMANI. Thank you. I look forward to that. And thank you for your attention on this issue. Thank you for being here again.

The airport has been diligent in keeping up with the FAA safety regulations, so I want to ensure they are being supported in their important safety efforts as well.

Mr. NOLEN. Thank you, sir.

Mr. CISCOMANI. Thank you so much for your time.

Chair, I yield back.

Mr. COLE. Thanks very much.

We now go for our last questions from my good friend from Virginia, Ms. Wexton.

Ms. WEXTON. Thank you very much, Mr. Chairman.

Thank you again, Administrator Nolen, for being here today. I am really, really sorry that you are not going to be staying with the FAA permanently. I think I speak for many people on the committee when I say that.

So I appreciate the chairman and Mr. Rutherford's questions about strengthening controller hiring, and I want to go a little bit further and do a deeper dive into that, because it is my understanding that current FAA staffing targets include both certified controllers and noncertified, those we are training, right?

Mr. NOLEN [nonverbal response].

Ms. WEXTON. So we know that, currently, only about 50 percent of trainees are certified and the trainees also can't control air traffic while they are in training. Is that correct?

Mr. NOLEN. That is correct.

Ms. WEXTON. So my concern is that we may have a facility or a tower that looks like it is fully staffed on paper, but meanwhile there is somebody there who is a trainee and the actual certified controllers have to work overtime and 6-day a week shifts in order to be able to have coverage there. But it will show up on your stats and everything as being completely certified and fully staffed. Is that happening now?

Mr. NOLEN. Let me just make a clarification there. So we do have—when we think of what—remember, we were previously looking at staffing ranges.

Ms. WEXTON. Right.

Mr. NOLEN. We are taking a body of work to look at specific targets by facility. But I can tell you, on the 300-plus—the 22 en-route centers, the 300-plus facilities we have across the NAS, we have looked at all of those. Our goal is to ensure that we have the level of staffing that meets the demands of the NAS, the total NAS plus whatever is within that particular sector or that facility.

So that work is ongoing. We know we have some work to do. We are working—which is why we have aggressive training targets for both this year and for next year. We are also looking at our highest demand areas, be it an en-route center, be it a facility, and we have done a lot of work in ensuring that they are staffed with the support that they need.

You do have—to your point, because a controller has to be certified by facility, that takes a piece of work. But all of that we take into account in terms of what our modeling is.

Ms. WEXTON. So are you saying that there is no situations where on paper a facility or a tower could be completely fully staffed but, in fact, there is not the required number of fully certified ATCs on board?

Mr. NOLEN. There could be. At any particular facility, of their number, their required number, some of those could be controllers in training, you are absolutely correct.

Ms. WEXTON. Okay. So I was glad to see that the working group with NATCA and MITRE and those folks working together and coming up with targets for fully certified ATCs, so hopefully you will continue to work with them. Will you commit to continue working with them—

Mr. NOLEN. We will, absolutely. We consider NATCA a strong partner. It takes all sides coming together where you have our full commitment that we will continue that.

Ms. WEXTON. You will continue to work with them to make sure that you have actual certified controllers as the basis of your targets—

Mr. NOLEN. We will absolutely commit to working to ensure that our controller workforce meets the demand of the NAS and by facility.

Ms. WEXTON. Thank you very much.

With that, I will yield back, Mr. Chairman.

Mr. COLE. Thank you very much. That concludes our questions. I will now go to my good friend, the ranking member, for any final comments he cares to offer.

Mr. QUIGLEY. Mr. Administrator, I want to finish where I started, and that is thanking you for your service. And we are not through with you yet, so we appreciate what you will do in your final days working with us, but we appreciate your service. We appreciate your following up. And we know there is several issues hanging with members on both sides, and we will follow up with you as well. Thank you again.

Mr. NOLEN. Thank you, sir.

Mr. COLE. Thank you very much.

I want to associate myself with my good friend's remarks about your service. We appreciate it very much. As he said, we are going to drain every last drop out of you we can possibly get, and, frankly, hope to keep in touch with you after that. You are really a global leader in air safety and a great asset to the traveling public, and this committee would enjoy continuing to have your expertise available to go. So we wish you well.

I think as you notice from the tone of the hearing, this is not a particularly partisan issue. We all fly. We all have the same concerns. Our constituents do. We appreciate the terrific job you and your colleagues at the FAA have done for the flying public over the years, and certainly want to commit to continue to work with you and provide you with the resources you need to usher us into the next age.

Mr. NOLEN. Thank you, Chairman Cole.

Mr. COLE. You are most welcome.

So with that, the hearing is closed.

[Answers to submitted questions for the Record follow:]

Billy Nolen, Acting Administrator
**Budget and Oversight Hearing – Fiscal Year 2024 Request for the Federal
 Aviation Administration**
 Rep. Tom Cole
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

Question Subject Area FAA Cybersecurity

Question Background: The 2018 FAA Reauthorization Act authorized a broad funding profile to address cybersecurity vulnerabilities across the aviation ecosystem.

Question: In the upcoming 2023 FAA Reauthorization Act, how will the FAA ensure appropriate resources are requested and allocated for verifying onboard avionics networks have not been compromised by a cybersecurity vulnerability?

Answer: The FAA Cybersecurity Steering Committee, which includes members from Aviation Safety, the Air Traffic Organization, the Office of NexGen, the Office of Information and Technology, Security and Hazardous Materials Safety, the Office of Airports, Commercial Space Transportation, the Office of the Chief Counsel, the Office of Policy, International Affairs & Environment, as well as Department of Transportation (DOT) members, is responsible for developing a comprehensive cyber risk management strategy and cybersecurity governance structure that fuses organization goals and objectives. Through this committee, the FAA has created the FAA Cybersecurity Strategy, which articulates the Agency's approach for protecting FAA information systems and the FAA mission. This strategy guides the development and execution of the FAA Cybersecurity Program and strengthens FAA's overall cybersecurity posture.

As the regulatory authority for civil aircraft, the FAA ensures that cyber risks are mitigated using a layered approach. This approach includes policy, guidance, and regulations to secure and protect information systems onboard to assess potential cyber vulnerabilities in commercial aircraft. As part of the FAA's certification processes for transport category airplanes, manufacturers are required to address cyber risk when they apply for certification. Manufacturers must demonstrate to the FAA that critical airplane systems are protected from intentional unauthorized access. The FAA ensures network security is established as part of the aircraft design and that it is subsequently maintained for the life of the airplane. The FAA is committed to protecting the integrity of GPS signals coming into the aircraft and has initiated multi-year research activities to preclude false signals from entering and harming aircraft avionics.

The FAA will continue to use current and future resources to improve airplane security and make cybersecurity safety issues easier to detect and mitigate. Working with industry and sharing fleet information is key in this regard. There are industry-government partnerships already underway, with a singular goal of aviation safety first. The FAA will continue to address all safety issues, cyber or other, by managing safety risk using a data-driven methodology.

Question Subject Area: Maintenance Technician Workforce Training and Planning Processes

Question Background: The DOT Office of Inspector General recently released an audit entitled “Opportunities Exist for FAA To Strengthen Its Workforce Planning and Training Processes for Maintenance Technicians.” In their report, they found that a “lack of a strategic approach hinders FAA’s ability to develop a sustainable workforce model.” A recent look at the industry projected that, by 2027, there could be a supply deficit of nearly 48,000 aircraft maintenance technicians. This would be a shortfall of nearly 27%.

The auditors made four recommendations, and I was pleased to see that the FAA concurred with them and laid out a timeline for their completion.

I am most interested in Recommendation #1, which would require the Administrator to “establish and implement a maintenance technician workforce plan that considers factors such as average training time, training requirements, and staffing turnover for a period longer than 1 year.” FAA imposed an internal deadline by August 31, 2023.

Question: Considering the DOT OIG’s recommendation framework, can you outline what will be your top priorities when developing this plan? Do you anticipate working with external stakeholders, including Aircraft Maintenance Technician Schools? How does the FAA plan to address this projected shortfall?

Answer: The FAA Technical Operations Organization is scheduled to provide Congress with a plan for developing a Technical Operations workforce plan in 2024. This multi-year plan will cover technical occupations within Technical Operations Services, with Airway Transportation System Specialist (ATSS) as the top priority. The plan will include a section on hiring and hiring strategy. The FAA plans to 1) provide the DOT OIG with the list of deliverables and next steps and 2) update the DOT OIG annually on the implementation of the multi-year workforce plan.

Billy Nolen, Acting Administrator
**Budget and Oversight Hearing – Fiscal Year 2024 Request for the Federal
 Aviation Administration**
 Rep. Mario Diaz-Balart
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 House Committee on Appropriations

1. Question Subject Area – Naples Airport, Flight Noise

Question Background: The Naples Airport, in FL-26, was constructed as a pilot training facility during World War II. Since the 1940's, Naples has grown around the airport location from a sleepy fishing village, into a destination of 350,000 residents, county wide. Operations by jet aircraft at Naples have more than tripled since 2010, increasing from 17,000 per year to nearly 53,000 jet operations in 2022 alone. On peak days from Thanksgiving through Easter, more than 70 take offs and landings per hour, and more than 500 total operations per day. As you can imagine, my constituents living around the airport have had to experience this increase of noise at an alarming rate. In an effort to address the noise concerns, Naples Airport has conducted several Noise Studies, the Airport is currently on their 5th Survey and plan to submit to FAA by next month.

Question: What support is the FAA providing to Airports that are conducting Noise Studies?

Answer: FAA involvement in airport noise compatibility planning occurs when airport authorities initiate the development of a noise study. These studies identify potential noise impacts from airport operations that would result in incompatible land use (such as residential, schools, and churches) and develop recommended measures to reduce the effects of noise from airport operations.

Airports undertake the Part 150 process in two steps: 1) Develop noise exposure maps (NEMs) and 2) Develop a noise compatibility plan. During this process airport sponsors:

- Make publicly available the noise condition by publishing NEMs;
- Invite consultation by the public, land use authorities within the Yearly Day-Night Average (DNL) 65, 70, and 75-decibel noise contours, other Federal agencies, and aircraft user groups at the airport to review and comment on noise mitigation measures identified and studied;
- Make publicly available the noise compatibility plan that presents the options being considered to mitigate noise impacts associated with airport operations.

FAA has a key role in supporting airports in the Part 150 process by reviewing and providing input on the noise exposure maps and noise compatibility plan, which involves providing

guidance on adherence to 14 CFR Part 150, participating in community engagement efforts, including meetings, and providing input regarding the ability of proposed mitigation measures to result in a decrease in incompatible land use.

In addition to supporting the Part 150 process, the FAA provides financial assistance to airports for noise compatibility planning, analyses, and implementation of mitigation measures. Over the past 40 years, considerable effort has been expended to provide relief to noise-impacted areas through FAA grants.

Question: The Part 150 Study provides a limited scope on what airports can submit as a recommendation to reduce noise levels within the community, where does the agency stand in expanding the recommendation criteria for airports?

Answer: The scope of recommended measures an airport can implement to reduce noise levels from airport operations is not necessarily limited, as they are determined by the airport authorities and based on local conditions and community input. That being said, to meet the requirements of the 14 CFR Part 150 regulations, the mitigation measures must result in a reduction of incompatible land use. Remedial mitigation measures that do not result in reducing incompatible land use are not approved by FAA when the Record of Approval is published. Additionally, the FAA's decision is informed by airspace safety and the feasibility of implementing proposed aircraft operational measures. These criteria are important to ensure the responsible management of federal funds and safety of the national airspace system.

Though primary noise mitigation projects may include sound insulation treatments, land acquisition, and new or changed aircraft flight operations, FAA also supports preventive measures. Proactive actions, including comprehensive planning, zoning, subdivision ordinances, building codes, and real estate disclosure are also effective in preventing incompatible land uses around airports. Therefore, the FAA is amenable to supporting a range of recommended mitigation and preventative measures that airports can submit for consideration during the Part 150 process based on their noise studies and local conditions.

Question: What steps does the Agency believe can be taken to address noise levels in communities?

Answer: The FAA is working to mitigate aircraft noise through quieter technology and operations by partnering with aerospace manufacturers in the Continuous Lower Energy, Emissions, & Noise (CLEEN) program to accelerate the introduction of quieter technologies. As an example of quieter operations, FAA has implemented Optimized Profile Descents (OPD) at 64 U.S. airports. These OPDs can enable aircraft to descend on a smooth, continuous flight path with the engines at lower power, which reduces community noise exposure. The FAA also partners with universities through the Aviation Sustainability Center (ASCENT) on longer term research to reduce aviation noise.

In addition to technology and operations, because of increased funding the agency has received over the last few years, the FAA has been able to increase its community engagement regarding noise concerns around airports. This increased engagement involves both improving the tools used

to interact with the public, like the FAA ChatBot and Noise Complaint Initiative, and increasing our meetings with airport authorities and the public.

2. Question Subject Area – Naples Airport, Flight Noise

Question Background: It's been brought to my attention, the FAA originally had Naples Airport as part of Florida's Metroplex project through the NextGen Program, where the airport invested time, and money to only be excluded due to budget constraints. Naples Airport Authority has remained the same goal for more than 20 years which is to eliminate the 2,000 ft departure altitude hold restriction so they can allow aircraft to climb higher, sooner, and faster therefore reducing noise.

Question: Is the Agency's NextGen reconsidering smaller airports in narrowing flight paths? What are the possibilities and cost implications for such project?

Answer: Although we do not currently have plans for an FAA-initiated flight-path redesign at Naples, the FAA does not exclude airports from requesting instrument flight procedures on the basis of airport size.

Flight procedures can be requested through the FAA Instrument Flight Procedures (IFP) Information Gateway. Each service center maintains an IFP Validation Team to ensure efficient use of FAA resources to benefit the National Airspace System (NAS). If the IFP Validation Team does not approve the request, the reasons for disapproval will be documented and relayed to the proponent. If the IFP request is denied, the decision may be appealed, with additional justification, to the IFP Validation Team through the Flight Procedures Team Manager.

If the request is approved, a separate IFP Prioritization Team ranks all valid IFP requests received from the IFP Validation Team and establishes the national production schedule. The schedule gives the highest priority to IFP actions related to NAS safety and integrity.

Question: What is the Agency doing to share opportunities to smaller airports to participate in future studies/programs that can minimize the noise frequency in the surrounding community?

Answer: During our meeting with the Naples Airport Authority (NAA), it was noted there has been an increase in jet traffic at Naples, and understandably, this increase is creating new community concerns from those impacted by jet noise. The FAA does not restrict the number of jets accessing Naples, or their hours of operation.

We value our dialogue and collaboration with all our airport partners and encourage consensus-based input from communities surrounding airports. We find this broad-based input, including recommendations from groups, such as the NAA Technical Advisory Committee (TAC), an important part of the decision-making process. We will review any recommendations provided by groups such as the TAC, or by the airport representing input from a broad-based community group.

In addition, FAA encourages our airport partners, including the NAA, to participate in our noise policy review, which was initiated on May 1, 2023 through the publication of a Federal Register Notice seeking stakeholder input on a series of 11 questions related to aircraft noise, metrics, and thresholds. The comment period is open until July 31, 2023, and responses are submitted through our Regulations.gov Docket. We also urge our partners to view a recording of one of our noise policy webinars. These recordings, a link to the FRN and Docket, along with other additional information, can be found on our Noise Policy Review webpage: www.faa.gov/noisepolicyreview.

3. Question Subject Area – 5G Impacts

Question Background: At high power, 5G signals may interfere with radio altimeter (RA) operations in aircraft. AT&T and Verizon’s voluntary agreement to limit use of their 5G towers near certain U.S. airports expires July 1, 2023. To be able to operate in low visibility (Category II and III) conditions after that date, the FAA will require aircraft to have new or upgraded RAs installed. U.S. airlines have been working diligently to replace or retrofit RAs over the past months to meet the FAA’s deadline. Unfortunately, at least one major RA supplier recently informed airlines that it cannot meet previous delivery promises. There are not enough RAs to allow all aircraft to be retrofitted by the July deadline. Without an extension or other FAA action, made consistent with safety needs, U.S. carriers will not be able to operate some of their fleet in Category II and III conditions starting July 1.

Question: Since manufacturers cannot produce enough RAs to allow air carriers to meet the July 1 deadline, what are you doing to reduce or eliminate the threat to U.S. air services after that date?

Answer: The FAA is continuing dialogue with manufacturers and airlines to identify approaches to operate safely in the new 5G C-band environment being deployed across the United States. The FAA’s decisions are focused on assuring safety. As of July 17, 2023, manufacturers and airlines report that approximately 90 percent of the U.S. domestic fleet is equipped with a 5G C-Band tolerant radio altimeter and the numbers are growing daily. If you include the international aircraft, approximately 83 percent of the aircraft regularly flying into the U.S. are equipped with a 5G C-Band tolerant radio altimeter. The FAA has received no reports of delays or cancelations due to aircraft not equipped with a 5G C-Band tolerant radio altimeter.

Question: What have aviation stakeholders, especially OEMs, shared with the Agency about their ability to meet the July deadline?

Answer: As of July 17, 2023, approximately 90 percent of the U.S. domestic fleet and 83 percent of the combined U.S. and international fleet are equipped with a 5G C-Band tolerant radio altimeter. The radio altimeter manufacturers have shared that they expect to have enough of the retrofit parts to their customers to complete the retrofit by one to three months past July 1. The airframe manufacturers estimate that their airline customers should be able to complete the remaining retrofits before the end of the calendar year. Although stakeholders have raised

concerns about supply chain issues, they have not provided us with specific, actionable items that we might help to address. After expressing some initial reluctance, the radio altimeter manufacturers increased capacity at their manufacturing and repair facilities to accommodate customers who placed late orders.

Question: What share of covered aircraft do you expect will not yet have compliant RAs by July 1?

Answer: The FAA has been collaborating with the airframe manufacturers, radio altimeter manufacturers, trade associations, and airlines to track the progress of the retrofit for both domestic and international airlines. The airlines have made significant progress with the retrofit. Apart from approximately 120 older, out-of-production aircraft, all aircraft in the domestic fleet have a 5G C-Band tolerant radio altimeter available for installation. The airframe and radio altimeter manufacturers are working to develop solutions for these aircraft.

Question: What analysis has the Agency done to quantify the cost to the U.S. economy of limiting the operations of aircraft that airlines are unable to retrofit due to lack of RAs?

Answer: The FAA has provided a cost analysis associated with compliance with Airworthiness Directive requirements. Impacts on aircraft operations would be the result of changes in the operating environment due to deployment of 5G C-band telecommunications systems. The FAA does not have an ability to predict and quantify economic impacts associated with potential impacts to aircraft operations.

