

**TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2024**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

ON

H.R. 4820/S. 2438

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2024, AND FOR OTHER PURPOSES

**Department of Transportation
Department of Housing and Urban Development**

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TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2024

THURSDAY, MARCH 23, 2023

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

The subcommittee met at 10:00 a.m. in room 192, Dirksen Senate Office Building, Hon. Brian Schatz (chairman) presiding.

Present: Senators Schatz, Murray, Reed, Coons, Manchin, VanHollen, Hyde-Smith, Collins, Moran, Hoeven, Boozman, Capito, and Kennedy.

DEPARTMENT OF TRANSPORTATION

STATEMENT OF HON. PETE BUTTIGIEG, SECRETARY

OPENING STATEMENT OF SENATOR BRIAN SCHATZ

Senator SCHATZ. Good morning. This hearing will come to order. Good morning and welcome to everyone, especially the new Ranking Member, Senator Hyde-Smith. I am excited to work with you. I know you appreciate the importance of infrastructure and housing in your home State, and we have already talked about some of these priorities.

I have had the pleasure of working with Senator Collins for the last 2 years, and we have been able to find common ground on everything from aviation safety to youth homelessness and affordable housing.

Every member on this committee knows the importance of stable bridges, efficient airports, and safe cars, and so I look forward to continuing the bipartisan and cooperative nature of this subcommittee with you, Senator Hyde-Smith, Secretary Buttigieg, thank you for appearing today to testify on the President's fiscal year 2024 request for the Department of Transportation.

We very much look forward to discussing your sustained focus on safety, equity, and climate at the Department. We are in the second year of implementing the Infrastructure Investment and Jobs Act that brought historic investments to our transportation systems.

On a bipartisan basis, we made the right decision to fix our aging infrastructure and begin taking steps to adapt to climate change. But we face a reversal of that commitment—we do face a reversal of that commitment if we entertain the House majority proposal to return to 2022 funding levels.

We would face an automatic cut of \$16 billion simply because of the increase to HUD rental assistance and lowering offsetting receipts from FHA and Ginnie Mae, excuse me. This would decrease FAA's air traffic controller workforce and safety inspectors, and lead to major flight cancellations and delays, and it would hurt all sectors of transportation, would face cuts to essential air service, Amtrak, subway service in big cities, and bus service in rural areas.

The impact on safety would be even worse. There would be fewer inspections of new Boeing aircraft, fewer inspections of bridges like the one that collapsed in Pittsburgh last year, and fewer inspections of the rail lines like the one in East Palestine.

These issues are outlined in a letter from you, Mr. Secretary, to Chairwoman DeLauro, which I am submitting for the record, and I encourage my colleagues to review. Now is not the time to slash critical investments if we want to sustain the progress we have made in investing in our infrastructure.

Instead, we need to build on that success. The President's budget request does exactly that with strong investments in FAA, rail research, and highway safety. Specifically, it includes a hiring surge for air traffic controllers after the COVID crisis, shutting down the training academy for 2 years.

A number of recent near misses have highlighted the need for more training and technology, and new ways of thinking throughout the aviation industry. The COVID relief funding for airlines and airports allow the aviation sector to recover quickly, and it is incumbent on us to have the qualified staff to meet the growing demand. Airlines also need to be held accountable.

The Secretary is engaged with the airlines on how to improve the customer experience, and I think more needs to be done. While the budget request was written before the East Palestine incident, we need to work together to improve standards and deploy technologies to prevent future incidents.

I support the recommendations to revisit the cost share for rural transit and the benefits this also provide to tribal transportation. I think we need to do more to improve access to competitive programs for tribes where cost share is really a barrier to accessing Federal funds. I also need to mention road safety.

The National Safety Council estimates that more than 46,000 people were killed in motor vehicle crashes in 2022. That is nearly 10,000 more, 10,000 more than 10 years ago. In Hawaii, roadway deaths were up 24 percent in a 1 year period. Just yesterday, six construction workers were killed on the Baltimore Beltway when a driver crashed into a work zone.

Too many tragedies like this occur every day and we know they can be prevented. NHTSA needs to rapidly implement the rules Congress directed, some of which are more than a decade overdue. I want to just say that again. NHTSA needs to rapidly implement the rules that Congress directed, some of which are more than a decade overdue. I look forward to your explanation of the delays and a plan moving forward.

With all that said, Secretary Buttigieg, I look forward to hearing your testimony shortly. Ranking Member Hyde-Smith, I want to re-

iterate how glad I am to see you as Ranking Member of this subcommittee, and I turn to you for your opening statement.

STATEMENT OF SENATOR CINDY HYDE-SMITH

Senator HYDE-SMITH. And let me begin by thanking Chairwoman and the Vice Chairman of the Appropriations committee for joining us today.

And Vice Chairman Collins, I am certainly committed to upholding your thoughtful and your effective leadership on this subcommittee for the past several years, and I appreciate your work there because you have truly been a strong advocate for your constituents and such success on bipartisan working relationships. But I would also like to thank the Chairman Schatz for that kind welcome.

Mississippi and Hawaii may be in different time zones and face different transportation infrastructure challenges, but I am confident that we will find common ground to work together in this subcommittee and address the obstacles facing not only our constituents but all Americans.

And as we work to craft responsible funding legislation for fiscal year 2024, I look forward to continuing the collaborative spirit that you and Vice Chairman Collins have established. I also welcome our witness, Secretary Buttigieg, and I certainly enjoyed our visit yesterday when you came to my office and look forward to your testimony and I look forward to working with you.

The Department's budget request comes in the wake of, as we have discussed, several serious and troubling incidents across our transportation sectors, including multiple near misses at airports, the closing of our nation's airspace for the first time since 9/11 from an infected fall of the notice to air mission systems, otherwise known as Notice to Air Missions (NOTAMS), and numerous derailments, most notably those in East Palestine, Ohio.

We must continue to ensure that we have the safest, most reliable transportation network in the entire world. And the appropriations process is the best way to provide oversight and evaluate the funding needs. We also must ensure that our rural communities have adequate support from the Federal Government.

Rural communities face very unique challenges. What works in larger urban areas often does not work in smaller rural areas like those across Mississippi. As such, we must formulate a funding bill that strikes a healthy balance that we can meet the needs of all Americans. The Administration's fiscal year 2024 request in DOT is \$108.5 billion, which is 1 percent increase over the fiscal year 2023 enacted levels.

I am disappointed to see that even with the proposed increase funding, this request zeroes out programs that are priorities for this subcommittee. Specifically, this budget request zeroes out the RAISE Grant Program that the Bridge Formula Program and the Airport Improvement Program supplemental funding—each of these programs have been very crucial for rural communities, especially in states like Mississippi.

Some past projects that I would like to highlight right now is a RAISE Grant award to Yazoo City, Mississippi. Everybody has

trouble pronouncing Yazoo City, which will be used to make much needed infrastructure updates and to revitalize their main street.

In an airport improvement program investment at Key Field in Meridian, Mississippi, to rehabilitate the runway and install a runway guidance system that will improve safety and allow the airport to operate more efficiently.

However, pleased to see that the budget request continues to fully fund the Essential Air Service Program, which ensures connectivity to our nation's rural communities, as well as investments to modernize and increase safety at the FAA. Smaller airports, like the ones located in Greenville, Tupelo, and Hattiesburg, Mississippi, benefit from the Essential Air Service (EAS) program to ensure safe travel for customers needing access to smaller markets.

New businesses will rarely locate in areas without dependable commercial air service. So, these smaller airports are very vital for the economic development in these areas. Additionally, the budget request includes robust funding for the Consolidated Rail Infrastructure and Safety Improvements grant programs to develop a safer rail network.

So, I believe that the funding decisions need to be met with fiscal responsible decisionmaking that ensures taxpayers are prioritized also. With that in mind, Secretary Buttigieg, I look forward to hearing from you and working together for the American people. Thank you, Mr. Chairman.

Senator SCHATZ. Thank you very much. Are there any members wishing to make an opening statement? If not, Secretary Buttigieg, please proceed with your testimony.

SUMMARY STATEMENT OF HON. PETE BUTTIGIEG

Secretary BUTTIGIEG. Thank you very much, Chair Schatz, Ranking Member Hyde-Smith, Vice Chair of the committee Collins and all of the members of the subcommittee here for the opportunity to discuss the President's fiscal year 2024 budget request for the Department of Transportation, totaling \$145 billion.

The budget will propel our Department's work across our three major categories of effort, running our operations well in the agency, building good things well across the country, and protecting the safety and well-being of everyone who interacts with America's transportation systems.

In each of these areas, of course, Congress plays a fundamental role. And I want to thank members on both sides of the aisle who have been true partners as we have worked to build a stronger, safer transportation system.

I join you today at a moment of historic challenge as well as opportunity in our transportation systems, as they cope with profoundly disruptive forces that include continued shockwaves from the coronavirus pandemic, increasing threats from climate change, and the effects of decades of disinvestment, which are thankfully coming to an end as we implement the Infrastructure Investment and Jobs Act (IIJA).

A further source of instability has to do with the conduct of many players in transportation related industries. Over the years, a drastic tendency away from competition and toward concentration has

developed, while at the same time, many of the biggest firms were slashing staff and costs, often boosting their profitability, but too often at the public's expense.

And the result is a transportation system today that is still too vulnerable, and when any part of it strains or breaks, the costs are borne by the American people. But we are also in a moment of tremendous opportunity and progress.

We are making infrastructure investments across the country, using the funds that Congress entrusted to us. And we are seeing some new and welcomed bipartisan support in this chamber for much needed safety regulations on freight railroads, including a number of policies we had been calling for and which we strongly support.

I would like to highlight a few vital areas where we have made progress in the last year and the further strides we can make through the President's fiscal year 2024 budget. On aviation, we are getting airlines to honor the tickets that they sell while advancing safety measures across industry and within the FAA.

But there is still far more to do as recent events make clear. The 2024 budget invests \$24.8 billion to make needed investments to add air traffic controllers, improve the safety and capacity of America's airports, and accelerate the modernization of critical systems and infrastructure, such as the notice to air missions system.

On rail, we have made nearly \$18 billion available to improve rail service and safety and published our proposed rule requiring a minimum of two train crew members. Derailments may be down compared to prior decades, but we are still seeing far too many.

For every community like East Palestine that has been impacted, and every community wondering if they're next, the status quo is clearly not acceptable. The President's budget includes \$273 million to support Federal Railroad Administration safety personnel, expand inspection capabilities, and increase stakeholder engagement to address risks.

Meanwhile, we put 3,700 bridges and almost 70,000 miles of road on the path to improvement, which means a safer ride and lower maintenance costs for millions of families and truck drivers. And we awarded grants for the first ever Safe Streets and Roads for All program.

We still see far too many fatal crashes on our roads, and I want to join the Chair in pausing to acknowledge the tragic crash on I-695 in Maryland yesterday when a driver entered a work zone, struck and killed multiple workers. We cannot and must not accept that roadway fatalities are an inevitable part of life in America.

Our budget includes \$3.1 million for the Highway Safety Improvement Program, new funding for safer walking and biking infrastructure, advanced safety research initiatives, and Strengthening Mobility and Revolutionizing Transportation (SMART) grants like the ones we awarded just this week that pilot innovative solutions to protect drivers, pedestrians, bicyclists, and construction workers.

With regard to transit, we have advanced projects from bus rapid transit in Charleston to light rail in Seattle. The budget includes \$4.45 billion for Capital Investment Grants to move forward with major projects that improve American transportation for genera-

tions, like the Hudson River tunnels and the FrontRunner double track project in Salt Lake City. And the budget also includes policy proposals that would allow transit agencies the flexibility they need to adapt to post-pandemic shifts in ridership.

For supply chains, we have made critical investments in ports from Columbus, Mississippi, to Los Angeles so that goods move more quickly. And we have taken measures that have helped the course of Pacific shipping rates go down by 80 percent.

This budget provides \$230 million for the Port Infrastructure Development Program to build on this important work. There is a great deal of progress underway and a great deal yet to be done.

Together, we are stewards of a transportation system finally seeing renewal in its physical foundations but showing real points of vulnerability that endanger communities and workers, especially in the places where Federal oversight and regulation have been undermined.

Congress was able to pass a bipartisan infrastructure law, of proportions that eluded our predecessors for decades. Now we need that same bipartisan strength to sustain these ongoing infrastructure investments, to make progress on safety regulations, and to protect Americans counting on that infrastructure.

Thank you again for the opportunity to appear, and I am looking forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. PETER BUTTIGIEG

Chair Schatz, Ranking Member Hyde-Smith, and 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.

The budget will propel our Department's work across our three major categories of effort: running our operations well in the agency; building good things well across the country; and protecting the safety and wellbeing of everyone who interacts with America's transportation systems—from pedestrians to airline passengers to rail workers.

In each of these areas, Congress of course plays a fundamental role. I want to thank Members on both sides of the aisle who have been true partners as we work to build a stronger, safer transportation system.

I join you today at moment of historic challenge and opportunity in our transportation system, as it copes with profoundly disruptive forces that include continued shockwaves from the coronavirus pandemic, increasing threats from climate change, and the effects of decades of disinvestment which are thankfully coming to an end now that we are implementing the Infrastructure Investment and Jobs Act.

I believe that a further source of instability across our transportation systems has to do with the conduct of many players in transportation-related industries. Over the years, a drastic tendency away from competition and towards concentration has been visible in these industries. And at the same time, many of the biggest firms in transportation have slashed staff and costs, often boosting their profitability but too often at the expense of operational effectiveness and public benefit.

As these patterns collide, we have seen effects ranging from exhaustion of rail workers that labor organizations have warned could undermine safety, to strained supply chains requiring concentrated public sector attention and intervention.

The result is a transportation system today that is still too vulnerable, and when any part of it strains or breaks, the costs are borne by the American people—from the frustrations of millions of airline passengers to the terror felt by the residents of East Palestine, Ohio after the derailment there.

But we are also in a moment of tremendous opportunity and progress. We are making infrastructure investments across the country using the tools and funds that Congress provided to us—and we are seeing some new and welcome bipartisan support for much-needed safety regulations, including a number of policies we have called for, and which we strongly support.

I'd like to highlight a few critical areas where we have made progress in the last year, and the further strides we can make through the President's Fiscal Year 2024 budget.