4. Question Subject Area – ATC Staffing Issues

Question Background:

The recent increases in air travel delays have been a result of several interconnected factors like, air travel demand, severe weather, and airline operational challenges to name a few. However, one that has directly impacted the State of Florida, and my district specifically, is the alarming rate of air traffic control staffing shortages. Over that last decade, the total number of certified professional controllers and the total controller workforce has not kept up with attrition. There are nearly 1,200 fewer controllers today than 10 years ago and the total number of trainees has declined by 25%. These are critical jobs that must be filled for safety of all Americans.

Question: In FY22, the FAA planned to hire 1,020 Controllers; FAA actually hired 367. What are some of the issues the FAA is facing when hiring, training, and retaining?

Answer: The FAA exceeded its hiring target of 1,020 in FY 2022 by hiring 1,029 controllers. While the hiring target for FY 2022 was exceeded, continued Covid-19 restrictions limited recruiting efforts and a greater number of controllers are still needed. Now that those restrictions have eased, FAA is focused on maximizing hiring and training throughput. The agency achieved its hiring goal of 1,500 controllers in FY 2023 and set a goal of 1,800 controllers in FY2024.

Hiring can be impacted by external issues, such as budget sequestration and the resulting hiring freeze from 2012-2013, the government shutdown in 2019, and the Covid-19 pandemic in 2020. The FAA has also periodically missed hiring targets in past years due to operational issues related to implementing new hiring processes, such as in 2014-2015.

The hiring process from start to finish is lengthy and includes numerous screens that prospective employees must pass in order to be hired, such as aptitude, medical, and security clearances. Once new controllers arrive at their first facility, the certification process can take up to 2-3 years for them to become fully certified. FAA's Controller National Training Initiative is working towards mitigating some of these challenges by putting the focus on reducing time to certification for new air traffic controllers across the system.

Question: How is the Agency considering the needs of smaller hubs, like Naples Airport and their unique placement, especially during hurricane season?

Answer: The FAA Air Traffic Organization (ATO) places new employees at facilities with the greatest needs first. Many factors are considered when staffing requirements for these facilities are created. The FAA and NATCA have an established process for prioritizing new hires and transfer placements.

Billy Nolen, Acting Administrator
**Budget and Oversight Hearing – Fiscal Year 2024 Request for the Federal
Aviation Administration**
Rep. Bonnie Watson Coleman
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations

Question Subject Area FAA Contract Tower Program

Question Background:

One of FAA's most successful government/industry partnerships is the FAA Contract Tower Program. 262 airports are in the program, including Trenton Mercer Airport in my district. This critical air traffic safety program is important to maintain and develop air service at smaller airports, and supports DOD flight training operations, military readiness, and pilot flight schools across the country. Contract towers continue to get high marks from the DOT Inspector General and aviation users, is a good deal for taxpayers and has strong bi-partisan and bi-cameral support. It's also important to note that contract towers account for approximately one third of all tower operations and about 70 percent of contract controllers are veterans.

Question: What assurances can you give me and my colleagues that contract towers will remain a high priority for FAA? Second, staffing shortages continue to be a challenge throughout the industry, including contract towers. What measures can FAA and the industry undertake collaboratively to address staffing challenges at these towers?

Answer: The FAA remains committed to ensuring the continued success of the Contract Tower Program. FAA will partner effectively as a community to forge consensus to resolving issues with the greatest impact to the industry. This partnership will strengthen the lines of communication and enhance transparency into the FAA decision-making approach to achieving mutual benefits.

Billy Nolen, Acting Administrator
**Budget and Oversight Hearing – Fiscal Year 2024 Request for the Federal
Aviation Administration**
Rep. Steve Womack
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
House Committee on Appropriations

Question Subject Area

Question Background: My understanding is that many contract towers lack some of the same type of equipment as FAA-staffed towers. With all the recent focus on runway incursions and near misses, it seems to me that controllers at contract tower airports should have access to vital situation awareness equipment. My understanding is that some of our contract towers do not have access to STARS displays, ADS-B displays, or other equipment to increase their situational awareness.

Question: Can you please tell me what steps the FAA is taking to ensure contract towers are properly equipped and to ensure we don't have two levels of safety?

Answer: Federal Contract Tower (FCT) facilities are equipped using the same standards in place as our 313 FAA-staffed Air Traffic Control (ATC) facilities. Safety of the flying public is the top priority of the FAA. Individual requests for equipage beyond minimal requirements are reviewed and a determination of eligibility is made based on cost-benefit and relative need for the specific site's operation. National Airspace System (NAS) wide equipage and equipage upgrades associated with a program follow set standards in making the final determinations on the priority list of recipients. If a facility is excluded from the list of sites to receive the equipment or if their individual request is denied, the data and request are retained for continued evaluation of the overall trending needs for all FCTs across the NAS for future consideration and program implementations.

In response to your email dated May 10, the FAA does not plan to expand the Standard Terminal Automation Replacement System (STARS) program (i.e., Certified Tower Radar Display [CTRD]). FAA Technical Operations will only support existing equipment, and therefore will not accept applications for new systems.

The FAA is developing the minimum standards for a Situational Awareness (SA) Display, based on the scope defined by the approved Operational Needs Assessment (ONA). The ONA states, "Provide additional traffic situational awareness with respect to aircraft operating within the Class D airspace to Airport Traffic Control Towers within that airspace that are not equipped with traffic information displays (e.g., STARS displays, Certified Tower Radar Displays). This additional situational awareness will aid in the visual acquisition and/or correlating aircraft position with respect to geographical references on the ground."

The intended use of a situational awareness tool is not to fulfill a safety need. It is an additional tool to aid controllers in the visual acquisition of an aircraft. FAA Order JO 7110.65, Air Traffic Control, defines situational awareness as “Uncertified tower display workstations [that] must be used only as an aid to assist controllers in visually locating aircraft or in determining their spatial relationship to known geographical points. Radar services and traffic advisories are not to be provided using uncertified tower display workstations.”

The FAA has received requests regarding the timeline for the SA display project. In response, the FAA released a memo to Federal Contract Towers without a CTRD. The memo, “SA Display Memo,” provided additional context regarding SA Display systems. The FAA expects the work relating to defining minimum requirements and approval criteria to continue through 2024. We do not expect non-federal SA Displays to be available for purchase and operation any earlier than 2025.

FRIDAY, APRIL 28, 2023.

**TRIBAL PERSPECTIVES ON HOUSING AND
TRANSPORTATION**

WITNESSES

**GARY BOHNEE, SPECIAL ASSISTANT, OFFICE OF CONGRESSIONAL
AND LEGISLATIVE AFFAIRS, SALT RIVER PIMA-MARICOPA INDIAN
COMMUNITY**

**BARBARA LITTLE OWL, EXECUTIVE DIRECTOR, STANDING ROCK
HOUSING AUTHORITY**

**TONYA PLUMMER, DIRECTOR OF NATIVE AMERICAN HOUSING PRO-
GRAMS, ENTERPRISE**

**LEO SISCO, CHAIRMAN, SANTA ROSA INDIAN COMMUNITY OF THE
SANTA ROSA RANCHERIA TACHI-YOKUT TRIBE**

**RUSSELL SOSSAMON, EXECUTIVE DIRECTOR, COMANCHE NATION
HOUSING AUTHORITY**

**ALEX WESAW, TREASURER, POKAGON BAND OF POTAWATOMI INDI-
ANS**

Mr. COLE. The subcommittee will come to order. Today we welcome Tribal leaders from across the Nation to discuss the unique challenges and opportunities in Tribal housing and transportation. And I want to thank the witnesses who are here today for taking the time to join us.

I also want to note—and my witnesses won't be aware of this—in some ways, this is sort of a historic hearing. At least we look back as far as we can, and even though HUD and DOT have a long and important relationship with us, with Tribes, we have never had a hearing here over that portion of our budget. So I really appreciate you coming.

And it is very unusual—I think we issued six invitations; we never get six acceptances. So I think that tells you how important it is, from a Native American standpoint, to be here and listen to what our friends and witnesses have to say.

As a member of the Chickasaw Nation and co-chair of the Congressional Native American Caucus, Tribal issues are a top priority of mine for this bill. Both the Department of Transportation, the Department of Housing and Urban Development have key roles to play in fulfilling the trust obligations of the United States Government to Tribes.

The U.S. Government has a unique Nation-to-Nation relationship with Tribes, as our witnesses know very well. We assumed certain responsibilities to Tribes over many years of negotiation. Part of that responsibility sits with this subcommittee as we annually fund DOT and HUD programs that meet transportation and housing needs for Tribes.

At the beginning of this Congress, we had the pleasure of learning about Federal funding programs for Tribes from Mr. Arlando

Teller, the Deputy Assistant Secretary for Tribal Affairs at DOT, and Ms. Heidi Frechette, the Deputy Assistant Secretary for Native Programs at HUD.

As a matter of fact, I think Ms. Frechette is actually here today in the audience, and we want to thank both her and Mr. Teller for educating us about their agencies' Tribal programs, and we are very excited to build on that knowledge and as we learn from Tribal organizations about their needs and experiences.

We know that funds for Tribes and DOT and HUD have not kept pace with the growth of overall Federal spending. When housing programs under Native American Housing Assistance and Self-Determination Act, known as NAHASDA, were first funded in 1998, they made up 2.6 percent of HUD's total appropriations.

For fiscal year 2023, NAHASDA programs made up only 1.4 percent of appropriations. For transportation, Tribal fundings make up less than 1 percent of DOT's appropriations for fiscal year 2023.

And, when I make these points, I want to make it very clear: I do not make them in a partisan sense. This has been true whether it is a Republican administrations or Democratic administrations. And I don't think it is deliberate, but I think sometimes out of sight is out of mind. And that is one of the reasons for this hearing today and to let our members know that we need to think seriously about having lost a lot of ground over a long period of time.

This is all the while Native Americans have continued—this is, you know, still, all the while Native Americans have continued to contribute to economic development as well as serve this country admirably in the Armed Services. Native Americans serve in the U.S. Armed Forces at five times the national average.

We have a duty entrusted to us over decades to keep our promises to these communities while respecting Tribal sovereignty.

We are very grateful for the witnesses who have traveled from across the country to provide their perspectives on housing and transportation.

Joining us here today—and if I mispronounce the name, correct me—Mr. Russell Sossamon, is that—

Mr. SOSSAMON. That is correct.

Mr. COLE. Okay, good. I have Comanches in my district, so I do not want to mispronounce a Comanche name—and the executive director of the Comanche Nation Housing Authority in my home State of Oklahoma.

Director Tonya Plummer, director of Native American housing programs at Enterprise Community Partners, a key nonprofit housing partner for several HUD programs.

Mr. Gary Bohnee, special assistant for the Office of Congressional and Legislative Affairs for the Salt River Pima-Maricopa Indian Community in Arizona.

Chairman Leo Sisco, from the Santa Rosa Indian Community of Santa Rosa Rancheria—is it Tachi-Yokut?

Mr. SISCO. Yes, sir.

Mr. COLE. Okay, got lucky—Tribe in Oklahoma.

Ms. Barbara Little Owl, director of Standing Rock Housing Authority in North and South Dakota.

And Dr. Alex Wesaw—correct?

Mr. WESAW. Yes.

Mr. COLE. Okay—the Treasurer of the Pokagon band of Potawatomi Indians in Michigan and Indiana.

And I want to thank each of you for joining us this morning, and I look forward to your testimony.

With that, let me recognize my good friend, the distinguished ranking member of the subcommittee, the gentleman from Illinois, Mr. Quigley, for any opening remarks he cares to make.

Mr. QUIGLEY. Thank you, Mr. Chairman. Let me begin by reminding ourselves of what Jack Benny said, 39 again, so we are wishing you a happy birthday.

And, Mr. Chairman, before I really begin my prepared statement, I will also say this. I think you used the word “responsibility” in talking about our country and Tribal communities.

I think that responsibility stems from the extraordinarily tragic history that we have to address to this day, and I would love to be part of what we do moving forward. And I want to extend my appreciation to you for convening this diverse panel.

I also want to say how impressed I am by your commitment to Tribal issues and how it relates to our bill. Communities are fortunate to have such a strong advocate in you ensuring that Congress focuses on the challenges faced.

It has been educational for me so far, and I look forward to learning more. And there is much to learn from our Tribal communities, not only related to basic housing and infrastructure but how the lack of modern and resilient housing and transportation impacts the lives of Native Americans.

According to a 2017 HUD report, between 42,000 and 85,000 Native Americans live with family or friends out of necessity, are unhoused, or live places not meant for long-term shelter.

At that time, it was also estimated that 68,000 units of new affordable housing were needed to replace substandard or overcrowded housing, a need that has likely increased in these last 6 years.

I can only imagine the compounding effects this has had on the daily lives of children, the elderly, and the disabled.

According to the DOT, Tribes have faced prolonged disinvestment in transportation infrastructure. Sixty percent of the roads on Tribal lands are unpaved, and there are a disproportionate number of roadway fatalities.

To know that a Native American child is less likely to return home from school because of a roadway accident compared to non-Native counterparts is unacceptable. More can and must be done to improve the safety and livelihood of these communities.

We are here today to understand how this subcommittee can better address the existing and emerging needs of Tribal communities.

We also hope to hear lessons learned that we can apply to programs at HUD and DOT. Your experiences and knowledge are invaluable to this understanding.

Thank you all again for being here today, and special thank you again to Dr. Wesaw for traveling from the Midwest to share your perspective, which will be influential to my understanding of these issues in and around my district. Thank you, and I yield back.

Mr. COLE. I thank my friend for his, as usual, thoughtful remarks.

And let's begin. Actually, we will recognize you first, Mr. Sossamon. Your full written testimony will be included in the record. You are recognized for 3 minutes. If you run a little long, don't worry about it. But we had to cut down the normal 5 because we have a lot more witnesses than normal, and we want to make sure you all have a chance to give us your point of view.

So, with that, the gentleman is recognized.

Mr. SOSSAMON. Thank you, Chairman Cole and Ranking Member Quigley, and other distinguished members of the subcommittee.

What I would like to focus on today is the formula Indian Housing Block Grant and the competitive Indian Housing Block Grant and the Indian Community Development Block Grant. Those are the three programs that are most utilized by Comanche Nation.

Now, when we look at these, as you mentioned, relative to HUD's overall budget, the portion that Native Americans receive actually has been shrinking over the years.

In 2021, it was approximately 2.5 percent, and now it is right at 1 percent. It is 1.08 percent. So, when we look at the appropriations for 2023, the amount that was appropriated is, let's see, was \$772 million. Okay.

Now, when we look at from the beginning of NAHASDA through 2023 and we take into account inflation, the actual amount of 772, is \$311 million less than what it should be just to keep up with inflation since its inception.

And a lot of that is due to, for over two decades, the funding was flatlined. Okay? The 2024 amount, \$820 million for the competitive block grant is actually \$296 million less than the overall funding should be, just to keep up with inflation, because the dollars from the beginning of NAHASDA until now have—the buying power has been reduced to about 72 percent. Okay? And the same is true when we look at the competitive.

And, if we take even the competitive block grant and the formula block grant and put them together, it still is about \$161 million less than the total amount that would be needed just to keep up with the inflation.

Now, not only is inflation high, but we have to look at the Indian population and the need has grown over that period as well.

Community Development Block Grant has been level funding, and currently it is \$75 million annually, and that really needs to be around \$100 million, based on the demand and the need for it.

So I thank you for this opportunity and hope to visit with you more in the future. Thank you.

[The information follows:]

**PREPARED STATEMENT OF
RUSSELL SOSSAMON, EXECUTIVE DIRECTOR
COMANCHE NATION HOUSING AUTHORITY, LAWTON, OKLAHOMA
BEFORE THE
U. S. HOUSE OF REPRESENTATIVES ,COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES
FISCAL YEAR 2024 BUDGET HEARING
APRIL 28, 2023**

Chairman Cole, Ranking Member Quigley , and distinguished Members of the Subcommittee. My name is Russell Sossamon. For the past six (6) years I have served as the Executive Director of the Comanche Nation Housing Authority (CNHA), located in Lawton Oklahoma. Prior to that I served nineteen (19) years as Executive Director of the Housing Authority of the Choctaw Nation of Oklahoma. I am an enrolled member of the Choctaw Nation of Oklahoma. Thank you for holding this hearing and the opportunity to share my perspective on Tribal housing.

Funding for Indian housing and related community development activities is appropriated annually, primarily through the Department of Housing and Urban Development's Office of Native American Programs (HUD-ONAP). I appreciate your work deciding how to best allocate this funding to the HUD-ONAP's various tribal housing programs to meet the federal government's treaty and trust responsibilities to Tribal communities.

The HUD-ONAP tribal housing programs most utilized by the CNHA, in the HUD's Fiscal Year (FY) 2024 proposed budget, includes the Formula Indian Housing Block Grant (IHBG), the Competitive Indian Housing Block Grant (IHCBG), and the Indian Community Development Block Grant (ICDBG). Therefore, most of my testimony will focus on those requested funding levels. The Administration's FY 2024 budget continues to trend in the right direction for tribal housing programs. The FY24 Budget proposes \$820 million funding for the primary tribal housing funding source, the Formula IHBG. This requested level would continue the gains provided by Congress through FY 2022 & 2023 appropriations, which marked the first substantial increases to the Formula IHBG in decades. Additionally, the Administration's Budget largely maintains funding levels for the Competitive IHCBG and the Indian Community Development Block Grant (ICDBG). Even though this budget would provide a greatly needed bump up across tribal housing programs, significantly more is needed to offset the predominantly stagnant funding levels of tribal housing programs for over two decades and more adequately address the unmet housing needs in Indian Country.

Formula Indian Housing Block Grant

The Formula IHBG was established by NAHASDA in 1996 and is the single largest source of Federal funding for housing development, housing-related infrastructure, and home maintenance in Indian Country. However, investment in tribal housing as compared to the entire HUD budget has decreased by half since 2001. In 2001, Formula IHBG funding (\$638 million) comprised 2.5% of the overall \$26 billion HUD budget. Now the FY 2023 Formula IHBG funding represents just 1.08% of the HUD's \$72.1 billion Total Discretionary budget.

Since funding began under NAHASDA in FY1998 at the level of \$600 million the relative value of the dollars invested in tribal programs have eroded. The FY 2022 Formula IHBG funding of \$772 million had just 72% of the buying power relative to the 600 million in 1998. While the relative funding value is down, Native populations, and their housing needs have continued to rise over the past 20 years as indicated by the 2020 census.

**Note, inflations calculations based on Department of Labor's CPI Inflation Calculator as of 08-31-2022.*

To adjust for inflation since NAHASDA IHBG program was enacted in FY 1998, the FY 2023 Formula (only) IHBG program funding appropriation would have to be approximately \$1.083 billion to match the purchasing power of original NAHASDA IHBG program funding appropriation. The FY 2023 Formula IHBG program funding appropriation is \$772 million, which is \$311 million less than the total amount of funding needed for the Formula (only) IHBG program funding to have kept up with inflation from 1998 through 2022.

To adjust for inflation since NAHASDA Formula IHBG program was enacted in FY 1998, the FY 2024 Formula (only) IHBG program funding requested would have to be \$1.642 billion to match the purchasing power of original NAHASDA IHBG program funding appropriation. The HUD's FY 2024 Formula (only) IHBG programs funding requested is \$820 million, which is \$296 million less than the total amount of funding needed for the Formula IHBG program funding to have kept up with inflation from 1998 through 2022 plus 8 months.

Additionally, funding needs to be improved beyond simply keeping pace with inflation, as a January 2017 HUD Housing Needs Assessment found that Indian Country continues to see levels

of overcrowded homes and substandard housing at rates well more than the national average and that 68,000 new housing units are needed in tribal communities. Current funding levels only provide for approximately 1,000 new units a year, as the bulk of funding goes to rehab and maintenance of the existing housing stock in tribal communities. Through the creation of NAHASDA in 1996, the United States recognized that improving the housing conditions in Indian Country advances the United States' fulfillment of its treaty and trust responsibilities to tribal nations. However, the continued stagnant investment in these housing programs counteracts the gains provided by NAHASDA.

Competitive Indian Housing Block Grant

The Competitive IHBG funding level of \$150 million appropriated by Congress each year for FY 2018 through FY 2023 resulted in substantial increases Indian Housing programs for the last six years. The HUD's FY 2024 requested Competitive IHBG program funding level of the is \$150 continues the gains in appropriations. While the enacted Competitive IHBG programs provided greatly needed funding increase to the overall tribal housing programs more is needed to offset the effects of stagnant funding levels for over two decades, to adequately address the unmet housing needs in Indian Country.

To adjust for inflation since NAHASDA IHBG program was enacted in FY 1998, the FY 2023 Formula IHBG program and FY 2023 Competitive IHBG program combined funding appropriations would have to be approximately \$1.083 billion to match the purchasing power of original NAHASDA IHBG program funding appropriation. The FY 2023 Formula IHBG program funding appropriation (\$772 million) and the FY 2023 Competitive IHBG program (\$150 million)

combined is \$922 million, which is \$161 million less than the total amount of combined funding needed for the FY 2023 Formula IHBG program and FY 2023 Competitive IHBG program combined funding needed to have kept up with inflation from 1998 through 2022.

To adjust for inflation since the NAHASDA IHBG program was enacted in FY 1998, the FY 2024 Formula IHBG program and FY 2024 Competitive IHBG program combined funding requested would have to be approximately \$1.642 billion to match the purchasing power of original NAHASDA IHBG program funding appropriation. The HUD's FY 2024 Formula IHBG programs funding requested (\$820 million) and FY 2024 Competitive IHBG program funding request (\$150 million) combined is \$970 million, which is \$672 million less than the total amount of funding needed for the Formula IHBG program funding to have kept up with inflation from 1998 through 2022 plus 8 months.

Indian Community Development Block Grant

The ICDBG is a competitive grant program through which tribes can conduct community-wide planning and development that incorporates housing, community facilities and economic development. These are often shovel-ready projects that address specific community needs that are not allowable expenses under IHBG. Additionally, a small portion of the fund (5%) is set aside for projects that eliminate imminent threats to public health and safety in tribal communities. In FY2022, Congress increased the level of appropriations for ICDBG to \$72 million, yet there is still tremendous unmet need, as evidenced by the number of applications for both ICDBG and the competitive IHBG program that go unfunded each year. The HUD's FY 2023 ICDBG funding appropriation is 75 million and the FY 2024 ICDBG funding level request 75 million.

Mr. COLE. And, again, if I recall correctly, just to note for the record, you are actually Choctaw, not Comanche, so how a Choctaw pulls off working with the Comanche is a big deal.

Mr. SOSSAMON. Yes, actually, I am a member of the Comanche Nation, and I try to pronounce the Comanche names correctly as well.

Mr. COLE. And I understand you ran the Choctaw Housing Agency for a number of years.

Mr. SOSSAMON. Yes, sir, for 19 years.

Mr. COLE. Very good.

Mr. SOSSAMON. I am been a Comanche for 6.

Mr. COLE. We now recognize Director Plummer for your opening statement. Again, your full written testimony will be included in the record, and you are recognized for 3 minutes.

Ms. PLUMMER. Chairman Cole, Ranking Member Quigley, members of the committee, thank you for inviting me here today to share Tribal perspectives on housing.

I am an enrolled citizen of the Sisseton Wahpeton, and I carry Dakota Sioux, Assiniboine, and Cree heritage. I am also the director of Native American housing programs for Enterprise Community Partners.

There is a concept that I have learned from our traditional homes that I want to share with you today. When our traditional lodges are set up, they are set up to face the east where the sun rises. The tepee itself is a symbol of the womb of birth, and stepping out of the tepee at sunrise is the dawn of a new day and a rebirth.

When we apply this to the business world, it is a concept that we have come to know as sunrise thinking, the belief that there is always a fresh new way of thinking about solutions and better ways forward.

So today I am asking you, we are asking you, our lawmakers, to step into the night of our experience and better understand it and to practice sunrise thinking as you look at new solutions.

Our Tribal structure is focused around the family, which is built around the home. A stable home is the cornerstone of social, emotional, spiritual, and economic stability.

Housing is economic development. Without it, an imbalance remains, and we do not have the bootstraps by which we can pull up our own boots.

Simply put, there is no way for Tribes and Tribal members to improve their socioeconomic status, as NAHASDA intended, without homes. We all want new small businesses and jobs on Tribal land, but for that to happen, there must be homes.

I understand that this committee and the entirety of Congress face challenging discussions and decisions about the debt limit and questions about the appropriate level of discretionary funding.

However, upholding the Federal trust responsibility and keeping the promises made to Tribes is not discretionary. The track record of a long line of broken treaties does not justify continued disregard for these promises, regardless of the political negotiating of the day.

Indians were never intended to be a line item on a budget. We have always been, and always will be, the most elemental part of the fabric of this great Nation.

The most recent data from 2017 shows 34 percent of households living on Tribal land lack plumbing, electricity or heat. Sixteen percent are in grossly overcrowded homes, and to remedy the overcrowding, 68,000 new homes are needed on reservations and Tribal lands. And the problem is worse today in 2023.

Within my written testimony, I expand upon the legal support that establishes the Federal trust responsibility the government holds to Tribes as a moral obligation of the highest responsibility and trust.

I further expand on the ways that trust responsibility extends to housing and also the way that NAHASDA and the HEARTH Act provide a framework for HUD to fulfill the government treaty obligations. And yet the promise of these bills have never been truly met.

Also, within the body of my testimony, there is background on three key bills coming before you soon, all that will improve processes and capital flow—oh, gosh, I am so short on time, so I am hoping a lot of this comes out in some of the questions.

Mr. COLE. Take a little bit of time. Go ahead.

Ms. PLUMMER. I have just to say, it is a travesty that as a direct endorsement underwriter, I could do multiple deals, several deals on any given day on fee simple land with multiple financing options for each of those deals.

And yet when I step into that work in Indian Country, on trust land, I have got maybe one or two. It is just a travesty that there are no other options for mortgage finance for Native Americans to meet a number of credit profiles.

The result is that Indian Country is effectively redlined in that. It is time for those barriers to be removed, and I urge you to look at both the Tribal Trust Land Home Ownership Act of 2023, the Native American Rural Home Ownership Improvement Act, and the Native American Direct Loan Improvement Act of 2023, all key partners along with HUD to provide solutions on a full spectrum.

I just want to acknowledge too that there has been a trend in collaborations seen in the HUD Tribal Intergovernmental Advisory Committee, in USDA's Rural Partners Network. We applaud these efforts.

Enterprise, ourselves, have signed a Memorandum of Understanding with the U.S. Department of the Interior to lean into looking for solutions for better affordable housing solutions and bringing philanthropy to the picture.

We celebrate all of these. However, the Federal trust responsibility remains, and these efforts must complement, but never replace, deep Tribal consultation and also focused working groups with practitioners on the ground who understand how these programs are and aren't working and can really get into the weeds of the execution.

Sometimes we talk very high level, but I think a call for working groups to get into the weeds of things is necessary.

So, again, thank you for your time, thank you for allowing me to speak today.

[The information follows:]



Prepared Testimony of Tonya Plummer
Director of Native American Housing Programs, Enterprise Community Partners

to the U.S. House of Representatives Committee on Appropriations,
Subcommittee on Transportation, Housing and Urban Development, and Related
Agencies

Tribal Perspectives on Housing and Transportation

April 28, 2023

Chairman Cole, Ranking Member Quigley and members of the Committee, thank you for inviting me here today to discuss tribal perspectives on housing. My name is Tonya Plummer, and I serve as the Director of Native American Housing Programs at Enterprise Community Partners. I am an enrolled tribal member of Assiniboine, Sioux and Cree heritage with roots in the Sisseton Wahpeton Sioux Tribe of South Dakota and the Fort Belknap Indian Community in Montana. Prior to joining Enterprise, I worked as a mortgage underwriter, was the founding director of a Native CDFI in Montana, guided my tribe in preparing for and adopting the *HEARTH Act* and helped create the Montana Native Homeownership Coalition.

Enterprise Community Partners is a national nonprofit working to make home and community places of pride, power and belonging for all. Enterprise advocates on a nonpartisan basis for sound public policy at every level of government and develops and deploys programs and supports community organizations on the ground nationwide, in urban, suburban, rural and tribal areas. Since its founding 40 years ago, Enterprise has invested more than \$347 million in Indian Country through sources

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including Low Income Housing Tax Credit and New Markets Tax Credit investments, CDFI investment through the Enterprise Community Loan Fund, and Section 4 capacity building grants. Enterprise's work is guided in partnership with tribes, Native communities, and partner groups focused on Native housing, including the members of Enterprise's Native Advisory Committee.

Enterprise's Tribal Nations and Rural Communities Team has sought to support safe, decent, and culturally appropriate housing on tribal lands and rural communities since 1997. We work across the country. Some of our current projects include collaborating with Fannie Mae to create materials to advance Native homeownership, working under a Memorandum of Understanding with the Department of the Interior to invest private capital in housing on reservations, and training on the Enterprise-written Native Housing Developers Guide for multifamily housing development in Native communities.

I will speak today on the importance of the federal government's trust responsibility towards tribal nations and their housing needs, the importance of housing for tribal nations, and ways for Congress to improve the entire ecosystem of tribal housing. Specifically, I will focus my testimony on five issues:

1. The federal government's treaty and trust responsibilities as they relate to housing;
2. The need for additional funding for programs authorized under the Native American Housing and Self-Determination Act;
3. The success of technical assistance and capacity building programs for tribes;



4. The challenges that tribes and tribal citizens face in accessing public and private capital; and
5. The importance of continuing to recognize government-to-government relationships between tribal nations and the United States in creating federal policy.

1. Treaty and Trust Responsibilities

In *Seminole Nation vs. United States* (1942), the Supreme Court of the United States recognized trust responsibilities between the United States government and tribal governments as a "moral obligation of the highest responsibility and trust."¹ The federal government must protect tribal property and assets when they are held in trust by the United States for the benefit of a tribal nation, and must guarantee tribal self-government and land preservation.¹

In *The Native American Housing and Self Determination Act of 1996 (NAHASDA)*, Congress recognized that the trust responsibility extends to housing, stating: "Congress, through treaties, statutes, and the general course of dealing with Indian tribes, has assumed a trust responsibility for the protection and preservation of Indian tribes and for working with tribes and their members to improve their housing conditions and socioeconomic status so that they are able to take greater responsibility for their own economic condition; [and] ...providing affordable homes in safe and healthy environments is an essential element in the special role of the United States in helping



tribes and their members to improve their housing conditions and socioeconomic status.ⁱⁱⁱ

Simply put, there is no way for tribes and tribal members to “improve their... socioeconomic status” without homes. We all want new small businesses, growing tribal enterprises, and more jobs on tribal land, but for that to happen, employees and business owners must have homes. Additionally, the very act of building homes on tribal land improves the tribal economy. Economic factors like the construction multiplier effect demonstrate that building homes leads to increased income and jobs.^{iv}

The combination of *NAHASDA* and *The Helping Expedite and Advance Responsible Tribal Home Ownership Act of 2012 (HEARTH Act)* provides a framework for HUD help fulfill the federal government’s treaty and trust obligations, but the promises of these bills have not been fully met. We all share the goal of tribes having greater responsibility and agency over their own economic conditions, but we cannot expect that to happen without equitable and consistent funding for housing and a legal and regulatory environment that does not present additional challenges.

2. Additional Funding for NAHASDA Programs

In 2017, HUD completed a Congressionally mandated study of the housing needs of American Indians, Alaska Natives and Native Hawaiians, which remains the most comprehensive data source on these housing needs to date.^v The fact that only one study from 6 years ago is the best available information underlines the lack of data on



the needs of Native people in this country. However, the study quantified what any of us who have driven through a reservation know: we allow the conditions of third-world countries to persist within our own borders.

The study found that American Indians and Alaska Natives experience overcrowding and physical housing problems that are "strikingly more severe" than the country as a whole. Thirty four percent of households living on tribal land had at least one physical problem, such as a lack of/deficient plumbing, electricity, or heat. This is almost five times the national average. Sixteen percent of households in tribal areas live in overcrowded homes, almost seven times the national average. To remedy overcrowding, 68,000 new homes are needed on reservations and tribal lands.

There is no way to remediate these conditions without funding and an environment that allows funding to be spent in an expedient manner. *NAHASDA* changed HUD funding structures for tribes, ending their ability to receive funding from most HUD programs and creating the Indian Housing Block Grant (IHBG) instead. Tribes and Tribally Designated Housing Entities (TDHEs) depend on IHBG funding for operating expenses, rental assistance, rehabilitation, and construction, costs for which a public housing authority or another non-tribal housing provider could use HUD Section 8 Housing Choice Vouchers (HCVs), public housing operating fund dollars and HOME funds. In principle, the IHBG is an ideal funding source because it provides flexibility and allows tribes to determine the best use of their funding allocations. However, providing adequate tribal housing requires adequate funding for the IHBG. Analysis by the National American Indian



Housing Council^{vi} (NAIHC) shows that funding levels in inflation-adjusted dollars remained flat from 2011-2021. During that time, money spent on renewal costs for HCVs – a program to which tribes gave up access in return for the IHBG program – has increased significantly. This means that tribes have provided rental assistance, in addition to all other housing needs, with nominally flat funding, while costs of such assistance have gone up. As the board chair of NAIHC noted when he testified before the U.S. Senate Committee on Indian Affairs in March, in FY21, 379 tribes across the country had to manage all existing housing units, provide rental assistance, develop new units and pay their staff with less than \$500,000 per year. 175 tribes had to complete all these activities with less than \$100,000 per year.^{vii} Current IHBG funding levels allow for the construction of only 1,000 homes every year, meaning that it would take 68 years to build enough houses to end the shortage of tribal housing identified by the 2017 HUD study. Given the severe health disparities that plague tribal nations, this is longer than the life expectancy of the average American Indian or Alaska Native person.^{viii}

We applaud Congress for raising funding levels for IHBG over the last two years, but a long period of flat funding means that there is significant deferred maintenance and a lack of units. Enterprise Community Partners urges this committee to increase funding to no less than \$1.111 billion for the formula IHBG program. This funding level would provide the same purchasing power as the first year of IHBG funding. We also urge this committee to fund other key programs authorized by NAHASDA, including the Section



184 Indian Home Loan Guarantee and the Indian Community Development Block Grant, at the highest possible levels.

3. Technical Assistance and Capacity Building Programs

Capital is not the only thing that is needed to build housing on tribal lands – capacity is just as important. To develop housing on tribal lands, capacity building is often necessary. Enterprise Community Partners is one of three organizations that administers the HUD Section 4 Capacity Building for Affordable Housing and Community Development Program (Section 4). The purpose of the Section 4 program is to develop the capacity and ability of certain community development organizations to carry out community development and affordable housing activities that benefit families with low incomes. Through this funding, Enterprise provides funding to Community Development Corporations (CDCs), Community Housing Development Organizations (CHDOs), tribes, TDHEs, and Native CDFIs that need organizational stability and increased capacity to carry out community development and affordable housing programs and business operations. In recent years, specific amounts of Section 4 funding have been set aside for grants benefitting rural communities, and in FY23, \$1 million was specifically set aside for Native communities for the first time. As often as possible, we pair this funding with direct technical assistance as we listen to and work alongside tribes to holistically make the housing, homeownership and community development offerings in as self-determined a way as possible. We physically visit, participate in planning and technical assistance, and proactively seek ways to leverage

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public and private resources to maximize impact and results and gradually shift from grant dependence to self-determination. Therefore, we believe that programs that increase capacity building are just as important as capital when it comes to delivering on trust responsibilities.

We ask this committee to fund the Section 4 Capacity Building Program at \$50 million and to include set-asides for rural and Native projects. Enterprise is deeply committed to working directly with tribes, TDHEs, tribal enterprises and other partners to find and fund the most impactful capacity building projects through Section 4.

4. Expedient and Predictable Access to Public and Private Capital

Enterprise strongly encourages Congress to pass laws making the federal government work more efficiently for tribal communities. Meeting the housing-related trust responsibilities of the federal government towards tribal nations requires an entire ecosystem of support in addition to IHBG funding. We must also improve the mortgage system and access to mortgage capital –persistent problems on tribal land. Luckily, there is legislation under consideration in Congress that could improve the efficiency of lending and construction programs.

The Tribal Trust Land Homeownership Act of 2023 (S. 70) would address the long wait times associated with tribal mortgages. Land ownership varies from tribe to tribe, but building or buying a home on tribal land is often much more complicated than it is on fee simple land. On reservations and other lands held in trust by the federal government for tribes ("trust land"), a mortgage requires a Title Status Report (TSR) from the Bureau of



Indian Affairs (BIA). The BIA states, "The average time to prepare a TSR, depending upon the number of land owners, number of title documents, and the complexity of the title issues, may range from as little as one hour to as much as several days."^{ix}

However, numerous sources, including analysis by the Federal Reserve Bank of Minneapolis,^x testimony of tribal leaders before Congress^{xi} and HUD analysis of mortgage lending on tribal land^{xii} show that TSRs commonly take 6 to 8 months, and sometimes over a year. Such delays increase cost and difficulty for all parties and discourage a secondary mortgage market environment.