On aviation, we are getting airlines to honor the tickets they sell and compensate passengers fairly when there are issues, while advancing safety measures across industry and within the FAA. But there is still far more to do, as recent events make clear. The 2024 budget invests \$24.8 billion to make needed investments to add air traffic controllers, improve the safety and capacity of America's airports, and accelerate the modernization of critical systems and infrastructure such as the Notice to Air Mission System.

On rail, we have made nearly \$18 billion available to improve rail service and safety, advanced more than 70 critical rail projects across the country, and published our proposed rule requiring a minimum of two train crewmembers. Derailments may be down compared to prior decades, but we're still seeing far too many. And incidents in rail yards and with at-grade crossings are on the rise. For every community like East Palestine that has been impacted, and every community wondering if they're next, the status quo is clearly not acceptable. That's why the President's budget includes \$273 million to support Federal Railroad Administration safety personnel, expand inspection capabilities, and increase stakeholder engagement to address risks.

Meanwhile, we have put 3,700 bridges on the path to improvement, so trucks and commuters can get where they need to be without delay; we are helping States improve almost 70,000 miles of roads, which means a safer ride and lower maintenance costs for millions of families; we awarded grants for the first-ever Safe Streets and Roads For All program, and partners are stepping up in response to our National Roadway Safety Strategy. But we still see far too many fatal crashes on our roads. Our budget includes \$3.1 billion for the Highway Safety Improvement Program, new funding for safer walking and biking infrastructure, and advanced safety research initiatives.

On transit, we have advanced projects from bus rapid transit in Charleston, to light rail in Seattle. This budget includes \$4.45 billion for Capital Investment Grants, to move forward with major projects that will improve American transportation for generations, like the Hudson River Tunnels between New York and New Jersey, and the Front Runner Double Track project in Salt Lake City. The budget also includes policy proposals that would allow transit agencies the flexibility to use formula funding for operating expenses to adapt to post-pandemic shifts in ridership.

On supply chains, we have made critical investments in ports from Columbus, Mississippi to Los Angeles so that goods move more quickly—and we have taken measures that helped cut the number of ships waiting at America's largest ports from over 100 down to the single digits, and helped bring Pacific shipping prices down 80%. This budget provides \$230 million for the Port Infrastructure Development Program to build upon this important work.

There is a great deal of progress underway, and a great deal yet to be done.

Together we are stewards of a transportation system that is finally seeing renewal in its physical foundations but shows real points of vulnerability that endanger communities and workers—especially in the places where Federal oversight and regulation have been undermined.

Congress in recent years has shown itself capable of delivering a bipartisan infrastructure law that evaded our predecessors for decades. Now we need that same bipartisan strength to sustain those ongoing infrastructure investments—and to make progress on safety regulations that protect Americans driving, flying, walking, riding—and counting—on that infrastructure.

Thank you, and I look forward to your questions.

RAIL EMERGENCY RESPONSE

Senator SCHATZ. Thank you, Mr. Secretary. Let me start with the FRA. What is FRA doing to review the performance of wayside detection technologies, railroad standards for an emergency notification, and emergency response procedures?

Secretary BUTTIGIEG. These wayside detection devices are installed alongside tracks and they can provide advance warning when there are issues that couldn't be detected by other means.

Not all derailments are caused by an issue in the rail. Sometimes it is an issue on board. This is something that historically has not

been the subject of Federal regulation, although we did put out a safety advisory in the wake of the East Palestine case from FRA regarding this.

But we have seen them deployed by a number of railroads and are interested in working with Congress, as well as examining our existing authorities to create more regularity and standardization about the use of these tools because we think they can play an important role in preventing crashes and derailments.

Senator SCHATZ. No, I think that is perfect. I think we are going to have to get our lawyers together to figure out whether you have all the authorities you need. And if so, then we will push you to utilize those authorities to get some sort of standardization.

But if you need statutory authority, I don't think this is particularly controversial that each railroad should not have their own boutique version of this. This is a safety question and there should be standards across the industry. I just want to talk to you about airport resiliency.

AIRPORT RESILIENCY

The short version of this is that lots of runways are going to be facing coastal inundation. And so, this is not a climate policy question, right. That is not the jurisdiction of this committee. But to the extent that the sea level is rising, that has impacts across the country in our airports. Do you have the authority you need to help airports to respond to that?

And are you doing enough to encourage airports to recognize, whatever your politics are about energy policy or this or that or the Inflation Reduction Act, the very pragmatic question in front of us is how do we prevent sea level rise from damaging our airports?

Secretary BUTTIGIEG. Well, we are certainly doing all we can with the authorities that we have. The FAA supports airport sponsors that include resiliency in their master planning effort. And those master plans are eligible for funding through the Airport Improvement Program (AIP).

And we are certainly encouraging those airports, those project sponsors, to work with their local district offices to develop scope of analyses dealing with resiliency that may not have been contemplated specifically in the past.

The 2023 enacted appropriation gave FAA the authority to use supplemental funds specifically to address resiliency and would welcome opportunities to work with Congress to continue that kind of support, because I believe the need for attention to resiliency affecting all of our infrastructure, certainly affecting airports, is only going to grow each passing year.

Senator SCHATZ. Yes, I just want to point out, the model here is the DOD, right. The DOD doesn't get to have an opinion necessarily about climate action or whatever, but they have bases and installations and they don't have the luxury of pretending that there aren't some issues, especially with our Navy bases.

TRIBAL ACCESS TO COMPETITIVE GRANTS

Moving on to some tribal issues, a real barrier for tribes to access Federal competitive grants is the cost share requirement. Would

you support expanding the cost share waiver proposed in the budget more broadly to FTA competitive programs for tribes?

Secretary BUTTIGIEG. Yes, we have this in the tribal transit formula and competitive programs, but not other FTA programs. And when I am meeting with tribal leaders and we are traveling in Indian Country, we hear this refrain again and again and again.

Sometimes 20 percent of those projects would not always look like a large figure from a Washington perspective, but to those tribes, it could be the difference between a project happening and not happening, so we would love to work on that.

IMPAIRED DRIVING RULE

Senator SCHATZ. The IIJA requires NHTSA to finalize a rule on impaired driving. Are we on time? Can you give me an update, please?

Secretary BUTTIGIEG. Yes. So, the National Highway Traffic Safety Administration (NHTSA) will soon be posting an annual report that is going to share more detailed information on the rulemaking status, and I am going to defer to that report on anticipated timelines.

But what I can tell you is that NHTSA is working very hard to develop the advance notice of proposed rulemaking, including on areas like the impaired driving detection technology, which is novel and different from the kinds of things that they have prescribed in the past, but that we recognize the urgency, importance, and interest of, given its potential to prevent crashes and fatalities.

BUY AMERICA

Senator SCHATZ. Final question. The President in his State of the Union said, "And when we do projects, we are going to buy American." Buy American has been the law of the land since 1933, but for far too long, past Administrations have found a way to get around it. Not anymore.

You are about to give out billions in Federal funds through grants to many agencies. Do we have your commitment to comply with buy America, which is statutory, but also with what the President is saying about actually complying and not just having every agency waive the statute?

Secretary BUTTIGIEG. Yes. Not only has, as you noted, this law has been on the books for a long time, but the President is exceptionally, I would argue historically focused on making sure that we buy America. And that is something you will see throughout the Administration.

Senator SCHATZ. Thank you. Senator Hyde-Smith.

AVIATION SAFETY

Senator HYDE-SMITH. Thank you, Mr. Chairman. As you know, Mr. Secretary, there have been significant increases in near-misses and runway incursions occurring all over the country. And whether it is Texas, California, Massachusetts, or most recently here in Washington, D.C., these incursions are not subsiding and they are very alarming.

According to data we received from the FAA, in calendar year 2022, there were 1,696 runway incursion incidents. And since the beginning of this year, we have already had 266 runway incursions incidents.

Even with the significant investment Congress provided the FAA in fiscal year 2023, we are still seeing very concerning unacceptable numbers. And you yourself just recently expressed your concerns about the FAA's lack of accountability for these runway incursions at last week's safety summit.

But knowing that most of us here in the Senate, we fly on a weekly basis and we certainly encounter our own flight mishaps, from cancellations due to mechanical problems or crew staffing problems. It just seems that it is just another reason to be concerned about the safety of the traveling public.

Given this committee has been providing funds to address runway incursions specifically for several years, why are existing safety measures that have been previously used to mitigate these incursions no longer—are no longer effective?

Secretary BUTTIGIEG. Well, I do want to emphasize the effectiveness of our safety systems in terms of maintaining an aviation system that is exceptionally safe, while recognizing that we can't just rest on that without continually working to raise the bar.

What I mean by that is that while it is an extraordinary fact that in a typical year, the number of passengers losing their lives in commercial aviation crashes is zero, we need to be just as animated and just as energized about these near misses.

Now, the runway incursion numbers that we pay the most attention to are the severe ones. They are called category A or B, and there is a definite increase in those types of incidents. In past years, they have occurred at a rate of roughly once per month. Right now, they are, this year, occurring at a rate that is roughly double that. And of course, the only number we want to see, again, is zero.

This is why the FAA convened the safety summit last week, took a number of steps and is continuing to take steps, including this week what is called a SAFO or a safety alert going throughout the system to encourage a higher degree of vigilance, while we are also looking at engineering solutions that might make a difference.

We think that the uptick is partly related to the exceptionally fast surge in demand and the swift return to the skies, faster than even the most optimistic scenarios that we heard a couple of years ago. We need to make sure, of course, that as that system comes back to that high level of demand, there is no negative safety impact to that.

We don't take for granted for a second the safety record of U.S. aviation and will continue to be focused on maintaining that. And that is reflected in the budget with our requested funds for system modernization, also for increased staffing in air traffic control so that there is less pressure on the existing workforce. And we know that that demand is only going to grow.

Senator HYDE-SMITH. And so, you think that with the request that you have in now, you think that that would help mitigate a lot of this?

Secretary BUTTIGIEG. Yes, I think that will keep us on track for continuing to make the improvements that need to be made. The FAA is rightly concerned with maintaining gains from the past, yet not thinking that that is enough, or as I have heard it put in memorably, viewing safety never as a destination, that you get there and then you are satisfied, but as a continual journey. These funds will help us to take another fiscal year's worth of step on that journey.

SAFE DRIVER APPRENTICESHIP PROGRAM

Senator HYDE-SMITH. Okay. And one thing that I want to ask you about, because it is really important. There is such a driver shortage in the trucking industry. And last month, the Federal Motor Carrier Safety Administration provided my staff with the participation data for the Safe Driver Apprenticeship Pilot Program, which I was really excited about because hopefully we can meet the needs of this.

Boy, we have learned a lot after COVID with the supply chains, but this three-year pilot program was included in the infrastructure law and is based on the Drive Safe Act, and that I co-sponsored last Congress.

Outside of this pilot, current law prevents 18- to 20-year-old from operating a commercial motor vehicle in interstate commerce. This means that a 20-year-old driver in Mississippi is allowed to drive more than 350 miles from Gulfport, Mississippi, to South Haven at the very Northern end of the State but cannot drive the extra mile from South Haven to Memphis, Tennessee, which is right there.

And obviously a great need right there. This makes little practical and economic sense to me. But although the pilot program is intended to accommodate up to 1,000 carriers and 3,000 enrolled apprentices at any given time, the initial participation data is just alarmingly and underwhelming.

At the time of the presentation from the FMCSA, only 21 carriers had been approved for participation and four apprentices were in the program. One, two, three, four. We could take up to 3,000.

So, some in the trucking industry have indicated that burdensome program requirements, which were not included in the Drive Safe Act nor the infrastructure bill, are a major deterrent to carrier participation.

For example, the Federal Motor Carrier Safety Administration (FMCSA) requires participants to install inward facing cameras on themselves in the vehicles, which invites legitimate concerns about privacy. And if the participation rate remains this low for it, it is unlikely that the pilot will provide enough credible data to inform future policymaking on this issue.

So, what are DOT and the FMCSA doing to improve participation in the program and to ensure that requirements hindering enrollment are removed? Because this is huge to Mississippi. We need drivers.

Secretary BUTTIGIEG. Well, the FMCSA is hard at work launching this pilot. We were able to take applications beginning last summer. And as you noted, I think it is up to 22 motor carriers are approved.

We got another 22 that have been approved by FMCSA and are just working through the process. So far, we agree, we would like to see a higher level of participation.

So, some steps on that have included making information available to 1,500 carriers who meet the safety requirements. FMCSA did that some weeks ago. There is also a paid media campaign that took place in February that we are hoping will build interest. And we will continue using social media and outreach to the high school graduating class of 2023 about this program.

Any requirement that is in the program is for the purpose of safety. And safety will always be our first priority. But we are very interested in getting the level of participation that will get us good data to see if we can continue in this direction without compromising safety.

Senator HYDE-SMITH. Thank you. Because that that is a real concern when I saw those numbers, that that is a really concern there. Okay, I will save my questions for another round and give somebody else an opportunity now.

Senator SCHATZ. Senator Coons.

AMTRAK FUNDING AND INFRASTRUCTURE

Senator COONS. Thank you, Chairman Schatz, Ranking Member Hyde-Smith, Vice-Chair Collins. Welcome, Secretary Buttigieg. Look forward to talking with you this morning. Let's start, if we can, with rail.

Rail is a real concern for my community. We have one of the busiest passenger rail stations in America named for our President, but we also have very busy freight rail lines that run up and down the backbone of the East Coast.

I appreciate your continued work to implement the Bipartisan Infrastructure Law, which is benefiting the State of every Senator. But we have to continue to provide robust funding for DOT programs in order for us to actually achieve the vision of the bipartisan infrastructure bill. On Amtrak, America's passenger rail system, you are requesting a 20 percent increase over our fiscal year 2023 enacted levels.

In no area of transportation do I think your phrase in your opening statement, decades of disinvestment, is it more real than in our rail infrastructure, something that has been tragically highlighted in recent weeks.

I will lead the letter endorsing Amtrak's \$3.65 billion request to ensure robust funding of the Northeast Corridor and our national network. And as I have previously raised, Amtrak's funding needs were not addressed by the Bipartisan Infrastructure Act.

There was a significant and helpful down payment, but the framing assumed steady annual appropriations. This is something I rely on for my transportation to and from work, so it is particularly personal to me. I know for 36 years, our President also commuted by rail, as do millions of others across our country.

How can we continue to support Amtrak and ensure the Northeast Corridor is a reliable, safe means of transportation?