This difficulty transcends funding source and program type. For example, HUD Section 184 loans for homeownership were originally intended to benefit home buyers on tribal land, but since the inception of the program, only 13% of loans have been made on tribal trust or otherwise restricted lands.^{xiii} This low rate is likely a combination of the difficulty of the TSR process and the lack of sufficient housing stock on trust lands.

We believe that these wait times indicate that fundamental reform is needed in that agency. We urge Congress to pass the *Tribal Trust Land Homeownership Act of 2023* (S. 70) as soon as possible to create statutory timelines for the BIA to process and approve mortgages and issue a final certified TSR involving property located on tribal trust land, and to create a realty ombudsman within the BIA.

The Native American Rural Homeownership Improvement Act aims to increase USDA Section 502 Single Family Housing Direct Home Loans on tribal lands via Native CDFI relending. Native CDFIs are financial institutions that know the needs and unique



challenges of tribal communities. A pilot allowing Section 502 loans to be made through a CDFI relending process has proven that relending can get funds out faster than agency action alone. Since 2018, two Native CDFIs working on the Cheyenne River Indian Reservation and the Pine Ridge Indian Reservation have made double the amount of Section 502 direct loans that the USDA made in the prior ten years. We urge Congress to pass legislation permanently authorizing this pilot program and thank the Chairman for his cosponsorship of the bill in the last session of Congress. We expect this bipartisan legislation to be re-introduced in both the House and Senate soon.

The Native American Direct Loan Improvement Act of 2023 (S. 185) would address the low number of loans made under the Department of Veterans' Affairs Native American Direct Loan (VA NADL) Program. A 2022 U.S. Government Accountability Office (GAO) report found that between 2012 and 2021, only 180 loans were made under the program, despite an estimated eligible population as high as 70,000 veterans.^{xiv} We believe that the Native CDFI relending concept is an appropriate solution here as well, and encourage Congress to pass the bipartisan *Native American Direct Loan Improvement Act of 2023 (S. 185)* as soon as possible.

Finally, *NAHASDA* must be reauthorized as soon as possible. The authorization for *NAHASDA*'s programs has been expired since 2013, despite attempts in every Congress to pass a bill reauthorizing them. A reauthorization bill will allow important updates to be made to the programs created by *NAHASDA* and help ensure the program's consistent availability going forward.



5. Policy for Government-to-Government Relationships

Enterprise applauds the current trend of cross-agency collaboration with regards to tribal housing issues, and the emphasis on government-to-government relationships between tribal nations and the United States. A silo-breaking collaboration of all federal agencies and outside organizations is required to achieve progress. HUD's Tribal Intergovernmental Advisory Committee is an important example. We also appreciate similar efforts at other agencies and encourage their continuation. The Rural Partners Network at USDA connects rural communities and tribal governments to the full suite of programs and funding offered by USDA Rural Development, helping them complete transformation projects more efficiently.^{xv} Enterprise works directly with the Department of the Interior through their Office of Strategic Partnerships, and is one of several groups that has signed a Memorandum of Understanding with the Office of the Assistant Secretary - Indian Affairs to support affordable housing and homeownership within Tribal communities.^{xvi}

We should celebrate these creative solutions and the increase of outreach and collaboration across government agencies, which will lead to better outcomes for tribes. However, the trust responsibility remains. These activities must complement, not replace, tribal consultation and specific working groups to ensure that policies and regulations are created in an iterative and collaborative way.



Conclusion

As HUD and the entire federal government strive to meet their housing trust responsibility to tribal nations, I am hoping for a new era of federal Indian policy. In this era, tribes will be able to strengthen their sovereignty and the "self-determination" promised by *NAHASDA* by implementing solutions beyond tribes, TDHEs and HUD funding alone. Tribal enterprises, Native CDFIs, private capital and other government agencies have a large role to play too. In this vision, there is adequate funding, fair treatment by the federal government, and the ability for tribes to implement the solutions they have come up with for themselves.

I understand that this committee and the entirety of Congress face challenging discussions about the debt limit, and questions about the appropriate level of discretionary spending. However, upholding the federal trust responsibility and keeping the promises made to tribes should never be considered "discretionary." The track record of a long line of broken treaties does not justify continued disregard for these promises, regardless of the political negotiating of the day. Indians were never intended to be a line item on a budget. We always have been, and always will be, the most elemental part of the fabric of this great nation.

Thank you again to Chairman Cole, Ranking Member Quigley, and all the members of the committee for inviting me to speak to you today. I appreciate your consideration of these issues and I look forward to further collaboration.



ⁱ <https://www.law.cornell.edu/supremecourt/text/316/286>

ⁱⁱ https://www.ncai.org/tribalnations/introduction/Indian_Country_101_Updated_February_2019.pdf

ⁱⁱⁱ 25 USC §4101

^{iv} <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics/economic-impact/economic-impact-local-area-2015.pdf>

^v https://www.huduser.gov/portal/sites/default/files/pdf/HNAI_HousingNeeds.pdf

^{vi} <https://www.indian.senate.gov/sites/default/files/2023-03-08%20NAIHC%20Testimony%20Senate%20Committee%20on%20Indian%20Affairs%20Priorities%20for%20118th%20Congress%20FINAL.pdf>

^{vii} *Ibid.*

^{viii} <https://www.cdc.gov/nchs/data/vsrr/vsrr023.pdf>

^{ix} <https://www.bia.gov/service/land-title-services>

^x <https://www.minneapolisfed.org/article/2020/shortening-the-tsr-timeline-a-proposal-to-end-delays-that-hinder-native-homeownership#:~:ftnref6>

^{xi}

^{xii} <https://www.indian.senate.gov/sites/default/files/Councilman%20Nathaniel%20Mount%20WRITTEN%20Statement%20SCIA%20Housing%2010-14-19%20Final.pdf>

^{xiii} <https://www.huduser.gov/portal/sites/default/files/pdf/nahsg-lending.pdf>

^{xiv} <https://www.minneapolisfed.org/-/media/assets/events/2022/2022-center-for-indian-country-development-research-summit/2022-cicd-research-summit-opportunities-and-challenges-of-homeownership-on-trust-land.pdf?ia=en>

^{xv} <https://www.gao.gov/products/gao-22-104627>

^{xvi} <https://www.rural.gov/aboutv>

^{xvii} <https://www.doi.gov/pressreleases/interior-department-announces-new-partnerships-and-offices-leverage-new-resources>

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Mr. COLE. Thank you for traveling such a long way and being here.

Mr. Bohnee, we will go to you next, and you are recognized for 3 minutes, but if it takes a little longer, don't worry about it.

Mr. BOHNEE [speaking in native language]. Good morning, Chairman Cole, Ranking Member Quigley, and members of the subcommittee. On behalf of the Salt River Pima-Maricopa Indian Community, I am happy to share views on Tribal transportation programming. Specifically, we seek your support for greater funding for Tribal transportation programs.

Our community, which is located in the East Valley of the Phoenix metropolitan area, there are more than 650,000 vehicles that travel through our community each day. And while our connectivity with other jurisdictions encourages economic development, it also creates many unique and negative impacts.

For example, a significant number of vehicles use community roadways as an alternative to regional arteries. This cut-through traffic increases wear and tear on roads and creates the potential for safety issues in and around our residential areas.

The community does work very closely with the neighboring jurisdiction to address safety issues that include reducing severe and fatal crashes, reducing cut-through traffic, speed reduction, and increasing lighting on secondary roads.

But, as you can imagine, this puts a tremendous strain on the community's public safety and public works agencies. As such, we believe Federal Tribal transportation programs are significantly underfunded.

For example, on an annual basis, our community receives only \$92,000 from the Bureau of Indian Affairs for road maintenance. This represents 6.5 percent of the total need. As a result, the community supplements Federal funding each year to the tune of \$1.4 million.

For the community's 5-year new construction plan, BIA funding will only provide 3 percent of the overall budget.

Our reservation holds over 190 miles of roadways, included in the National Tribal Transportation Facility Inventory, about 25 percent of which are unpaved. At current funding levels, it will take approximately 50 years for us to complete these projects.

Clearly there is not enough funding to meet basic maintenance needs of our current roads. As a result, we believe an increase in funds for Tribal transportation will significantly help Tribes establish and maintain transportation—excuse me—transportation programs.

We appreciate the work that has been done to increase set-asides in Federal appropriations, highway safety and related programs, as well as reducing local mass requirements for competitive grants.

Fortunately, the community has been uniquely successful in applying for competitive DOT grants. In 2019, the community was awarded a \$49 million U.S. DOT Nationally Significant Federal Lands and Tribal Project program grant.

The grant will support Pima road—the Pima road redevelopment between the community and the city of Scottsdale.

When complete, it will improve safety, decrease cut-through traffic, and expand opportunities for economic development along one

of our major thoroughfares. This is the definition of a major product that will have a regional impact.

It is worth noting, however, this grant at the time was the only project awarded that primarily funded work within Indian Country.

We hope the committee will support policy for these kinds of projects that have a transformative impact in Tribal communities.

Thank you, members of the subcommittee. I am happy to answer any questions.

[The information follows:]

**Statement of Gary Bohnee, Special Assistant
Office of Congressional and Legislative Affairs
Salt River Pima-Maricopa Indian Community
Friday, April 28, 2023**

Good Morning Chairman Cole, Ranking Member Quigley and members of the subcommittee. Thank you for the opportunity to provide testimony on behalf of the Salt River Pima-Maricopa Indian Community (“SRPMIC”). My name is Gary Bohnee, Special Assistant for the Community’s Office of Congressional and Legislative Affairs.

My statement this morning will focus on tribal transportation issues and to seek your support for greater funding for tribal transportation programs. For the SRPMIC which is located in the East Valley of the Phoenix metropolitan area there are more than 650,000 vehicles traveling daily through our Reservation. While our connectivity with other jurisdictions encourages economic development, it also creates unique negative impacts. Most notably, a significant number of vehicles use the SRPMIC’s surface roads as an alternative to regional arteries. This “cut-through” traffic increases wear and tear on roads and creates the potential for safety issues in and around our residential areas.

Currently our law enforcement and transportation agencies work closely with neighboring jurisdictions to address safety issues including:

- Reducing severe and fatal crashes
- Reducing cut through traffic
- Speed reduction
- Increasing lighting on secondary roads; and
- Improving pedestrian facilities

As you can imagine, this puts a tremendous strain on the SRPMIC's public safety and public works agencies that are responsible for maintaining and keeping roadways safe for travel. We believe federal tribal transportation programs are significantly underfunded. For example, on an annual basis the SRPMIC receives \$92,000 from the U.S. Department of Interior, Bureau of Indian Affairs (BIA), for road maintenance. This represents 6.5 percent of the total need. As a result, the SRPMIC supplements the meager federal funding with nearly \$1.4 million dollars each year.

Further, for the SRPMIC's 5-year new-construction plan, BIA funding will provide only 3%, or \$7 million dollars, of the overall budget. Our reservation holds over 190 miles of roadways included on the National Tribal Transportation Facility Inventory (NTTFI), about 25% of which are unpaved. The SRPMIC keeps a prioritized list of projects for right of way acquisition and improvement into a two-lane paved roads. At current funding levels, it will take over 50 years for us to complete these projects.

Clearly, there is not enough money to meet the basic **maintenance** needs of our current roads, let alone the funding necessary to support a robust 21st century transportation system. Even the BIA's own estimate of annual road maintenance needs of \$10,000/mile annually is 87% above actual federal funding levels.

As a result, we believe an increase in funds for tribal transportation programs will help tribes establish, maintain and perpetuate tribal transportation programs.

We urge the Committee to support set-asides in federal transportation, highway safety, and related programs, as well as reduce the local match requirement for competitive grants to ensure federal funds reach Indian country.

Fortunately, the SRPMIC has been uniquely successful in applying for competitive DOT Grants. For example, in 2019 the SRPMIC was awarded \$49 million from the U.S. Department of Transportation, Nationally Significant Federal Lands and Tribal Project program. The grant will support the Pima Road Redevelopment between the Community and the City of Scottsdale.

When complete, it will improve safety, decrease cut-through traffic, and expand opportunities for economic development along a major thoroughfare. This is the definition of a major infrastructure project that will reshape our Community and one that will have a regional impact. This project is expected to break ground in November of this year.

It is worth noting, however, that this grant was the only project awarded from the program that primarily funded work within Indian Country. If the Committee is serious about addressing the needs of Native American Tribes, the time has come to ensure that more of these transformative grants are awarded for projects on tribal lands.

Thank you for the opportunity to provide this statement. I am happy to answer any questions.

Mr. COLE. Thank you very much for your testimony.

Chairman Sisco, you are recognized next for 3 minutes. If it takes a little longer, that is fine, and certainly your written statement will be included in the record.

Mr. SISCO. Thank you. Good morning, Chairman Cole, and members of the subcommittee. My name is Leo Sisco. I serve as the chairman of the Santa Rosa Rancheria Tachi-Yokut Tribe. I would like to thank Chairman Cole, Ranking Member Quigley, and members of the subcommittee for the opportunity to testify today.

Our Tribal Rancheria is located south of Fresno, California, in Kings County, just a few miles from the naval air station in Lemoore.

The people of the Santa Rosa Indian Community have worked tirelessly to rise to the challenge of re-establishing our cultural identity and building our economic self-sufficiency.

Over the last nine decades, through efforts of the Tribe to restore its historical homelands, where we have lived since time in memorial, the Tribe's Rancheria has grown to approximately 3,200 acres of land.

Our Tribe has about 1,200 enrolled members, many of whom who live on or near the Rancheria. We pride ourselves with having a strong and productive relationship with our local governmental agency, our partner, Kings County.

The roads that run through our Tribal lands are county roads. Therefore, we must coordinate with Kings County in order to address our road repair needs. We need Federal funds to be made accessible for this purpose.

Our Tribe has long been concerned about the poor road conditions on and around the Rancheria, especially as we continue to expand the Tribe's economic base, which will attract more vehicle traffic to the area.

The area around the Rancheria is primarily rural, residential, and agricultural, and Central Union Elementary School is nearby. As you can imagine, this results in significant traffic on the roads in the area, including heavy farm vehicles as well as school buses.

In concert with our Compact negotiations with the State of California, we entered into a Memorandum of Understanding with Kings County in 2020, to address public safety issues related to our planned development.

This includes traffic and road improvements as well as building a new fire station and training facility located on the Rancheria, all at the sole expense of the Tribe.

The Tribe has been administering some transportation resources through the Bureau of Indian Affairs and is working with the Department of Transportation and other available resources to address our increasing transportation infrastructure needs.

We have also been working consistently with the county to achieve the goals set forth in our MOU. Under the terms of the MOU, the county depends on the Tribe to finance public safety initiatives on and around the Rancheria, and the Tribe depends on the county to provide an experienced workforce and the necessary equipment.

Any funding the Tribe receives through the Department of Transportation should permit the Tribe to pass those funds

through to the county, which not only has the capacity to complete the necessary repairs but also has exclusive jurisdiction over many of the roads around the Rancheria.

Improving the transportation infrastructure within Indian Country has a direct impact on Tribal self-sufficiency.

Specifically, allowing Tribal recipients to exercise their self-governance to pass Federal resources through the local governments for infrastructure improvements and on shared roads is the most efficient and fiscally responsible way to achieve safer roads across this country.

Again, we thank the subcommittee for this consideration of these issues that are vitally important to the Tachi-Yokut Tribe and all of Indian Country. I am happy to answer any questions that the subcommittee members may have. Thank you.

[The information follows:]

SANTA ROSA RANCHERIA TACHI TRIBE
A FEDERALLY RECOGNIZED TRIBE

Leo Sisco ▲ Robert Jeff II ▲ Candida L. Cuara ▲ Rosa Hernandez ▲ Jaime Pimentel/Bryce Baga
 Chairman Vice-Chairman Secretary Treasurer Delegates

TESTIMONY OF
LEO SISCO, CHAIRMAN

SANTA ROSA INDIAN COMMUNITY OF THE SANTA ROSA RANCHERIA

UNITED STATES HOUSE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND
URBAN DEVELOPMENT, AND RELATED AGENCIES

HEARING ON TRIBAL PERSPECTIVES ON HOUSING AND TRANSPORTATION

April 28, 2023

INTRODUCTION

My name is Leo Sisco and I serve as the Chairman of the Santa Rosa Rancheria Tachi-Yokut Tribe (“Tachi Tribe” or “Tribe”). I would like to thank Chairman Cole, Ranking Member Quigley, and Members of the Subcommittee for the opportunity to share our Tribe’s perspective regarding the challenges faced within Indian Country to accessing federal funds for its transportation-related needs. Our Tribal Reservation is located in south central California, in the heart of northern Kings County, approximately 4.5 miles southeast of the city of Lemoore and 12 miles from the city of Hanford. The people of the Santa Rosa Indian Community are descendants of the Tachi Yokut, who have lived in the southern San Joaquin Valley since time immemorial. Contact with non-Indians resulted in 99% of the Tachi-Yokut population being killed by genocide, disease, and malnutrition by 1903. The Santa Rosa Rancheria was formally established in 1934 on forty acres of isolated farmland near Lemoore, California. The Tribe is governed by a six-member Tribal Council that consists of a Chairman, Vice-Chairman, Treasurer, Secretary, and two delegates. Our people have worked tirelessly to rise to the

challenge of reestablishing our cultural identity and building our economic self-sufficiency. Over the last nine decades, through efforts of the Tribe to restore its historical homelands, the Tribe's Reservation has grown to approximately 3,200 acres of land. We own an additional 858 acres adjacent to our current Reservation that will soon be acquired by the United States to be held in trust for the benefit of the Tribe. Our Tribe is comprised of approximately 1,200 enrolled members, many of whom live on or near the Reservation. As both our membership and land base have expanded, Kings County has grown around us and now has a population of over 150,000 people.

We pride ourselves with having a strong and productive relationship with our local governmental partner – Kings County. Because the roads that run through our tribal lands are county roads, it can only be through coordinated efforts with Kings County, that the Tribe can have its current road infrastructure needs addressed. We need federal funds to be made accessible for this purpose.

SANTA ROSA RANCHERIA'S CURRENT AND FUTURE TRANSPORTATION IMPROVEMENT NEEDS

Our Tribe has long been concerned about deteriorating roads on and around the Reservation, especially as we continue to expand the Tribe's economic base, which will attract more vehicle traffic to the area. At present, the Tribe operates three businesses on our reservation: the Tachi Palace Casino Resort, which features 2,000 slot machines and 21 table games as well as six dining venues and three bars alongside a 255-room hotel and event spaces, Coyote Entertainment, which houses a movie theatre, e-sports lounge, and dining, and Yokut Gas. On the additional reservation land we are adding through the fee-to-trust process, we plan to develop a cultural center, RV park, recreational fishing pond, and commercial spaces for tribal members' businesses, all of which will bring additional traffic to the area. In the last fifteen years, there have been six fatalities on the county roads around the Reservation, including the deaths of two tribal elders. Most of these fatalities involved pedestrians accessing tribal businesses using county roads, which do not have traffic control or safety mechanisms. Traffic control

and other safety improvements are especially necessary in this area of the Central Valley because of the dense tule fog that makes driving conditions particularly dangerous.

Our rural location presents unique challenges that limit our economic opportunities. However, with gaming and related entertainment offerings, we have been able to generate revenue that not only benefits tribal members, but also the non-native residents of our community. For example, we have been able to donate \$1.3 million to the County and provide potable water to the Central Union Elementary School. Furthermore, we are a major employer in the area with the Tachi Palace Casino Resort and its enterprises employing over 1,300 native and non-native people.

The area around the Reservation is primarily rural residential and agricultural and Central Union Elementary School is nearby. As you can imagine, this results in significant traffic on the roads in the area, including heavy farm vehicles and school buses. On its own, Kings County cannot begin to address these infrastructure improvements until 2030 at the earliest, but the road repair needs around the Reservation are significant and public safety considerations require sooner action.

Just as the recent return of Tulare Lake from flooding has highlighted the deficient water infrastructure in our area, our business development has exposed transportation infrastructure deficiencies. In concert with our compact negotiations with the State of California, we entered into a Memorandum of Understanding ("MOU") with Kings County in 2020 to address public safety issues related to our planned development. This includes traffic and road improvements as well as building a new fire station and training facility located on the reservation, all at the sole expense of the Tribe.

The Tribe has been administering some transportation resources through the Bureau of Indian Affairs and has begun coordination with the Department of Transportation regarding other available resources to address our increasing transportation infrastructure needs. We have also been working with the County on a regular basis for the last three years to achieve the goals set forth in our MOU and have

developed a strong working relationship. Under the terms of the MOU, the County depends on the Tribe to finance public safety initiatives on and around the reservation and the Tribe depends on the County to provide an experienced workforce and the necessary equipment. Effective and efficient use of any Department of Transportation funding the Tribe receives should permit the Tribe to pass those funds through to the County, which not only has the capacity to complete the necessary repairs, but also has exclusive jurisdiction over many of the roads around the Reservation.

IMPROVING TRIBAL ACCESS TO EXISTING FEDERAL TRANSPORTATION FUNDING

Improving the transportation infrastructure within Indian Country has a direct impact on tribal self-sufficiency. We believe that federal agencies can improve tribal access to existing federal funds and programs so that they may be better utilized by our Tribe and tribes across the country. To the extent possible, federal agencies should simplify application and reporting requirements as much as possible, bearing in mind that many tribes who desperately need funding for infrastructure improvements have limited resources. Furthermore, the federal government must recognize that flexibility in the administration and use of funding is imperative for tribal recipients. According to the National Tribal Transportation Facilities Inventory, there are approximately 160,000 miles of public roads and many of these roads are subject to the shared jurisdiction of tribes and local governments. Allowing tribal recipients to pass funding through to local governments for infrastructure improvements on shared roads is the most efficient and fiscally responsible way to achieve safer roads across the country.

CONCLUSION

In sum, we believe that effective tribal-local government-to-government relationships can serve to improve the transportation needs within Indian Country. To do so, however, utilization of federal funds should be made as flexible as possible to allow for local government assistance and involvement where needed. Through this, tribes can exercise their self-governance to timely address the critical

public safety needs of the tribal and local community.

Again, we thank the Subcommittee for its consideration of these issues that are vitally important to the Tachi Tribe and to all of Indian Country. I respectfully request that this written testimony be made part of the Subcommittee's hearing record and would be happy to answer any questions that the Subcommittee Members may have at this time.

Mr. COLE. Well, thank you very much, Mr. Chairman.

Ms. Little Owl, you are recognized next for 3 minutes. Your written testimony will be placed in the record. I have had the privilege—actually, I have had the privilege of visiting about three or four of these reservations, but yours is certainly among them, and, again, it is good to see you here, welcome.

Ms. LITTLE OWL. Thank you. So I may take a little longer than the 3 minutes.

Mr. COLE. Don't worry. We are not very brutal with the gavel around, so you will be fine.

Ms. LITTLE OWL. Good morning. Chairman, Ranking Member, and members of the subcommittee, thank you for the opportunity to testify on the funding priorities of Standing Rock Housing Authority.

My name is Barbara Little Owl, also known as Wawi Umni Maka O'tomn Win, or Universal Whirlwind Woman. I am a member of the Standing Rock Sioux Tribe and executive director of the housing authority.

Tribal housing is a critical treaty and trust responsibility of the United States. Tribal housing was bought and paid for by the treaties and agreements we made with the United States, ceding vast lands and resources.

NAHASDA block grants have been funded the same level since they were created in 1998. It is impossible for us to provide safe and secure housing on the Standing Rock Indian Reservation using 1998 dollars.

The United States is not living up to its end of the deal.

Standing Rock is a large land-based Tribe with 2 million acres in the reservation and about 16,000 members. We have 810 homes that can only serve about 12 percent of the population.

We have almost 300 people waiting on our list for housing. Many of our members are homeless or living in overcrowded and unsafe conditions.

We get \$5.7 million annual funding from NAHASDA block grant. We have an unmet need of \$4 million each year. We need \$4 million more each year just to maintain the basic services. We would need double or triple this amount to construct new homes and make investments in housing infrastructure.

At current funding levels, starting in March, each year we are forced to slow operations, cut overtime, avoid expenses so that we can keep up with the minimum repairs and keep our staff employed throughout the year.

Additional funding received under ARPA and ERAP helped, but restrictions on funding made it difficult to spend quickly. Like a lot of Tribes, we had to return ERAP funds to Treasury. States did not have to return their ERAP funds.

We need the Tribal ERAP funds to be reprogrammed so that we can use them to maintain and repair our existing homes.

The increase proposed by the President for fiscal year 2024 is appreciated, but we need double or triple the current funding levels to keep up with the inflation and meet basic needs.

We are getting the same dollars that we got in 1998 and being asked to stretch that dollar further and further. I must decide

whether I am going to use that dollar to make repairs, pay my staff, pick up trash, et cetera, et cetera.

The chronic underfunding of Tribal housing was well documented in the 2018 Broken Promises report. We ask the subcommittee to take long overdue action to fulfill treaty obligations and provide the funding needed.

Safe and secure housing is the foundation for every other aspect of life. A safe and secure home is needed for our youth to succeed in school, our members to be productive at work, our elders to live long lives, and for us to maintain healthy communities.

When our members are forced to live under duress and uncertainty caused by homelessness, overcrowding, unsafe housing, it impacts every part of their lives.

In addition to substantial funding increases, we ask that the subcommittee make NAHASDA block grant funding mandatory to provide advanced—or provide advanced appropriations.

Tribal housing is as important as Indian healthcare, contract support costs, and other programs that get advanced or mandatory funding. Treaty obligations like housing should not be subject to discretionary appropriations.

We get funding, our first priority is to repair our housing stock before we can even think about new home construction. We need to make our existing homes safe and secure. We need base funding for this to work.

Funding for grants is competitive, takes staff time, and is not reliable from year to year.

For our units to be—a lot of our units are old and in need of repairs. About 40 percent of our housing is substandard or lacks basic utilities. For example, water service lines are damaged from vegetation breaking lines and causing sewers to back up into the homes.

The average cost per unit, from \$50- to \$90,000. The cost of repair for all of our units would range from \$5 million to \$72 million.

We also have to deal with home contamination by meth. Meth use and production can completely contaminate a home. We have to gut these homes, take them down to the studs, and often replace HVAC units and ductwork.

The lack of funding of repairs results in a vicious cycle. When we have vacant and boarded-up homes, they get vandalized and become hotspots for criminal activity.

Part of the problem is a lack of law enforcement. We have six patrol officers and only one or two of them per shift for a reservation bigger—or as large as the State of Delaware.

We ask that the subcommittee recognize the direct connection between law enforcement and safe housing.

Finally, we need more funding to operate our housing program. Our employees can make more per hour working at McDonald's, and we are able to pay them amounts that aren't even close to that.

We have a number of staff vacancies we cannot fill. We have plans to provide homeowner education and training, but this also requires time and funding.

We spend a lot of time trying to get by, and we can never get ahead. This has a direct impact on our members and creates a

cycle of despair and housing insecurity. This is not what we negotiated in our treaties with the United States.

It is time for the subcommittee to fulfill these treaty obligations and provide the housing that was bought and paid for when we ceded vast lands and resources to the United States.

We respectfully request the mandatory funding needed to provide housing on our reservation. Please take action to double or triple the NAHASDA block grant funding. This would also allow us to meet basic housing needs.

Once we catch up from the past 20 years, we can start to take action, provide housing that our members truly deserve. Thank you.

[The information follows:]



STANDING ROCK HOUSING AUTHORITY
 1333 92nd Street, P.O. Box 769
 Fort Yates, North Dakota 58538
 Telephone: (701) 854-3891
 Toll Free: 1-800-262-3891
 Fax: (701) 854-3855
 standingrockhousing.org



**Standing Rock Housing Authority
 Testimony on Fiscal Year 2024 Appropriations**

**House Committee on Appropriations
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 April 24, 2023**

Chairman Cole, Ranking Member Quigley, and Members of the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, thank you for the opportunity to testify on the Fiscal Year 2024 priorities of the Standing Rock Housing Authority (SRHA). My name is Barbara Little Owl, also known as Wawi Umni Maka C'tomn Win or Universal Whirlwind Woman. I am a member of the Standing Rock Sioux Tribe and the Executive Director of the SRHA.

As a part of the United States treaty and trust responsibilities to provide housing for Indian tribes it is critical for the Subcommittee to hear directly from the SRHA and other tribal housing authorities and we appreciate your efforts to schedule this hearing. In short, the Subcommittee must double or triple the amount of funding provided for tribal housing in order to provide the housing promised by the United States to the Standing Rock Sioux Tribe and other tribes.

The SRHA is a Tribally Designated Housing Entity (TDHE) formed under the laws of the Standing Rock Sioux Tribe. The Standing Rock Indian Reservation encompasses over 1 million acres that include lands in both North and South Dakota. Our tribal population is over 16,000. The SRHA manages over 810 housing units throughout our large Reservation.

Under current funding levels, we are only able to serve about 12 percent of our population. Our Reservation has a total of eight districts and each community has not had new home construction since the 1990s. Our annual budget is around \$5 million and we have an annual unmet need of at least \$4 million. The lack of funding leads to overcrowding, homelessness, and

dangerous conditions.

FUNDING INCREASES NEEDED TO PROVIDE ADDITIONAL TRIBAL HOUSING

The funding provided by the Subcommittee fulfills a critical and important Treaty and trust responsibility of the United States to Indian tribes. The Department of Housing and Urban Development (HUD) and its Office of Native American Programs provide this funding to tribes and tribal housing authorities to construct, repair, and maintain housing. Ultimately, we use this funding to provide safe and secure housing on the Standing Rock Indian Reservation.

Safe and secure housing is the foundation for every other aspect of life. A safe and secure home is needed for our youth to succeed in school, for our members to have productive work lives, for our elders to live long lives, and for us to maintain healthy communities. When our members are forced to live under duress and uncertainty caused by homelessness, overcrowded housing, and substandard or unsafe housing, it impacts every other part of their lives. In the 2018 “Broken Promises” report from the United States Commission on Civil Rights, the Commission noted that Indian households that are overcrowded or lack adequate plumbing have grown by 21 percent, and Indian families facing severe housing costs have grown by 55 percent. The Subcommittee must fulfill its treaty and trust responsibilities and provide the funding needed to address these issues.

The reauthorization and funding for the Native American Housing Assistance and Self-Determination Act (NAHASDA) is an Indian Country priority. NAHASDA aimed to streamline access to tribal housing funding. Although there have been increases in NAHASDA funding in recent years, additional funding is still needed to address housing issues resulting from years of chronic underfunding, stagnant funding, and to keep pace with current material costs.

In particular, the SRHA needs new housing construction. Although we are grateful for the increase in funding from FY 2022 to FY 2023, this funding increase has not allowed us to expand

our housing stock or the services we provide. The current budget does not allow for SRHA to clear our waitlist, provide new low-income affordable housing, or fund other needed projects. Instead, under current funding we are operating on an extremely limited capacity and can barely maintain the housing stock that we have.

The challenge to create new housing on the Reservation could be alleviated by doubling or tripling the funding provided for tribal housing authorities. This funding would allow us to build new housing to address our growing waiting list of 297 families and individuals, provide affordable low-income housing, and develop projects to provide housing suitable for professionals in the medical, financial, gaming, legal, and other fields. As we prioritize housing for low-income families, we are also looking to develop housing projects that will bring economic diversity, growth, and employment security on the Reservation.

FUNDING IS DESPERATELY NEEDED TO REPAIR HOUSING

Approximately 40 percent of our housing stock is considered substandard, and many of our homes lack basic utilities and amenities. Current homes have service lines that have been damaged by vegetation breaking lines and causing sewers to back up into the home units. Funding to repair/replace current collapsing service lines to occupied units is critically needed. In some locations on the Reservation we currently have water and sewer lines in place and ready for new home development but have not been able to complete any new construction since the 1990s due to lack of funding for home development.

Base funding is critically needed to rehabilitate housing. Funding through HUD grants is competitive and cannot be relied on from year to year. All units are old and are in desperate need of repairs. The average cost per unit for rehabilitation ranges from \$50,000 to \$90,000. We currently have a total of 810 units and all need significant repairs to meet the par levels. The

estimated total cost of these repairs range from \$5 million up to \$72 million.

Unfortunately, there are also multiple issues with methamphetamine use and production in housing units. Methamphetamine use and production can completely damage a home and remediation needs to be completed before a unit can have construction started or a family occupying the unit. The average cost per unit is \$15,000 with an average of 125 units currently needing to be remediated. The total amount that SRHA needs is approximately \$1,875,000, however, because there are no methamphetamine remediation service providers close to the Reservation, that figure does not include estimated cost for travel, lodging, or other costs.

Many of our housing units are simply not habitable. More than 70 of our existing homes cannot be used and are in complete disrepair. Under current funding levels we are forced to focus on minimal repairs that can be made to old housing units.

IMPACT OF LACK OF LAW ENFORCEMENT ON HOUSING

We ask that the Subcommittee recognize the critical connection between law enforcement and providing safe and secure housing. Our homes that are in complete disrepair are subject to vandalism and illicit activities. The lack of law enforcement to protect these uninhabitable homes creates unsafe environments and negatively impacts our communities. As mentioned above, housing units are often subject to the use and production of methamphetamine. We need adequate law enforcement funding to help protect our housing units from these illicit activities. Our tribal community and surrounding communities deserve safe and secure housing.

FUNDING FOR HOUSING ADMINISTRATION IS ALSO NEEDED

Funding to address staffing issues and structural issues with our administration building is needed. We lack space to administer the housing program and help educate tenants on good home ownership and financial practices. The current SRHA administration building was built in the

1970s and had additions to the building made throughout the years. Currently, there are several buildings that were added on to make up the housing authority administration building.

Only small amounts of funding can be used to patch these structural issues such as windows, leaks, mold, electrical, plumbing, and space. Our main focus is getting suitable housing for Standing Rock families; however, our administration building is dilapidated with more and more need for repairs to preserve services and files. A new administration building would cost an estimated \$100 million. These estimates continue to increase with inflation in building materials and labor. A projected increase for costs could be as much as 34 percent by next year. Our administration building is falling apart and we desperately need funding for administrative functions so that we can continue to provide and support housing on the Reservation.

Funding is also needed to staff our administrative services. Under our current budget we are forced to cut back spending starting in March each year to ensure our employees are paid. Despite extensive recruitment efforts to find capable and qualified applicants for jobs in all areas, SRHA currently has vacancies in a number of significant areas. With a decrease in the number of qualified contractors bidding on projects due to the rising costs of materials and a vacancy in our Force Account Management, SRHA cannot complete repairs and maintenance on our physically deteriorating units. Current staffing vacancies include: a Finance Manager, Two Force Account Managers, Four Maintenance People, One Resident Specialist, One Groundskeeper/Custodian, and Skilled Staffing: Electrical, Plumbing, and HVAC.

CONCLUSION

We respectfully urge the Subcommittee to provide double or triple current funding levels in the FY 2024 appropriations for tribal housing. The United States has a treaty and trust responsibility to provide safe and secure housing on the Standing Rock Indian Reservation.

Mr. COLE. Thank you.

And, Dr. Wesaw, your opening statement, you are recognized for 3 minutes. If you need a little longer, don't worry about that. Your written remarks will be placed in the record. You are recognized.

Mr. WESAW. Thank you [speaking in native language].

So greetings and good morning. Alex Wesaw is my name. I am part of the Pokagon Band of Potawatomi Indians. I am a part of the Turtle Clan, and actually I live in Columbus, Ohio, where I recently finished my Ph.D. in city and regional planning. So it is a real honor to be here with you this morning.

Chairman Cole, Ranking Member Quigley, members of the subcommittee, thank you for inviting me to testify on our Tribe's experience with HUD, NAHASDA, and the technical support we have received over the years.

The Pokagon Band is unique in that we have got reservations in two States—southwestern Michigan and northern Indiana. Actually, our service area spans five congressional districts, and when you think about where all of our citizens are, it is a whole lot more than that.

So we have got citizens all over the place, and they are in need of quality housing. So the Federal funds that we receive is critical to that, to being able to provide that for our citizens to get them to come back to our homeland.

We receive the bulk of our housing funds from HUD, between Indian Housing Block Grants and the Indian Community Development Block Grants. And over the years, our Tribe has used the ICDBG funds to pay for sewer and water lines and other infrastructure for our housing developments.

We have often leveraged those funds with BIA road funds to build out our housing infrastructure, which is really, really helpful.

In the last few years, HUD has also awarded us CARES and ARPA funds, and we are particularly grateful for the ARPA funds that had very few restrictions on them so the Tribe could make decisions for itself.

We recently used some of those funds to acquire 104 apartment units, and we have renovated a 10-room temporary lodging facility. This has put a big dent in filling our housing needs.

And the additional HUD funds—additional HUD funds are also being spent to renovate these properties to make them the quality housing that we expect for our citizens.