Secretary BUTTIGIEG. Well, Amtrak is a vitally important economic asset to the entire country, certainly with regard to the Northeast Corridor. And as you mentioned, our President famously

is enthusiastic and focused on this, as is the Administration. Amtrak will be growing its workforce and will have to in order to be able to make good on the opportunities that are coming by way of the investments and implementing the \$22 billion in advance appropriations provided by the Infrastructure Investment and Jobs Act, while, as you noted, requiring more resources for many of the things that I think passengers, customers, and communities expect.

I know that they had, last time we checked in February, nearly 20,000 workers. They have set a goal to hire almost 4,800 more in 2023.

So whether it is the physical infrastructure side, where we as a Department are most likely and most often partnering with them, whether it is the workforce growth that they need to undertake, or a third area I would point to, that is important in terms of the reliability of the system, less on the Northeast Corridor, but overall, which is ensuring that the legal requirement of the freight railroads to make way for passengers is met.

I think all of these will continue to need sustained attention, and we welcome opportunities to work with Congress to make sure that the funding and the authorities align.

Senator COONS. Thank you. Delaware has long been a site of significant Amtrak operations, both the Wilmington shops and the Bear shops for repair and maintenance. We have the National Operation Center, and DOT recently gave a railroading 101 program grant to our State Department of Labor, which—I am sorry, the U.S. Department of Labor gave our State Department of Transportation a grant to try and help grow future railroading workforce.

As the ranking member noted in trucking, we have a real challenge, but we also do in railroading, in order to take advantage of construction, maintenance, and operations opportunities. Let me also ask you about heavy trucks and hydrogen. Senator Cornyn and I are co-sponsors, along with six of our colleagues, bipartisan co-sponsors of the Hydrogen for Trucks Act.

SUSTAINABLE TRANSPORTATION

It would accelerate the deployment of clean hydrogen to decarbonize heavy duty transport. Fuel cell trucks have all the benefits of diesel-powered trucks, but without the emissions. But in the early stages of deployment of promising fuel cell technologies, there is going to be a need to lower cost barriers and to provide both gathering critical data so that what is manufactured and deployed is demonstrably safe and better understood, and to provide some incentives for early adopters.

How is the Department thinking about supporting operators interested in adding hydrogen fuel cell trucks to their fleets? And do you think the kind of incentive program that is laid out in my bipartisan bill with Senator Cornyn would be helpful to accelerating adoption of these vehicles?

Secretary BUTTIGIEG. We welcome the work that you and your bipartisan colleagues are doing because it is another piece of the puzzle of having more sustainable transportation for the future. It is one thing for light duty vehicles, cars we all own that we have existing on the street available technology that is zero emissions.

The story is more complex for buses and I would add—for trucks rather, but I would add buses to that. And in addition to some of the tools we do have to work with, like the charging and fuel infrastructure discretionary grant program we just put out, and the FTA's work on the bus side, I would certainly be interested in continuing to partner with you on expanding the availability and the support for hydrogen, because we know, as you look at the harder to decarbonize elements of our transportation systems, surface for sure with the trucks and buses, but also as we look ahead to the long term future of aviation and shipping, there is no question that hydrogen will be an important thing to consider.

Senator COONS. Well, we have a number of critical companies doing cutting edge research and development and deployment in hydrogen for transportation and otherwise in Delaware, and some great opportunities.

I recently had a chance to ride in a heavy-duty truck on I-95 from Newark to Wilmington and was really struck at how far along this technology is. Let me close by thanking you for the \$270 million investment in Federal Railroad Administration (FRA) safety initiatives that is in the budget.

After the tragic derailment in East Palestine, we want to work together with you and with the bipartisan group of my colleagues who are proposing improvements in rail safety, and I want to make sure that we stay engaged in this as a Congress. Thank you very much, Mr. Secretary.

Secretary BUTTIGIEG. Thank you, Senator.

Senator SCHATZ. Vice-Chair Collins.

Senator COLLINS. Thank you very much, Mr. Chairman. Before I go to my questions, I want to welcome the new ranking member of the subcommittee, Senator Hyde-Smith. She will be an absolutely terrific partner for you.

And I can assure you, Senator that Chairman Schatz will also be a great partner. I have been either the chair or ranking member of the subcommittee for many, many years, and it is great to know that it is in such good hands, and those compliments do not count against my time.

[Laughter.]

Senator SCHATZ. Noted.

Senator COLLINS. Thank you.

Senator SCHATZ. Compliments never count against you.

[Laughter.]

INFRASTRUCTURE GRANT PROGRAMS FUNDING

Senator COLLINS. Mr. Secretary, welcome. The Administration is proposing once again to zero out important programs like the Bridge Formula Program. In fiscal year 2023, Congress provided more than \$1 billion in funding for the Bridge Formula Program, which benefits many rural states, including my State of Maine.

As you know, this is a program that was created by this very subcommittee, and it has been very effective in improving and replacing our nation's deteriorating bridges. In addition, as the ranking member has pointed out, the budget includes no funding for the popular and effective RAISE Grant Program.

This program, too, has been essential to roadway bridge replacement and port projects across the country, including in my State of Maine. The budget request instead is shifting these important programs to be funded solely by the bipartisan infrastructure funding rather than complementing annual appropriations.

I was one of the ten negotiators of the Bipartisan Infrastructure Act, and I can unequivocally state that the funding from that historic law was intended to be supplemental. It was not intended to supplant the regular appropriations.

So, proposing to eliminate the annual appropriations not only conflicts with clear Congressional intent, but also dilutes the impact and limits to reach of the program. And I must say, the Administration has been very quick to laud the bipartisan infrastructure program to take credit for its role in shaping it, but now it submitted a budget that dilutes its impact. Can you explain to me why you are allowing for supplanting the funding rather than following congressional intent?

Secretary BUTTIGIEG. Well, let me first associate myself with your remarks about the RAISE program, which is both popular and highly effective. And in my travels in particular, as I visit communities where we have been able to fund projects through that program, you can see the effect that it has.

Likewise, we continue to enthusiastically pursue the deployment of the funds that are available to us in the Bridge Program and others that were contemplated both in the Infrastructure Investment and Jobs Act and could be subject to future opportunities for appropriation as well.

Of course, it is challenging in any budget to make sure that the top line conforms with the President's and the public's and the Congress's expectations about fiscal responsibility. We sought to strike that balance in the right way, ensuring that there are additional funds for projects, including in discretionary programs that we know are very sought after across the country.

But you have my commitment that our Department will continue, whether it was RAISE, the Bridge program, or others, to make the absolute most of the funding that we have by way of that advance appropriation, and continue the dialog about how to make sure that needs are met, balanced, of course, with the fiscal responsibility concerns that you all must balance in your appropriating role.

NATIONAL SECURITY MULTI-MISSION VESSELS

Senator COLLINS. Let me bring up another issue. I met this week with the State Maritime Academy Presidents to talk about the state-of-the-art training vessels that we have been appropriating. They are technically called the national security multi-mission vessels. And this subcommittee worked really hard to replace them in order of age.

We did one per year and we have now funded all five, with the first being scheduled to be delivered later this year. And yet, the President's budget does not include funding to continue the support for the shoreside infrastructure improvements at our nation's State maritime academies that are necessary for berthing these newly constructed vessels.