The investment is fueling the local economy. We believe in being good neighbors, and when the region does well, we do well too, so we are really happy about that.

We also operate a mix of low-income housing and non-HUD-funded housing because, when we are able to provide mixed-income housing, it is truly a community. When you are not focusing on what folks make, you are just focused on a community being together. That is part of our philosophy.

Like other regions in the country, we are facing high inflation, skyrocketing rents, and housing shortages. When you couple that with construction costs almost doubling in the past few years and the labor shortages in our region that we are facing, it is extremely difficult to meet our housing demands for our citizens.

We currently have a waiting list of 150 citizen families who are eager to move back to our Tribal homelands, but they can't because we are not able to provide the housing or assist them with providing housing yet. But it is essentially that—the apartment complex we bought is going to make a big dent as well.

NAHASDA has been—is vital to maintaining Tribal sovereignty, and it is an important distinction between Tribal housing organizations and non-Tribal housing organizations.

However, we do have a number of concerns we would like to share with the subcommittee. With recent staff turnover at regional ONAP offices, we have seen an influx of new HUD staff members who sometimes don't always remember that Tribes are allowed self-determination in housing matters. And I hope that a training priority for ONAP offices and other Federal employees can be considered.

Self-determination is a hallmark of Tribal sovereignty, and we are concerned with the lack of knowledge at HUD. Tribes are being—in our experience, we have been treated like public housing authorities, not sovereign Nations, and I sincerely hope this can be addressed.

Ever-changing direction from HUD and other Federal entities makes it challenging to remain in compliance. Our primary goal at the end of the day is to make sure those that need housing, we are able to connect them with it.

We shouldn't be spending all of our time completing Federal reports to various offices. The bureaucratic nightmare that this creates I hope can be streamlined moving forward.

Given the labor and supply chain difficulties in the past few years, the HUD grant timelines to utilize Federal funds have been challenging, and procurement policies are sometimes cumbersome and delays our progress forward.

We often have to submit housing renovation and development projects out to bid and obtain more than one competitive bid from contractors, and some of the contractors in our region actually cite that as a reason for not bidding on the work that we are trying to get done. And they choose not to work with us because of that, when we are using Federal funds, and it has created a real problem for our Tribe.

Now, I know one thing that is not in my testimony but I would like to comment on is cannabis is a topic that is in our community. There are a number of States that are legalizing it.

I fully recognize that it is still federally illegal, but it is creating a lot of tension that exists when States, like Michigan and Illinois around us, are legalizing it for adult use, but the Federal guidelines say, no, and we have actually had to evict people from our housing because of that. And I hope that is something that you all could address at some point because it would help our community out quite a bit.

[Speaking in native language.] for your time, Mr. Chairman, and members of the subcommittee for holding this hearing. I am excited for your questions, and happy birthday, Mr. Chairman.

[The information follows:]



Pokégnek Bodéwadmik
POKAGON BAND OF POTAWATOMI
TRIBAL COUNCIL

**Testimony of Dr. Alex Wesaw, Treasurer
Pokagon Band of Potawatomi Indians**

**Before the
House Appropriations Subcommittee on Transportation, HUD
April 28, 2023**

Chairman Cole, Vice Chairman Quigley, Members of the Subcommittee thank you for inviting me to testify on our Tribe's experience with HUD, NAHASDA funding and technical support that we have received over the years.

The Pokagon Band is very unique in that we have reservations in two States, southwest Michigan and northern Indiana. Our 6,096 citizens are in desperate need of quality housing so the federal funds we receive are critical.

The Pokagon Band receives the bulk of its housing funds from HUD. Last year, for the first time in about 10 years, we received an increase in our annual allocation in Indian Housing Block Grant funds (IHBG). Additionally, we compete for annual grants under the Indian Community Development Block Grant (ICDBG) program. Over the years, our Tribe has used ICDBG funds to pay for water & sewer lines and other infrastructure for housing development. We often leverage HUD funds with BIA road funds to build out housing infrastructure.

In the last few years HUD also awarded us CARES and ARPA funds to assist with our housing needs. We used these funds to acquire 104 apartment units and renovate a 10 room temporary lodging facility. This allowed us to put a big dent in filling our housing needs. Additional HUD funds are being spent to renovate these properties, fueling investment in the local economy.

Our Tribe operates a mix of HUD funded low income housing and non-HUD funded housing. We believe that mixed income housing promotes a more closeknit, vibrant community ultimately bringing our community together.

Like other regions in the country, Michigan and Indiana are currently facing high inflation, skyrocketing rents, and a housing shortage. Coupled with construction costs that have almost doubled the last few years and labor shortages, it is extremely difficult to meet housing demand for tribal citizens. We currently have over 150 citizen families, on our housing wait list, who are eager to move back to our tribal homelands.

NAHASDA (Native American Housing and Self Determination Act) is vital to maintaining tribal sovereignty. It is a very important distinction between tribal housing organizations and non-tribal housing organizations.

However, we do have a number of concerns we would like to share with the Subcommittee. With recent staff turnover at regional ONAP (Office of Native American Programs) offices, we have seen an influx of new HUD staff members who sometimes fail to understand that tribes are allowed "self-determination" in housing matters. This needs to be a training priority for HUD ONAP and other federal employee staff. Self-determination is a hallmark of tribal sovereignty and we are concerned with the lack of knowledge at HUD – Tribes are

being treated like public housing authorities – not sovereign nations. This needs to be addressed.

Ever changing direction from HUD and other federal entities makes it challenging to remain in compliance. Our primary goal is to help those in need of housing, not spend all our time completing federal reports for various offices. This bureaucratic nightmare needs to be streamlined.

Furthermore, given labor and supply chain difficulties the last few years, HUD Grant Timeline requirements to utilize funds has been very challenging. Procurement policies are sometimes cumbersome and delay projects. Although recently, federal ceiling limit increases for Micro and Small Purchases have helped speed up projects.

We often have to submit housing renovation and development projects out to bid more than once in order to obtain competitive bids from contractors. Contractors often cite complicated federal requirements to perform grant funded work as a reason why they choose not to bid on Pokagon Band projects. This has created a real problem for the Tribe.

Moreover, annual Funding earmarked for Native Housing needs to be increased. HUD Funding levels for Tribes has been relatively static for over a decade despite more tribes being federally recognized in that period. Each year the pie gets split between more tribes. Factor in inflation and decreased spending power and each year we actually receive less funding to meet housing needs.

Migwétth (Thank you), Mr. Chairman, for holding this hearing and I am available for any questions.

Mr. COLE. Very smart way to end your testimony. First of all, No. 1, thank all of you for your testimony.

I advise the members I will be stricter with you on time than I was with our guests, and please recognize that if one of us—and I will open actually with a question that is relevant to all of you, and all of you can comment on it if you choose to, but we will have to stay within our 5 minutes.

So, if you can do that, if you can shorten your answer, that just helps everybody else on the—and all the other witnesses have an opportunity to make their point.

Let me start with a very general question if I may, and I will posit right up front a point that all of you made. The resources here have simply not kept pace with the needs, let alone the obligations of the Federal Government toward Tribal Nations.

Having said that, can you talk about or tell us how your working relationship with the Federal agency has been, whether it is HUD or DOT, in your respective area of expertise or administration?

I will start with you, Mr. Sossamon and just work right down the line.

Mr. SOSSAMON. Thank you, Mr. Chairman. Yes, our relationship in the Southern Plains region with the ONAP office is really very good. We are able to communicate. They are really responsive to us and what our needs are, seem to care, and listen to what we have to say.

Of course, there is always room for improvement in any relationship when you are trying to communicate, but overall it is a good relationship.

Mr. COLE. Good.

Ms. Plummer.

Ms. PLUMMER. I would concur overall, I think, a collaborative relationship. We endeavor to have an increasingly collaborative relationship, setting a tenor for sort of an iterative process around improving programs and being able to advocate for what is really happening on the ground when you are implementing those programs.

It is not all working. I guess two perspectives. I worked closely with HUD from a Tribal perspective, as a Native CDFI director working on Tribal economic development with a Tribe who was adopting the HEARTH Act and trying to streamline those residential leasing processes with some of the leasing documents within HEARTH so that we could see it all the way through to fruition. And so develop those relationships there.

Now I have the opportunity to work with Tribes all across the country and in Alaska and those in Hawaii as well, and the needs are different in every area. The economies are different. The relationship to land is different. The populations are different.

And so there is no cookie-cutter approach that is going to work across the board, and we find ourselves needing to tailor answers to that specific Tribal economy. So it is difficult to have those conversations with the Federal agency.

And largely I would say really, really trying to increase cross-agency collaboration with USDA, HUD, the Interior Department, VA, and all of those is a big part of the full solution.

Mr. COLE. Running short of time here, so let me move on if I may.

Ms. PLUMMER. That is it.

Mr. COLE. Mr. Bohnee.

Mr. BOHNEE. Yeah, thank you, Mr. Chairman. I think the quick answer is we have a good relationship with the Department of Transportation. We had staff on the negotiated rulemaking committee for implementation of the newly FAST Act, to make it more user friendly for Tribes.

I would say that, with all the new laws that have been enacted, part of the issue comes back to the Tribes in the way of capacity, in the way of staff having to identify, understand the pots of funding that are there, and have the capacity to apply and spend large amounts of time on formulating proposals for a wide variety of projects.

And I think, as I mentioned in my testimony, lastly, the Tribal transportation funds through DOT have a cap on what can be used for road maintenance. And, as I mentioned in my testimony, road maintenance is an annual cost that we absorb.

So, perhaps, if the cap could be lifted, you know, Tribes would have more flexibility in identifying maintenance versus new construction. Thank you.

Mr. COLE. Thank you.

Chairman Sisco.

Mr. SISCO. Our Tribe's interaction with the Department of Transportation hasn't been extensive to date, but we hope that our experience going forward will be positive. But we are encouraged about the recent discussions with the Department of Transportation regarding the many funding opportunities that could be utilized to the Tribe's road and infrastructure needs. Thank you.

Mr. COLE. Thank you.

Ms. Little Owl.

Ms. LITTLE OWL. Thank you. Our relationship with HUD has been pretty solid. It really has. It has been positive. There is always opportunities to grow, collaboration, having the right people at the right table. This is not about pointing fingers. This is about working towards a better future for everybody within our communities as well as trying to produce some economic stability and development.

Mr. COLE. Thank you.

Dr. Wesaw.

Mr. WESAW. Yeah. In the past, we have had really great relationships. I think just, whenever there is turnover, it would be great for folks to have more training and to simply get out and talk with us, come and see what we are doing in our communities. That would help out a lot.

Mr. COLE. Well, thank you all very much. I just say this to make the point: I am kind of encouraged broadly by what I hear, just in the sense of, if they had more resources, you know, that we don't have as many problems as we might have had with people working with one another. They just don't have enough to bring to the table, some cases.

With that, let me go to my friend, the ranking member, Mr. Quigley, for any questions he may have.

Mr. QUIGLEY. Thanks again, Chairman.

Dr. Wesaw, you were referencing the challenges working across multiple sources of funding to support sometimes simple projects. If you could do a deeper dive on that and what those—you know, trying to put those streams together and what we can do.

You were talking about how we would streamline this and give you a chance to tell us exactly how that would work and what some of the suggestions are.

Mr. WESAW. Yeah, I think the more flexible the funding can be, with the least amount of restrictions, is the way to go. With ARPA funds particularly, we have been able to provide more services to our community and citizens directly, whether they are in the Tribal area or whether they are not living in our recognized service area. That would go a long way. I know our citizens really, really appreciated that.

It is just the reporting requirements that our housing staff is having to do, it actually takes away from being able to do the projects and get to build housing, and we are focused on compliance. So that can become so cumbersome at times that, if we did not have to do that, I think it would go a long way.

Mr. QUIGLEY. To the staff you have, anyone else, I mean, how much training does it take to understand all that and how it flows and the timing that goes with it?

Mr. WESAW. Well, we have been lucky that we have had staff that have been there probably in the decade since we have been reaffirmed. A lot of our housing staff have been there for a while, but certainly anytime there is something new, we have got to send folks to train. That takes time away from getting the work done for our community.

Mr. QUIGLEY. Anyone else? Ms. Little Owl, you want to comment on that?

Ms. LITTLE OWL. Thank you. I would completely agree being that we also reside within two States: North Dakota as well as South Dakota. We have a lot of restrictions that we have trying to get contractors to come to the reservation boundaries.

It is easier for them to stay within the major cities that they are in, to be able to do the work there than to have to come to the reservation and spend the extra costs, with the lack of places for them to stay, the extra cost of fuel, the extra cost of their wages.

We also struggle with restrictions that we have especially with, like, our TERO. A lot of them do not want to run through TERO. My staff, also similar situation, is the compliances. We have to focus between compliances. We have to focus on getting training. So we are trying to spread our very, very limited staff very, very thin. But we also have to have a quick turnaround and make sure that we are complying with IRS regulations as well as HUD.

Mr. QUIGLEY. So how far do most of those contractors have to go, and what—

Ms. LITTLE OWL. Well over an hour.

Mr. QUIGLEY. So they don't stay; they have to commute an hour each way?

Ms. LITTLE OWL. Correct. So either they are going to be staying in someplace in Mobridge, South Dakota, or they are going to be staying in Bismarck-Mandan, North Dakota. So their travels—we

do have casinos that they can stay in, but, again, if we have other things happening, they are going to have to take that cost.

I know that we have had contractors that kind of was able to stay in their own—like, they brought campers and stuff down at some point in time, but that is not really sufficient for them to be doing that as well. There is always a cost to stuff.

Mr. QUIGLEY. And I assume at some point in time they just tell you it is not worth it?

Ms. LITTLE OWL. A lot of contractors—me coming into this position, we had contractors prior to, and it wasn't worth their time to be trying to consider or trying to do construction work or contract work for our housing.

Mr. QUIGLEY. Does the government understand when you are doing those contracts you have to build in higher costs?

Ms. LITTLE OWL. [Nonverbal response.]

Mr. QUIGLEY. They do understand?

Ms. LITTLE OWL. I am sorry. Could you repeat—

Mr. QUIGLEY. Does the government understand when you have to build in higher costs because of transportation?

Ms. LITTLE OWL. Well, I am not going to say they don't understand, and I just don't see that in my budget, sir.

Mr. QUIGLEY. I appreciate that.

Mr. Chairman, I will yield back for now.

Mr. COLE. I thank the gentleman.

We now got to our distinguished former chair of the committee, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you very much, Mr. Chairman. I also want to echo wishing you a happy birthday. We are not going to ask how many, however. We are not going to do that.

Mr. COLE. Even better.

Mr. DIAZ-BALART. Yes.

Mr. Wesaw, I was struck by what you were talking about, how just kind of turnover, right, I guess in HUD, has created this recurring problem of having to, in essence, reeducate folks, right, about, you know, sometimes from pretty—I am assuming sometimes some pretty basic things. But I can also see that that can create serious problems as you are dealing with more complex issues, right?

So has that—is this a relatively common problem, number one. And number two is, if it is a problem, it is kind of reoccurring, which I kind of detect that it is, is there at least realization within HUD that this is a problem that they need to deal with?

So you would think that they would then have—kind of create a system where they can kind of start that training without having to first run into the problems.

So I just kind of wanted to give you a little bit of time to just, let me understand how bad this issue is and if it is getting better.

Mr. WESAW. Yeah, thank you. I would say, the issue goes well beyond just HUD. There is always training that is needed across the Federal Government, but I am really inspired by the Secretary of HUD is putting together the first Tribal Advisory Committee. So I expect that it will get better, but I would—you know, we just don't have time to keep waiting for folks to get the understanding that they just need to get out and do just do the baseline work.

Mr. DIAZ-BALART. Yeah, no, I can see that problem.

Mr. Chairman, I have obviously a lot of questions, but I do want to, however, thank you not only for bringing this frankly very impressive group of people together here to testify in front of us, but your passion, your passion for Indians in this House and this Congress.

You know, I represent two Tribes, as you know very well, the Seminoles and the Miccosukees, and obviously I have gone to you a million times for issues. And I think all of us are so grateful that you have that passion and you have that knowledge. And, again, I thank you for bringing this distinguished group. I yield back.

Mr. COLE. Thank you very much. We now go to my very good friend from California, Mrs. Torres.

Mrs. TORRES of California. Well, happy birthday. I am very happy that I get to share my birthday month with you.

Thank you all for being here today. I really appreciate listening to your comments, and in reading your testimony, I know that time is short.

And, Chairman, congratulations on having the first hearing—actual hearing, not a roundtable. I know that we have had roundtables in the past, but having an official hearing really makes it—takes it up a notch and brings about the seriousness of what you are facing.

I represent the 35th Congressional District in southern California. I do not have a Tribe in my district. However, since my days as a State legislator, I have been, you know, very interested and attended every meeting that I could to learn about the issues that impact Native Americans.

Chairman Sisco, since you are the Californian here, I am going to direct my questions and concerns to you.

As you know, California has experienced over 13 atmospheric rivers in the last few months, just as we begin to recover our economy from the COVID pandemic. Chairman Sisco, did these storms impact your Tribe and cause substantial flooding, and also how have previous storms impacted the infrastructure around the Tribe and what kind of help have you received?

Mr. SISCO. In light of the recent flooding with the Tulare Lake coming back and our ancestors, that was their way of life, so it was—at that point, it wasn't an issue.

But with the recent flooding and the increased—along with the increased traffic in the area, it has damaged the roads. The roads are generally poor, and with the increased traffic through, you know, we have local schools in the area, farms and dairies. It is not just cars that frequent these roads.

But the flooding, we haven't received any assistance, and it hasn't directly affected our Tribe yet, but in light of the heat coming up really soon and the snowpack going to be melting, we are anticipating extreme flooding that is basically going to be uncontrollable at this point.

Mrs. TORRES of California. I would like to know if it is possible to get a little more information from you or from your folks about what are your needs assessment. I think it is important for us to recognize that you are the employer of 1,300 people in that region, not just Tribal members either.

Mr. SISCO. Yes.

Mrs. TORRES of California. So we have to make sure that you are able to continue to be that good employer that you are and continue to be able to receive the assistance that you need.

And thank you for the help that you also—I know that you donate a lot of, not just funds but a lot of other goods, to the local communities in that area. Just keep that in mind.

There are proposed cuts to the budgets. One of you mentioned that you had to pay back some funds that States did not have to pay back. We are looking at not being able to reverse any of those—what I see as cuts since you had to give that money back.

How would, you know, a 20-percent cut across the board impact all of you? We can start with you.

Mr. SISCO. A 20-percent cut would affect us tremendously considering that, you know, we have—the funds that we did receive, we utilized in a way that we assisted Tribal and non-Tribal employees.

But the cuts also, we live in the most underserved county in the State—

Mrs. TORRES of California. In the State, yes.

Mr. SISCO [continuing]. And they make it very clear, so we are very good neighbors, and we tried to assist as much as we possibly can. We have a very good relationship with the board of supervisors, with the local authorities, the fire department. So we want to ensure safety.

And we have a good relationship with Governor Newsom, and we assure him that, you know, we are very supportive in what he does.

But we also need the extra funding because the cuts are going to affect the people that live in our county, and it is going to—because many of our Tribal members live off the Rancheria. We currently have 231 homes, and we have almost 1,200 members, so, you know, they can do the math with that. So we have a lot of our many Tribal members that it is going to affect as well.

Mrs. TORRES of California. Thank you, and I yield back, Mr. Chairman.

Mr. COLE. Thank you very much.

I now go to my good friend from Florida, Mr. Rutherford.

Mr. RUTHERFORD. Well, thank you, Mr. Chairman.

I would like to begin with Director Plummer. In your written testimony, you mentioned the low number of loans made under the Department of Veterans Affairs Native American Direct Loan program, and you noted that between 2012 and 2021 only 180 loans were applied for.

From your experience, what are some of the issues causing the underutilization of this program, and can you go into more detail about how the Native community development financial institution relending concept could be a good answer?

Ms. PLUMMER. Thank you for the question. I think the problem is multi—

Mr. COLE. Is the gentlelady's mike on?

Ms. PLUMMER. Can you hear me better?

Mr. COLE. That is better, thank you.

Ms. PLUMMER. Okay. I will lean in a little bit.

I think the problem is multifold. It is a retreat of lenders even doing those loans. It is not a profitable product for lenders, and

that is the HUD 184, USDA guarantee—502 guarantees, or the VA NADL loan, partly because of the length of time it takes to get a certified TSR with that mortgage recorded on the TSR.

Sometimes that happens very quickly. Sometimes it can take up to 2 years so that you are having to completely re-underwrite the file.

Mr. RUTHERFORD. Well, why would that be? Two years?

Ms. PLUMMER. I don't know the answer to that question. I think—it is within the Bureau of Indian Affairs. And it could be a recording issue. It could be just a lack of staff to prioritize mortgages as they go through the process. It could be title issues. It could be—I mean, we just don't know.

And the transparency is almost nonexistent. You know, on fee simple land, you can pull a prelim title report and have it in 3 minutes and have a chain of title for 2 years and a survey and everything on that property. You don't have to access to TAAMS. We don't see those physical surveys. We can't see the issues on the inside of TAAMS. So—

Mr. RUTHERFORD. Well, look, I would look forward to working with you on that to find out how we can make that move more quickly, because that is just unacceptable.

Ms. PLUMMER. Senate bill 3381 should be introduced very soon. It is asking for a realty ombudsman within the Bureau of Indian Affairs to keep a pulse point on everything mortgage-related in that system and asking for increased transparency and accountability for the timelines in which they produce those TSRs. So I would ask that you look for that to come forward, that we could continue conversation.

The relending concept is beautiful. It began in the State of South Dakota. Elsie Meeks said: If USDA cannot spend the \$2 million that they are allocated annually in our persistent poverty communities, give it to the CDFIs and let them try it.

Mr. RUTHERFORD. Right.

Ms. PLUMMER. So they turned that \$2 million into two loans to two Native CDFIs, who then turned that to 19 single family home mortgages that are still performing today. It was very, very successful.

And so there is that home ownership act that I referenced, is coming forth asking for that to be permanent and national, and so we have worked with several Native CDFIs on preparing them for accessing that product.

The VA NADL that was introduced, Senate bill 185—I don't think it has a House number yet—is modeled after that same type of—

Mr. RUTHERFORD. Same concept.

Ms. PLUMMER. Uh-huh.

Mr. RUTHERFORD. Okay. Thank you very much. And let us know about that TSR, and what, you know, any ideas that you think we should be looking at from that. We will get with you offline and talk to you more about that.

Ms. PLUMMER. Sounds good.

Mr. RUTHERFORD. Thank you.

Ms. Little Owl, could I ask you very quickly, you mentioned in your testimony about the need for funding for law enforcement,

and I know, when you don't have good law enforcement presence, you wind up with a lot of destruction of property and those kind of things that go on.

Do you know if they have utilized any of the Federal support programs like the COPS Hiring Program? And I will tell you, we are about to set aside—hopefully if we can get this passed—we are going to set aside a certain amount for agencies under 125 officers, to help bring them on. And so I would tell you to look for that as well in the future, and, you know, we will reach out to you. But can you talk about the impact of that, which is why this bill, I think, is going to be so important?

Ms. LITTLE OWL. So I will pass that information on to Chairlady Elkhardt, let her know about that program. As far as my understanding, and I just want to clarify, I am an entity of the Tribe. So I don't work specifically with the programs of the Tribe, but I was in the grants management program as a grants management specialist. And while we were in that program, coming into the position, we had a lot of complications with the COPS program. A lot of regulations. A lot of restrictions. A lot of reporting, much like we are dealing with our housing situations.

It is a lot of red tape that we are having to make sure that we have in place even though we have sovereignty. There is a lot of discussions in my opinion that should happen before we try to initiate that again, sir.

Mr. RUTHERFORD. Thank you. And I am going to try to cut through some of that red tape for you.

Ms. LITTLE OWL. Thank you.

Mr. RUTHERFORD. Thank you, Mr. Chairman. I yield back.

Mr. COLE. Thank you very much. The chair will gently remind the Members don't push the questions to the last 10 seconds. It is not fair to the next—

Mr. RUTHERFORD. It was a quick answer.

Mr. COLE. It was a very quick answer. It was a very late question. Nothing wrong with the answer. I will now go to my very good friend from California, Mr. Aguilar.

Mr. AGUILAR. Thank you, Mr. Chairman, and happy birthday, happy birthday to you.

Chairman Sisco, my colleague, Representative Torres, asked you a little bit about the atmospheric storms. I wanted to kind follow up on that a little bit more and ask what your level of coordination has been with the Bureau of Indian Affairs and the Department of Transportation with respect to some of the disaster declarations and storm events.

What have they done? What more do they need to do to help Indian Country?

Mr. SISCO. Our experience with the Department of Transportation has not been extensive to date. It is fairly new, but we have been speaking with local officials, the chairman of the board of supervisors, which we value as well, and he has reached out to Governor Newsom to declare a state of emergency. We haven't worked at all with the Department of Transportation again. We have not reached out to BIA, but that will be next on the list.

But in working with concert with the county, we have—we need to address the—when it warms up, the ongoing uncontrollable

waters that are going to be coming and will be working with the Bureau of Indian Affairs in the near future for this, along county officials so they can address their needs to us. Also, the flooding of the fields, so kind of relieve that pressure because we have the acreage of land that we can allow them to use to actually flood in to replenish the aquifers as well.

Mr. AGUILAR. Great point. Thank you.

Mr. Bohnee, the bipartisan infrastructure law provided the largest investment in the Tribal transportation program by increasing the authorization from \$2.4 billion to \$3 billion. It is a program that helps Tribes increase the safety and mobility of their transportation infrastructure.

What resources—how have the additional resources from that Tribal transportation program under this bill helped your community? What do you anticipate that it will mean to some of the issues that you referenced within your testimony?

Mr. BOHNEE. Yeah. Thank you for the question, Congressman. Specifically, under the infrastructure law, the—through the Tribal Transportation Construction Program, there was a bump. We had previously received approximately \$1.4 million annually through the TTP. When the law was passed, that number was bumped to—we received in the last year about 1.6 million. So not much of a difference, but of course, every little thing helps.

I know that our staff is looking through the variety of programs that are available, specifically, the bridges program. And so, again, as I mentioned, kind of the capacity issues are an issue, I think, for our community just in terms of identifying the resources internally to put together grants. And then, I think, one of the key elements to all of this is the activity of the Bureau of Indian Affairs. We have been utilizing intergovernmental fund transfer agreements, which essentially is a tool to allow Federal funds to pass through, in many cases, through our Arizona Department of Transportation to go directly to the Tribes.

And so, the—unfortunately, we haven't had a lot of good feedback from them. We have 10 IFTAs pending at the Bureau, just need sign off, and that is to the tune of \$20 million. So to your question, we continue to review the elements there in the infrastructure program, but we have seen a little bit of a bump in the TTP construction funding.

Mr. AGUILAR. Can you talk with us about some of the benefits that your community is seeing from the TTP program? What are some of the uses? I am not asking you what the additional 1.4 to 1.6 would mean, but within that category, what are some of the uses?

Mr. BOHNEE. Yeah. So again, as I mentioned, part of it kind of deciding on the maintenance needs, the regular maintenance needs in the community, and the community keeps an inventory of road projects that it has prioritized. As I mentioned earlier, the community has about 650,000 vehicles that come through our community every day, so it is—we have—for example, we have a new healthcare facility come online, so there was kind of infrastructure going in to make sure that there is access to the facility.

So that is one example of where new construction was needed for roadways in and around the facility. And then as development con-

tinues to occur, there is always, kind of, a planned inventory of construction needs. And as I mentioned previously, we—there is a cap on the amount of TTP that can be used for maintenance. So that is always a challenge as well.

Mr. AGUILAR. Thank you. Thank you for your answers. I appreciate it. Thank you all for being here.

Yield back, Mr. Chair.

Mr. COLE. Thank you very much. We now go to another one of my good friends from California, Mr. Valadao.

Mr. VALADAO. Thank you, Mr. Chairman, and happy birthday.

Chairman Sisco, good to see you again today, and I appreciate you taking the time to travel across the country to testify today. Can you describe how the Tachi Tribe works with the local government to improve transportation? Does DoT have a role in facilitating partnerships between Tribal and local governments, and who use the DoT funds?

Mr. SISCO. Like I testified before, we are very new to working with Department of Transportation. That hasn't been extensive as of yet. However, just to touch on what Mr. Aguilar had said earlier, we have utilized BIA funds for transportation grants within the boundaries of the rancheria, but with the relationship that we have had with the county officials, and you know—basically the road conditions around our rancheria are very poor. They are not—they not only provide access to, you know, just our Tribal enterprises, but nearby schools, farms, and dairies.

But this additional strain—it puts an additional strain to the roads. But moreover, the Tribe is building the fire station. And the roads—it was explained to us with the county officials, the roads aren't due to be worked until 2027, 2028. And when we build this fire station, we want to ensure that there are safe roads for the fire personnel, for the equipment and response in emergencies, and also, the improved infrastructure resiliency to—in face of the recent flooding and the increased traffic.

Mr. VALADAO. Well—and you brought up the recent flooding. And obviously that is an issue that has been brought up a few times with the atmospheric rivers, the amount of rain and rainfall. The Tribe, obviously, is farming now just like a lot of other neighbors in the area. Had the Federal Government invested in infrastructure like we have been asking for in Congress for a number of years with reservoirs, better canals, how would the situation look today if we had done those things?

Mr. SISCO. I think with the lack of preparation—because from my understanding, it happened back in 1983—a viable plan would not have to force people in our community to flood their farms. And, in essence, the lack of preparation, we would be able to move water in a way that we would not be able in the past, possibly out of the area, possible water banking is an option that we could better prepare for.

We also, you know, the area that we live in, yes it is considered a drought-ridden area, but at one point, there were wetlands. So it is—I think the lack of preparation—more preparation now between Congress and the local authorities to be more prepared for this, because right now, there is really no answer by our local municipalities.

Mr. VALADAO. That is one of the things I felt was pretty frustrating over the past few years from the groups that I have talked to, like self-help enterprises, I think there is, like, 2,000 homes or communities around the valley who have had to rely on tanks being installed and water trucks for their facilities because they don't have access or their wells are no longer producing water.

I know that your Tribe helped the local school when their wells dried up, and you actually connected your water system with them to help them get by. But it is such a frustrating thing. And we are all in this together, and it is something we talked about quite a bit.

Mr. SISCO. It was—the pot of water that we served, the water was potable in use and touch on our sister Tribe, Tule River, during the storms, the roads went out. So we sent water up there. The roads were severely damaged. But we did what we felt was right from a humanitarian standpoint. It was human kindness.

Mr. VALADAO. Well, thank you for your time, and I yield back, Mr. Chairman.

Mr. COLE. Thank you very much. We now go to my good friend from Virginia, Ms. Wexton.

Ms. WEXTON. Thank you very much, Mr. Chairman. Happy birthday.

Mr. COLE. Thank you very much.

Ms. WEXTON. I don't know the chairman very well, but I expect that if you can't be at home with your constituents you would much rather be here on the Hill leading a bipartisan committee identifying and solving problems with our native communities. So I appreciate what you are doing here today.

To all of the witnesses, thank you for being with us today. As the chairman pointed out, I am from Virginia. Virginia's Tribes were federally recognized in 2015 and 2017, so very recently. They have not received decades of Federal funding like other Indian Tribes have.

I have heard from these Tribes that they often struggle to exercise their jurisdiction over basic Tribal Government in matters such as responding to ICWA cases, environmental incidents, family services, suicide, domestic abuse prevention, and drug abuse education and training, among other programs. In addition, the BIA's new Tribes baseline funding that they have received annually since achieving Federal recognition is an amount that was authorized nearly three decades ago, it has not kept pace with inflation. This means that our Tribes are not only—unable to hire administrative staff, but they also missed out on Federal grant funding opportunities.

We all have spoken to the need for additional resources across the board, and I understand that strained funding is an issue many Tribes face—many Tribes face in Indian Country. Perhaps all Tribes face in Indian Country.

That being said, I am curious to know if any of you can speak to what we can do through the appropriations process to ensure the BIA is sensitive to the unique needs of federally—recently federally recognized Tribes, like those here in Virginia. I know that most of you are from western Tribes that have been recognized for many, many years. So I am just curious if you have any thoughts on what

we can do in Virginia for our newly recognized Tribes? Any thoughts on that?

Mr. BOHNEE. Thank you for the question, Congresswoman. I would just say that as I mentioned, the Bureau is challenged to operate programs generally speaking. I referenced this at these inter-governmental fund transfer agreements. It is just an example I think of where the Bureau is challenged to execute every important task. And so, I guess my contribution would be to somehow, I guess, improve the administrative activity and priorities of the Bureau.

Mr. COLE. Would the Gentlelady yield for a second just to make a comment on your question?

Ms. WEXTON. Sure.

Mr. COLE. I happen to be in the Natural Resources Committee when those Virginia recognitions came through. And I am not—I don't want to stick my nose in Virginia politics, let alone Virginia Indian politics, but one of the big struggles to get the recognition, which I supported, you know, and the Tribes were not happy about this, but they had to give up their right to game.

Ms. WEXTON. Right.

Mr. COLE. And I think most, or many of these people, a lot of their resources are not Federal resources, even when they should be, but they—it helps. I know the Choctaw Nation, for instance, very well and has a very robust economy. And they reinvest a lot of their own money in their own infrastructure and things like that.

So if you limit the ability of the Tribe to do business that is lawful, then you are limiting their ability—because they don't have the power to tax. So their resources really depend in addition to what we do on how economically viable they are.

Ms. WEXTON. Chairman, I absolutely agree with you. You won't be surprised to hear that gaming became legal in Virginia soon thereafter, and it was a very lucrative business for a lot of people, but not for our Tribes unfortunately. So yeah, I understand where you are coming from.

That being the case, I am also interested to know if you all have any recommendations on how competitive Federal grants can become more accessible to smaller Tribes? You know, that is one of the things that we heard. The Chairman held a roundtable with some Tribes just asking what the issues were they had, and some of them would put in for these Federal grants year after year after year, and have gotten recognition, have not gotten the grants, and it has been—they are losing out on the technical assistance.

Yes, ma'am.

Ms. LITTLE OWL. Thank you. I am Barb Little Owl. I am from Standing Rock Sioux Tribe and Housing Authority. So in my statement earlier, I just wanted to also comment a little bit and kind of hopefully encourage some Tribes to kind of work a little closer together. I know your Tribe is pretty new into some of the things that, as you stated, that our Tribes have been dealing with for many, many years.

We are still dealing with about 20 years of lack in funding. Some of the—to your previous question, my suggestion is to create a mandatory funding for our Tribes due to the fact that we do have

those treaties and agreements in place. Some of the other things that we could consider is to be treated more similar to that of the his as well as the contract support costs that we have for the mandatory funding or to have advanced funding to be able to assist us in addressing our housing issues on a yearly basis and the struggles that we have.

As far as competitive grants, I know that there is a lot of consideration and a lot of effort to be putting money into a competitive grant. But we also have to consider the impact that we have on the grants, funding that we have now, and the growth of our Indian Nations across the United States. So we are looking at going from 500 to 574 Tribes now, including your Tribe entering the circle and arena that we are all facing and struggling on a consistent basis in our Tribes. So it is taking a dollar and making it stretch as far as we possibly can, adding more Tribes into it, and but not including the money. Thank you.

Ms. WEXTON. Thank you. Appreciate it. With that, I yield back, Mr. Chairman.

Mr. COLE. Thank you very much.

We now go to my good friend, Mr. Cline from Virginia.

Mr. CLINE. Thank you, Mr. Chairman. And I join my colleague from Virginia in applauding the Federal recognition of the Tribes in Virginia. Not too long ago, one of those Tribes was in my district, the Monacan Tribe, and we are glad to see that negotiated result that gave them recognition.

But I am an Oklahoman by birth. So let me go to Mr. Sossamon, who—and talk to you about what is happening in Oklahoma. From your work at the National America Indian Housing Council, you saw multiple innovative solutions to meet the housing needs in Tribal communities. And what you have seen may help those Tribes that are just getting recognition in Virginia.

Can you describe some of the innovative solutions that you have seen succeed in Comanche Nation or elsewhere that may be applicable in Virginia?

Mr. SOSSAMON. Yes, sir. I would be happy to.

One of the things that we experienced over the years was in leveraging funds and looking at financing and partnering with outside financiers and looking at the 184 Program. And through the Indian Housing Competitive Block Grant, Comanche received a reward of \$5 million, and then we matched it with \$1.6 million, okay? And what we have done is we, for a \$250,000 home, we subsidized \$50,000 in principal and charged 0 interest over 30 years. That makes a \$555-a-month payment, okay?

If you go outside and you look at 30 years at \$250,000, even if we subsidize 50,000 of it, they are still going to pay \$1,199 a month, almost twice as much. To achieve the same affordability, we would have to buy down \$157,000 of that principal. So the cost of money is something that is really prohibitive because remember, we are talking about low-income people, okay? And that is less than 80 percent of the national median income. And of that group, you are really looking at from 48 to just below 80 percent of the national median income that can really be successful homeowners. And we don't want to set them up to fail we want them to be successful, and part of doing that is making it affordable.