And I don't understand that because we are not going to get the benefits to the cadets, nor to the Merchant Marine, nor to our military, nor to our nation in general, if the Administration doesn't help fund the infrastructure required to accommodate and operate these ships. Why did the Administration slash this account? And I use the word slash advisedly.

Secretary BUTTIGIEG. Well, we are excited about what these NSMVs and these are going to mean for the future of the Merchant Marine, for the cadets, and for the country. We are very much looking forward to construction and delivery proceeding.

The President's budget for 2024 includes \$19.2 million to cover some unanticipated steel cost increases for one of the vessels that continues funding for the program and also flexibility for management of the fleet following the construction and delivery of the vessels and through their life cycle.

But there is, I think, going to have to be a continued conversation about the responsibilities on the vessel itself and then the shoreside resources. We provided notification last month of our intent to obligate fiscal year 2022 funds for some improvements that will be needed on the shoreside.

But I think we do need to continue that dialog with the Maritime Academy so that there is a clear, predictable, and responsible balance between what is provided by the United States Maritime Administration (MARAD) and what is provided at the academy level to make sure that there is appropriate shoreside support.

Senator COLLINS. Thank you, Mr. Chairman. I have many more questions, but I would ask to submit them for the record.

Senator SCHATZ. That is fine. And we are going to try to do a second round if the time permits. Senator Van Hollen.

RECONNECTING COMMUNITIES

Senator VAN HOLLEN. Thank you, Mr. Chairman. And thank you for mentioning the terrible crash we had in Baltimore County at I-695 yesterday. Mr. Secretary, thank you for acknowledging that as well. Six people were killed in a construction worker zone. I am pleased, Mr. Secretary, that the National Transportation Safety Board (NTSB) is investigating that crash and we all look forward to improving road safety to avoid these terrible tragedies.

On a much happier note, I want to thank you and the President for your work implementing the infrastructure modernization bill. It was good to have you and the President in Baltimore for the announcement of the \$4 billion investment to upgrade a 150-year-old tunnel and replace it with the new Frederick Douglass Tunnel.

That is going to cut down on Amtrak train times between Baltimore and D.C. by a huge amount and make it much more efficient and safe for travelers. I was also very pleased that the Department of Transportation awarded Baltimore City \$2 million in a planning grant under the Reconnecting Communities Program.

You and I, Mr. Secretary, have spoken about this project many times. There was a gross injustice committed in the 1960s. A highway was begun through West Baltimore, displacing over a thousand homes, cutting right through an African American community.

And then the highway was stopped, never completed, but the scar remained. So, this is a very important project. And as you know, the Reconnecting Communities Program was included in the infrastructure bill, specifically with the Highway to Nowhere, West Baltimore in mind.

That is why we worked to establish the program legislatively and then inserted it into the infrastructure bill. So first, I want to thank you and the Department. This is obviously the first step in making sure that we reconnect that community. Finally, I wanted to mention the red line in Baltimore.

This was a major transit project in Baltimore City that had been supported by the Maryland delegation for years. Our immediately past Governor pulled the plug on that, even though we had lined up the billion dollar funding to move forward with the project.

Our new Governor, Wes Moore, is very interested in moving forward, as is Mayor Scott. Senator Cardin and I included language in the infrastructure bill just highlighting the importance of this project and making clear that full consideration should be given to previous projects that were pretty much ready to go in the event they are resubmitted. So, I just want to put that again on your radar screen.

TRANSIT WORKER SAFETY

My question relates to the Transit Worker Pedestrian Protection Act. This is something I worked on, had legislation. We also included it in the infrastructure bill. And the purpose is to establish a safety committee made up of union representatives and management representatives in transit agencies in order to make sure that we deal with transit worker safety and protection, and pedestrian protection.

This is a serious problem. Last week we had a hearing in the Banking, Housing and Urban Affairs committee where we had testimony from the President of Baltimore's ATU Local 1300. The night before the hearing in the Banking committee, he had been in a hospital in Baltimore visiting with a fellow transit worker who had been stabbed twice on the job. So, it just highlighted the urgency of implementing this program.

In Baltimore, things are moving ahead. As of last week, the information we had was one-third of ATU's bargaining units reported that management had not established the Joint Safety Committee. As of this morning, apparently, we have made some progress. There is still, however, dozens left, Mr. Secretary.

And according to ATU, they are being told in many cases by local transit agencies that it is ATU's job to do this when clearly it is FTA's responsibility to make sure that this provision of law is implemented.

And the law also says that those transit agencies should not be getting any grant funding for other programs until this is done. So, I just ask for your commitment today to make sure that we swiftly and fully implement that provision.

Secretary BUTTIGIEG. Thanks. You have that commitment. We have communicated to the agencies that they need to certify that they have one of these committees stood up. If they don't, that puts

their access to Federal funding at risk. We need to be doing everything we can to protect transit workers.

And let's make clear that it is completely unacceptable to have any kind of assault, violence, threats, or intimidation directed against these frontline workers. I have heard these same themes in meeting with workers and their representatives. This has the attention of the FTA Administrator, has my attention as well.

And we will continue our focus on making sure that transit agencies are doing everything they can, and that we are doing everything we can.

Senator VAN HOLLEN. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator SCHATZ. Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman. Mr. Secretary. How are your babies?

Secretary BUTTIGIEG. Thank you for asking. They are doing all right.

Senator KENNEDY. As we were talking about earlier, my father used to tell me, you will never know love until you have a child.

Secretary BUTTIGIEG. It is a different kind of love.

Senator KENNEDY. It is a different kind of love.

Secretary BUTTIGIEG. It is a wonderful thing.

RULEMAKING PROCESS

Senator KENNEDY. I want to ask you a philosophical question, Mr. Secretary. How do you and your team go about deciding whether to promulgate a new rule? Let me give you an example. Study after study has shown that the number of teenagers you have in a car is directly proportional to their chance of having a wreck.

And we have known this for years. I am not recommending this rule because frankly I don't know how I would vote on it if it came to us. But suppose one of your team members came to you and said, look, if we promulgate a rule that you can't have—if you have a teenage driver, you can't have more—any other teenagers in the car with that teenage driver, how would you go about analyzing that?

Secretary BUTTIGIEG. Well, in this type of case, it would likely reflect the traditional division of labor that we have had between the Federal Government and the states, in that the Federal Government tends to regulate the design of a vehicle, the design of the roads, and safety issues related to that physical infrastructure in the physical vehicle. While State DMVs and State laws tend to regulate the conduct of a driver.

So, the very thing you are mentioning, for example, I think, is why in some states there is a gradual approach where when you have your learner's permit, you can be behind the wheel. But there are restrictions on who could be in the vehicle with you for exactly that reason.

I know you are asking this philosophically, not in terms of the particular policy that you are using as an illustration, but to zoom out more generally, we would look as my answer up to now, might indicate, at our authorities and our responsibilities. We'd look at the data and where it leads us.

We look at what we think is likely to happen if we were to promulgate a rule like that. And then of course, we would get a lot of feedback. We would make sure that we have an understanding of what the different stakeholders think is important, information we might not be privy to.

Now, having said all of that, the truth is it is rarely the case that we imagine a rule and go out into a universe as a blank slate and find out what might happen around it. Usually there has been dialog, debate, and data building up for years that makes a potential rule rise higher on the list of a Department that can only take so many regulatory steps at a time.

And of course, it is also working to revise and occasionally withdraw older rules that are still on the books. But hopefully that gives you some sense of the approach that we would take, and that we do take, when we are thinking about our rulemaking authorities.

LIQUEFIED NATURAL GAS CENTER OF EXCELLENCE

Senator KENNEDY. Okay. I want to get in one other question while I have time. In the fiscal year 2021 in our appropriations bill, we created, we meaning Congress, a national center of excellence for liquefied natural gas safety.

And the statute, I will just quote it to you. It is short. "In determining," this is what the statute says, "in determining the location of the center, the Secretary shall" not may but shall "locate the center in the State with the largest Liquefied natural gas (LNG) production capacity as determined by the total capacity and billion cubic feet per day of LNG production authorized by the Federal Energy Regulatory Commission under Section 3 of the Natural Gas Act as of the date of enactment of this Act."

That is Louisiana. Louisiana has a production capacity of 21.2 billion cubic feet a day. Your Pipeline and Hazardous Materials Safety Administration doesn't seem to want to locate the center in our State, my State. Can you tell me why, if you know.

Secretary BUTTIGIEG. I will have to consult with the Pipeline and Hazardous Materials Safety Administration to understand the latest on that center of excellence. But I can certainly tell you that we, of course, ensure any choice we make is conforming with statute. And so, I want to make sure that whatever is underway is consistent with the law as written.

Senator KENNEDY. If you would look at it. I know you have a lot of things on your plate, but the law is pretty clear. And personal preference is not supposed to enter into this, and I think my State is clearly number one in production capacity. And I have noticed a determined reluctance by some of your agency folks to make this decision and put it in my State. Now, I would much rather just tell them have them be upfront and tell me why.

Secretary BUTTIGIEG. I will make sure to find out.

[The information follows:]

PHMSA is making immense progress in establishing a Liquefied Natural Gas (LNG) Center of Excellence in accordance with the legislation, and PHMSA agrees with your interpretation of the calculation as outlined in the statute.

On April 28, 2023, PHMSA personnel met with your staff to provide an update on the agency's activities related to establishing and determining a location for the Center. The agency continues to evaluate suitable sites in Louisiana, including ex-

isting Federal buildings, universities, and private facilities. PHMSA is also reaching out to other Federal agencies with a stake in LNG facility operations and safety, including the Department of Energy, Federal Energy Regulatory Commission, and U.S. Coast Guard, to query their interests in collaborating with DOT regarding the Center's establishment, and/or maintaining a continued presence throughout the life of the Center.

Additionally, PHMSA will host an "LNG Center of Excellence Webinar" on May 17, 2023, to share information with stakeholders on the purpose of the Center, activities completed to date, and provide instruction on how to submit comments to inform decisions on the Center's establishment and future direction.

Senator KENNEDY. Thank you.

Secretary BUTTIGIEG. Thanks, Senator.

Senator SCHATZ. Chair Murray.

Senator MURRAY. Well, thank you very much, Chair Schatz and Ranking Member Hyde-Smith. I look forward to working with you and Vice Chair Collins and all the members of this subcommittee as we return to regular order and work to find common ground to build a strong, competitive economy for families across our country.

Today's hearing is really an important opportunity to assess what resources that is going to require, and it does come amid some very stark reminders that keeping our country strong means keeping our infrastructure strong. We all know about the recent train derailment and spill in East Palestine, Ohio.

There was also one last week in the Swinomish Tribal Reservation in my home State of Washington, and we have seen some disturbingly close calls in air travel lately. So, as we are writing the funding bills for this year ahead, we absolutely have to remember that keeping our families safe and our nation competitive is, of course, about defense spending, but it is also important to remind ourselves that safety and our families' safety is dependent on non-defense spending as well.

And when it comes to protecting our families, we have to make sure that our people and our goods get safely and efficiently from point A to point B, and when it comes to keeping our economy competitive, we can't compete with China without well-run ports who ship American goods out to the world.

And I am proud to say my home State of Washington has some of the best. We know we can't compete without strong public transportation networks that connect our communities and are accessible to everybody, and strengthen our local economies, and get people to work and school and more.

And of course, we can't compete when it comes to clean energy and reducing emissions without investing in green transportation. So, this bipartisan infrastructure law that we passed laid a really good, strong foundation for an infrastructure decade.

And now we have to build on that to make sure that we can compete the projects—complete the projects in our communities that are so badly needed, like the I-5 bridge project in Southwest Washington you are well aware of or expanding Sound Transit's light rail system. So, I look forward to hearing more from Secretary Buttigieg about why projects like this are important and what we need to keep that momentum going.

HAZARDOUS MATERIALS SAFETY

But I wanted to ask you today about the recent derailments in Ohio and in my State, and how they really demonstrate some significant vulnerabilities in our nation's rail system. We have been here before with crude oil incidents, and I worked with the Administration then through this subcommittee actually, to require comprehensive oil spill response plans and funding to improve safety practices and training for our short line and regional railroads.

Secretary, there are just a few examples of steps we took to increase safety around crude oil. Could you expand those efforts now for other hazardous materials?

Secretary BUTTIGIEG. Thank you for your attention to this issue and for the question. The short answer is yes. Often what happens is that America learns from an experience of disaster, and I know that your work and others on this committee was part of responding to some horrific crashes, derailments, and incidents that took place in the early 2000s that led to things like the creation of the category of the high hazard flammable unit train.

And while that was, I think, a successful response to that type of tragedy, questions arose in the wake of East Palestine from people who asked a very reasonable question, looking at that horrific smoke column and fireball coming out of the vinyl chloride controlled burn, that if this train did not meet the legal or technical definition of a high hazard flammable train, what would?

And so I think this is compelling us to revise and review both the high-hazard flammable unit train (HHFUT) definitions in particular, and then more broadly, the authorities and the definitions that we are working with, some of which are in statute, and we welcome the legislation on a bipartisan basis that is emerging in this chamber to do some things that we think are important from stiffer fines for safety violations, to specific concrete technical measures that could make a difference. We are also acting with the authorities that we do have.

Recent safety advisories on valve caps for tank cars are just one example. And are calling on industry not to wait for us to require of them to do the right thing on their end. And with regard to your question here, I would point to the importance of early notification for communities when hazardous material is passing through them.

That is still not as rigorous as we believe it ought to be. But legislation would raise the bar on that, but I don't think that industry should wait for legislation, we certainly won't, to view that as the right thing to do.

RAIL SAFETY

Senator MURRAY. Yes. Well, I know this budget was prepared before those derailments, but can you talk a little bit how you are using existing resources to increase rail safety and maybe what is in this budget that will help you with that?

Secretary BUTTIGIEG. Yes, well, the budget was proposed before the East Palestine tragedy or crash took place. It already reflects a number of steps that we have been wanting to take or expand, including growing FRA's capacity with regard to railroad safety. And I would divide that into a couple of relevant categories. One

has to do with enforcement and compliance, but in another, research.

So, for example, the wayside detection devices that could have played a role here are something that have been developed partly through collaboration with the FRA, and obviously we need to continue looking at how that technology could help to prevent future derailments and crashes.