Now, I go back to—and that kind of answers the question that Mr. Rutherford had about why are the applications so low for this outside financing. Well, it is that cost of money. If we can do these direct loans through the block grant, then we can really make it affordable, and that money comes back in over that 30-year period back to us, and we can use it to maintain and operate that stock. And maintenance and operation of the stock is expensive.

Ms. Torres said, what would happen if you cut 20 percent. Well, I can tell you for Comanche, we may not be able to maintain and operate our stock that we currently have. So in actuality, the funding for the competitive and the formula really needs to increase about 74 percent, not be cut 20 percent because our average amount annually is about \$2.5 million. You cut it 20 percent, now we are looking at \$2 million, and I don't believe, as I said, that would cover our costs just to maintain what we have, nothing new.

So I hope that answers your question about what we have seen as innovative, but also addresses some of the concerns in the questions that were asked by other Members.

Mr. CLINE. It does. Thank you very much. Thank you for holding this hearing, Mr. Chairman. Happy birthday. I note you have the same birthday as James Monroe, our great President, and other luminaries from Harper Lee to Ann-Margaret to Penelope Cruz to Jay Leno to John Daley. So with that illustrious company, happy birthday, and I yield back.

Mr. COLE. Well, that was a lot better than my Saddam Hussein example. So I appreciate that. Monroe is great. Thank you very much.

Now, we will go to our second round of questions. So let me start, Mr. Sossamon, with you, and then, Ms. Plummer, with you as well. But I want to focus on the housing issue. The situation in Oklahoma is vastly different in some ways because we don't have quite the same problems with trust land and fractionated lands a lot of our friends in other parts of Indian country have because of the own history of our State.

So I would ask you, Mr. Sossamon, would you focus on specifically Oklahoma? You have such vast experience because of having worked in Choctaw and Comanche having two different sized States, two very different Tribal histories, two, you know, quite different situations. But what are the biggest problems we got? And Ms. Plummer, when we get to you, I will ask you the same thing, sort of, across Indian country as you see it, if you are looking at the unique legal status in particular that Tribal lands have, and how that poses issues to the construction of the additional housing.

Mr. SOSSAMON. Thank you, Mr. Chairman.

Yes. We do have a little bit different situation in Oklahoma. We do have some trust land. It is owned by the Tribes. We have trust land that is owned by individuals. We have restricted property, which is similar to trust. It is managed by the BIA that is owned by individuals, and a lot of fee simple land. We operate on fee simple land, which is a challenge for Tribes because, you know, then the question of sovereignty and having to waive—give limited waivers to sovereignty comes up. That is why a lot of them utilize these TDHEs, for Indian housing authorities, because they are recognized by State law as a tax-exempt entity.

But our challenge is a lot of the individual allotted land and trust land is located in rural, often isolated, areas, and there is no jobs there. And the folks don't want to live in those areas. I mean, they would like to because it is their land, and they are attached to the land, but it makes it unfeasible to commute back and forth. So we operate a lot on the fee simple land, which makes it a lot easier for us. However, it is a—one challenge that we do have is, for instance, with the competitive block grant, the scoring of it gives preference to construction over acquisition.

And in our area, we can acquire homes cheaper than we can construct them, and we can do it a lot quicker. And we work with our Tribal members, and they can select the area they want to live in and look at what is on the market and get into those homes a lot quicker.

Mr. COLE. So this is an area you need additional flexibility in?

Mr. SOSSAMON. Right. We really would like to see the new construction and acquisition scored at the same level, along with the addition of funding.

Mr. COLE. Okay. Thank you very much. Ms. Plummer.

Ms. PLUMMER. Thank you for the question. I pulled my phone because I wanted to read to you something that is on the letterhead for the (inaudible) Indian community's land department. And I have always held this dear. That say, "the land, our land is our territory. It is not just where we live and farm and work, but it is who we are. Without it we have no past and no future, no Indian way of life today. Our conflicts and our travels have always been about the land."

Something that is unique about the communities outside who have a little bit of land left, and I am advocate for protecting that trust land, but some 90 million acres were lost from 1887 to 1934. That is a lot of equity that was lost in that land. I don't think very many lenders or others realize that when we are talking about that trust land that is left in trust with the Federal Government, it technically can be collateralized, but it is complicated.

The lenders don't like it. They tend to shun away from those deals, and so those trust funds try to get redlined by lenders often. When you are trying to do a mortgage on a deal, it does not hold the same value. So even though you can place a lien on the lease hold interest, it doesn't hold the same value. So if you were to hold 20 acres of trust land side by side with 20 acres just across the reservation line, you would see a significant drop in value over here on the trust land.

So Indians are coming to the closing table or the negotiating table without the same equity position as others. We have lost that equity to the tune of 90 million acres of land in those years. And so, you know, thankfully, that leakage was plugged at that time, but that is the one last asset that we have to use to grow our communities. What we do have, we cannot tax to fund social programs, roads departments, all of these other things. You are trying to stretch the little bit of funding you have left as a domestic dependent Nation to serve your community, and if you are cut off from big gaming, or you know, stepping into economic development, you remain in this dependent status.

So it is just critical that the trust responsibility is met so that these Tribes have the ability to not only look at creative innovations like funding their own mortgage products, most Tribes couldn't even get that far because they are going to be using those dollars just to develop the homes, and it can't stretch far enough to do those things.

Mr. COLE. Good answer. Well, I can tell you I am certainly familiar with the loss of land in that period you described. A huge hunk of it was in Oklahoma. Probably more than—well, certainly more than any other State given the history of our State. But thank you. Those were terrific answers. I appreciate it very much.

I will now go to my good friend, Mr. Quigley, for any additional questions.

Mr. QUIGLEY. Asked and answered, Mr. Chairman.

Mr. COLE. Pardon.

Mr. QUIGLEY. They were asked and answered.

Mr. COLE. Mr. Rutherford, do you have any additional questions?

Mr. RUTHERFORD. Yes, Mr. Chairman.

I want to continue along this line of taxes and how we can get private investment into the Indian lands more quickly. And quite frankly, I am outside my zone here. So I would first ask, under the old opportunities zones that existed under the Trump administration, we were getting a lot of private investment into distressed areas of the country. And I don't know, were Indian lands involved in that?

Mr. BOHNEE. Congressman, the—at first, they weren't. The community had some interest in clarifying the rule set for opportunity zone because we found out that there was not any—because most lands are leased, that wasn't applicable, or it wasn't eligible for OZ, O-Zone, opportunity zone funding. So the Treasury, I believe, changed those regulations. And so—because we had some development, developers that were interested in investing in the community. And I think with the economy the way it is, I am not sure what the status of ongoing development is using OZ funding. But the answer is, it needed to be clarified, and I believe it was.

Mr. RUTHERFORD. Okay. Thank you. And Mr. Sossamon, you mentioned earlier CDBG money would be—if you could utilize that. Is—that is restricted right now? Is that what I am hearing you say?

Mr. SOSSAMON. Yes—well—it is not. We utilize it for that purpose. What our challenge is, is in our area, our market allows us to acquire property a lot quicker than doing construction, and, in many instances, a lot cheaper. But it is not scored in the funding application for the competitive. It is not scored as high as new development.

So—and new development is good, and I believe that, you know, if they were scored the same, what we would do is we would see a mix of new development and acquisition. But because it is—the new development is scored higher, we are prevented if we want to be competitive, prevented from utilizing acquisition, which puts us at a handicap for our particular area. Every area is different. Some areas, acquisition won't work for them because there is nothing to acquire. They have to do new construction.

Mr. RUTHERFORD. Ms. Little Owl, I see you nodding. Is that your situation?

Ms. LITTLE OWL. Our situation would be almost as he is stating contrary to what he is stating. We won't have the ability to acquire. With the 2 million acres that we have, we are very well-spread apart. A lot of the lands are leased land that people do own or leasing out either for farming, and that is a part of their income that they depend on on a yearly basis as well. So for us, it would have to have the infrastructure built as well as the construction. So it really would depend Tribe to Tribe.

Mr. RUTHERFORD. Thank you. Thank you. And with that, Mr. Chairman, I yield back.

Mr. COLE. Thank you very much. I am going to advise just a little bit of housekeeping, we have lower Member participation than usual, so you know because it is fly out day. So people have to get off or they miss their airplane, they are stuck here a lot longer than they intend to be. So I would like to end this way: Number one, we pay a lot of attention to what is in the record. And number two, you all have done a terrific job, I think, in creating a record that we have not had to look at here as we legislate for a long time. So I want to thank you.

I want to give each of you an opportunity—and I will start with you, Dr. Wesaw. We will sort of do it in reverse and go down this way. If there is any particular additional points that you think this committee needs to know or take into consideration as it works on the funding allocations in the Tribal programs at DoT and HUD, this is a great opportunity to make sure we have that fact.

So I am going to start with you, but again, we will go right down aisle.

Mr. WESAW. Thank you for opportunity. Yeah. I would say with any funding streams that are made available to Tribes, whether it be for transportation or whether it be for housing, the least amount of restrictions as possible on them, I think, go the furthest. We are able to do things, and like I have said, we have a housing wait list of 150 families that want to come back to our region to develop the region as a whole, but we just don't have the infrastructure in place to get the stuff that we need built or to buy preexisting, and then renovate it. So anything that we can do with the least amount of restrictions would go a long way for our community. Thank you for the opportunity. Thank you very much.

Mr. COLE. Thank you very much.

Ms. Little Owl.

Ms. LITTLE OWL. Thank you. I would like to also, kind of, reiterate some of what he is saying as far as restrictions, but I think the main focus should be the fact that with our treaties, the obligation to our Tribes should not be discretionary appropriations, or it should be more focused on advanced or mandatory funding again, because we are talking about a system that is already in place with a formula that is already in place. It is just a matter of having the same dollars and then adding Tribes into that, because we are growing as a Tribal Nation. And kind of the point in being is we do have Tribes added to our formulas and added to our competitive grants, and it is just less and less and less money. Thank you.

Mr. COLE. Thank you very much.

Mr. Sisco—or chairman, excuse me.

Mr. SISCO. Yes. Again, the least amount of restrictions. Again, thank you for opportunity, and again, happy birthday. To allow the Department of Transportation to give us the funding so these underserved communities such as ours as Kings County, that we can funnel those—we can funnel those funds directly to the municipalities that we work with in because, in essence, so we are not—can utilize their expertise and their equipment to maintain and fix our roads. So the least amount of restrictions and to the funding from the DoT to—so we as Tribe can funnel to the municipalities that can assist us.

Mr. COLE. Mr. Bohnee.

Mr. BOHNEE. Thank you, Mr. Chairman. I would just concur with all the comments that have been made. I would also just encourage that all the Federal agencies are executing the implementation of all of these agreements. I referenced the Bureau of Indian Affairs, and I don't want to harp on the Bureau, but they have a key role in all of the activity—funding activity that goes on.

And I would just reference the issue with leasing. We know, at least in our community, one of the top 20 highly fractionated land bases in the country that the leasing regulations and the Bureau's activity around that are a key to a lot of development, whether it is transportation, infrastructure, and housing. So that would be my comment is that make sure that the agencies are working in sync together so that all of these activities can be done in a timely way.

Mr. COLE. And let me just add from my colleagues, I am sure things are much better under Secretary Allen for a lot of reasons. She is a quite extraordinary former Member of this body, and of course, a Native American herself. But in my family when I was growing up, the nickname for the Bureau of Indian Affairs was "bossing Indians around." So I think that is still a common sentiment, and hopefully it will get a lot better under my friend, the current Secretary.

With that, Ms. Plummer, let's go for your final thoughts.

Ms. PLUMMER. Thank you. I just need to underscore what has been said across the board that the reauthorization of NAHASDA and significant increase to IHBG dollars for inflation-adjusted issues is recognized and authorized as a bare minimum. I would also say there is a plea out there for section 4 funding. They are capacity-building dollars for Tribal communities. That is an excellent tool. One way that it is being used in South Dakota, we talked a lot about not being able to get contractors out there.

We have used section 4 dollars for workforce development in the State of South Dakota blending into North Dakota for a construction internship program to build that workforce so that there are local contractors, and could give multiple examples of great ways that that is a capacity-building tool.

Last year was the first year that there was a native set-aside, and it is just not enough to meet the need that we are seeing out there. So asking for a \$50 million set-aside for native communities and section 4, I would elevate working groups with HUD 184.

There has been good Tribal consultation, but sometimes there is a gap between a program that has not really been used on reservations well, understanding how to get into the weeds of the execu-

tion. So I would ask for specific working groups with practitioners and Tribes together to begin to really see solutions as opposed to just the comment periods that are out there.

And then just recognizing the full spectrum of government programs that are a part of the solutions, together with DoT, with HUD, with USDA, VA, the Bureau of Indian Affairs, and encouraging ways that they can talk to each other more not that it is not so confusing at the Tribal level.

We teach a curriculum enhancing and enabling homeownership that was designed as a companion to the Tribal leader's handbook on homeownership. And every time we teach it, we have to spend a lot of time breaking down on watching all of these Federal programs so that Tribes can understand, Oh my gosh, I have access to so much more than I thought I had just through HUD. And so encouraging that type of collaboration.

And also recognizing the full spectrum of Tribal partners that have a hand in this. It is the Tribe, but it is the housing authority. Sometimes the native CDFI, sometimes the Tribal enterprise and other non-profits at the Tribal level that are all a part of the solution. And so, broadening that spectrum of eligibility and communication to really see projects get off the ground and stay doing what they intend to do.

Mr. COLE. You know, I think just in quick response, Secretary Fudge is really to be commended for setting up the Tribal advisory body, and we will see how well it works. I have a lot of confidence in my friend who I know Mr. Sossamon know, Chief Batton is a member of that as well. So that is a good beginning. It just needs to be followed through with, and we are not always good at follow-through at the Federal level.

With that, Mr. Sossamon, let me go to you for any final thoughts.

Mr. SOSSAMON. Thank you, Mr. Chairman. This is not anything that the committee doesn't know, but I would just remind you to keep this in mind when you are looking at the funding, that housing is number three on the hierarchy of needs: food, clothing, and shelter, okay? And we talk about investing in these programs, and they are an investment. But there is a return on this investment in housing. As you know, native families, we tend to like to live in extended families. We have our parents, our grandparents in, and take care of them, and we have our children. And when they have adequate housing, what—and grandma's living with us, then that reduces the burden on nursing care. And our students, when we have adequate housing, we know their grades go up. We know that suicide and drug abuse and things like that go down, and successful students make successful adults. And therefore, they achieve self-sufficiency as a result of that, so there is less burden on the need for these Federal subsidies. So when we look at this investment, remember this is one that will give a return back, okay, for the future.

Thank you.

Mr. COLE. Thank you very much. And let me move to my good friend, Ranking Member Mr. Quigley, for any final thoughts, reflections he has.

Mr. QUIGLEY. First, I want to thank you for hosting this, and I want to thank all of you for participating. I guess, more impor-

tantly, thank you for the work you are going back home to do. The chairman talked about follow-up on the Federal level. That is our responsibility, but you are all going home to continue the good fight, and for that, we appreciate it and for your being here today.

Thank you.

Mr. COLE. Let me—before I close, number one, join my friend, the ranking member, thanking all of you for coming. It makes a big difference. I know it is difficult to travel. Some of you are from relatively remote locations. Thank you. I have been to Standing Rock. It is a ways to get here, so thanks for the effort. And anytime we are coming from California, it is a long flight. So again, thank you, all, for that. Very important for us to have your testimony and very helpful to the subcommittee.

As I listen, the themes that immediately come to my mind, you know, were echoed time and time again, which is not enough resources by a long shot, not keeping your treaty obligations and fulfilling your trust responsibility, make it simple, you know, it is pretty complex bureaucracy out there, and stay engaged, you know, and continue to work with us.

None of these problems are going to be solved in a single appropriations bill. And frankly, some of you mentioned other problems that this committee does not have direct jurisdiction over. A lot of these things are spread into different subcommittees, although I can assure you, you know, when you are working with the interior appropriations subcommittee, Chairman Simpson and Ranking Member Pingree are really engaged on these issues and they are very good. They touch quite a few.

The law enforcement issue is a big one. It is just a gigantic problem. And it has been historically underfunded. And frankly, in my feeling, you know, hobbled by inadequate jurisdiction on Indian land when non-Indian folks encroach. We have made some efforts to try and change that in the Violence Against Women Act, but there is a lot more out there to deal with in this regard, and it is both resources and jurisdiction.

I will tell you this, I mean, this committee will listen loud and clear because I also think, you know, we are probably going to have a tough budget year, but we have historically underfunded these functions. And so this isn't a matter of a year, this is a matter as I laid out at the beginning, we are not doing statistically as a percentage of the overall budget what we were doing 20 years ago. And that is something we need to take into account. Again, I am not singling out either party, any administration, any Congress. I don't think that was the intent, but that is the reality.

And you know, you have to keep the focus on these things or again, people seem to forget about it and they are off pursuing whatever the bright shiny object is, or they are appropriately looking after their interests in their areas and we don't have Native American presence in equal amounts in every congressional district or every State in the country. But the obligation is just the same. It doesn't matter, because as several of you pointed out and appropriately so, these treaty obligations. These are obligations of the United States, and they don't go away. And it is not like one good year takes care of what is a perpetual obligation, you know, under treaty rights.

So thank you for coming to educate our committee. We would look forward to continuing the dialogue. You may hear from our staff on some things that were particularly complex, or they need additional information on it as we figure out what we can do. And I would also invite you to do the same. That is, as you, you know, develop additional insights or think there is something that we particularly need to know, we are going to move pretty fast this year. I would expect, at least in terms of what this subcommittee does, and then like most things in Washington, I doubt we will get our work done by September 30th, the way we should. But hopefully this subcommittee will have gotten its work done, and we will be in a position to try and contribute to a solution further down the road, which in the end of the day, the work has got to be a bipartisan solution where both sides sit down and work through these issues.

But I can assure you that your concerns and your interests aren't going to be forgotten in that discussion, and certainly not by this subcommittee.

So again, I thank you all for coming. I thank my friend, Mr. Quigley for remaining. He has got to get out of here I know. And he was very kind to stay because if we lose one of our parties, then that ends the hearing, and we are not able to get your thoughts and your remarks on the record where we would want them. And I thank my colleagues Mr. Valadao, and Mr. Rutherford as well, for the same thing.

With that, thank you for coming. The hearing is adjourned.

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