So, it is certainly reflected here in the budget, increasing the agency's railroad safety personnel, expanding inspection and audit capabilities, enhancing data analysis that will help us identify root causes, and better interpret the NTSB data that comes as they do their independent work, and increasing the stakeholder outreach and partnerships.

And just to give you one example of what is in the budget, there is \$17 million for the automated track inspection program and \$4.5 million to support efforts to expand the confidential close call reporting system, which we think is important.

And of course, we will continue evaluating what else could make a difference as we look to the future.

Senator MURRAY. Well, thank you very much. And I will submit my remaining questions for the record, but really appreciate your being here. And again, look forward to working with you as we put this bill together.

Senator SCHATZ. Thanks very much, Chair Murray. Senator Capito.

Senator CAPITO. Thank you, Mr. Chairman and Ranking Member. And thank you for having the initial hearing. And it is good to see you again, Mr. Secretary. If this had been last year, you and I went round and round over the Federal Highways memorandum of guidance in terms of where dollars should be spent.

And we had a disagreement, but I am glad to see you saw the light and pulled the memo down because it was causing a lot of angst in terms of our State DOTs being able to move forward. So, I also want to thank you. Shailen Bhatt has been very conversing with us and many other members here in the Senate, and I am glad to see we have a permanent person in there, now a confirmed person.

GRANTS MANAGEMENT PROCESS

So, he is doing a good job. But I am hearing that some of the project grant agreements across—are taking increasingly longer to complete. These types of delays can obviously cause project costs, delay much, and you know the time's ticking on the infrastructure bill. I am also told that the grant debriefs for people that don't get granted, that are offered by the Department are becoming less and less helpful.

So historically, these have been able to equip our applicants to be able to reapply in the following years to have a much more successful and impactful application. So, I would hope that, I am concerned about just the delays and then these debriefs.

I want to bring them to your attention because they are being brought to my attention and ask that you would identify additional ways that we can move these projects quicker, and also that we can

help with the debriefs to make sure they are as substantive as they can be.

Secretary BUTTIGIEG. Well, thanks. The goal of compressing the timeline between an award announcement and a grant agreement is one that I enthusiastically share. There are a number of steps, of course, that have to happen and it is taxpayer money, but we have got to find ways to streamline that process without losing any of the fidelity to the reasons why it is there.

And that is something that we take very seriously, because we want to get not just the projects identified, but, of course, to get them built. Now, some steps that we have already taken to try to ease that include steps to reduce the number of independent processes and consolidate them, and to work with project sponsors as they are getting through NEPA, for example.

We will often have a project that has not yet finalized its National Environmental Policy Act (NEPA) process, but already identified for funding. We need to make sure—or sometimes they don't even have the engineering, the final design work done.

And that can be necessary to sign a grant agreement. So, we are going to do everything we can on our end. But we also want to work with project sponsors to help them do what they have to on their end, recognizing that even if it is a requirement that they must meet, we are not going to sit back and just say, you are on your own, good luck meeting those requirements. We really want to partner with them to get that done.

Likewise, with the debriefs that is something that I consider very important for unsuccessful project applicants who often turn into successful applicants later on. Would love offline to get more information about some of the specific feedback you are getting, so that we can examine that and make sure the process is useful.

Senator CAPITO. Right. Okay. So, it seems that it is— while the desire may be to shorten, it seems as though the desire is not quite being met because it is becoming increasingly long.

ONE FEDERAL DECISION

So, let's talk about One Federal Decision that is in the IIJA. We are looking at this hopefully in a permitting and energy and other projects. Again, concerns as to whether you are adhering to one Federal decision, whether it is working the way it is supposed to, because this is supposed to be—shortening the timelines is supposed to be more efficient.

It is not skirting any environmental regulations at all. And I don't know, I have frustrations on it and I don't want to recommend it in a permitting bill. If we can't, you are sort of the test case here and coming up a bit short. So, could you speak to one Federal decision?

Secretary BUTTIGIEG. Well, we are certainly working to implement one Federal decision.

Senator CAPITO. But that has been years, right? That has been years, even before you got there.

Secretary BUTTIGIEG. Well, I know that there was the rule version. Now, there is the legislatively mandated version. We were able to act within days to get that first provision out around the categorical exclusions.

We are tracking toward those averages that are called for by those provisions in the law, and also trying to make sure there is more transparency and clarity with our permitting processes, including the Federal Permitting Dashboard and the interagency organizations that have been set up to try to make sure that there is clear information and as smooth a process as can be.

Again, I think part of what is at play here is that it is not only the things that we are doing as an agency, and there are many, but also how we can make sure the project sponsors are able to do what has to happen on their end, especially when you are working with newer or smaller communities that may be new to receiving Federal funds, but that should be no barrier to them succeeding and delivering these projects. And that is important to us.

Senator CAPITO. Yes, it is pretty discouraging when you talk to a Federal agency who can't get— and I am not saying this is DOT, these are different agencies, but they are projects that are infrastructure development, roads, water projects, and the two agencies aren't even talking.

You know, where you have to get permits from both of them, say, Fish and Wildlife, Corps of Engineers, EPA. That is the whole point of one Federal decision, is to pull those in and have somebody.

But I still think there is too much disconnect between these Federal agencies. And I am not even talking about how they interplay with the State ones or even the private developers, because that is an issue as well.

The least we could do is have our Federal agencies interacting and talking with one another to speed the projects. So, thank you for working on that. Thank you. Thank you, Madam Chair.

Senator SCHATZ. Senator Reed.

WIND ENERGY

Senator REED. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary, for joining us today. As you probably know, Rhode Island is the leader in offshore wind energy in the country, and there are several programs that DOT has port infrastructure grant programs, the small shipyard program, RAISE grants.

Are you, or how are you structuring or restructuring these programs to help accelerate wind energy throughout the country?

Secretary BUTTIGIEG. Well, wind energy represents a use case that really is newer than some of these programs themselves, at least at the kind of scale that is being supported by facilities and proposed facilities in Rhode Island and elsewhere.

Certainly, wind related projects have been competing well in the Port Infrastructure Development Program, and we have seen how RAISE and other potentially other sources of funding can be relevant here as well. What we know is that there is rising demand and enormous opportunity.

And part of what I think will be important for us going forward is to make sure that our processes reflect not just the traditional metrics that we use on a transportation basis, but the bigger macroeconomic picture of knowing that if we have the right kind of port facilities, we are supporting a manufacturing base that is onshore here in the U.S. that can create some of this equipment.

And we recognize the opportunity and the obligation to support that economic strength with the particular projects that are coming along for consideration.

TRANSIT ELECTRIFICATION

Senator REED. Well, we are, as you know, because of our leadership, doing exactly that, trying to develop manufacturing and assembly in our ports and these systems of DOT would be helpful. Also, we are trying to electrify our transit system. We have a statewide system. I think we might be unique in the country.

And likely will be the first will have a totally electric transit system. But supply chain problems, other issues are cropping up. How can you help us get to that electrified system or hydrogen or hybrid or other non-petroleum products?

Secretary BUTTIGIEG. Well, we are aware of this interest from the Rhode Island Department and from Massachusetts Bay Transportation Authority (MBTA), and that could make for better commutes and certainly make for cleaner air as well. I want to take care to note that many of the key early decisions are local and we respect that.

But we will certainly say that if there is that local commitment coming together in a path forward and if the project sponsors are interested in pursuing Federal funding through our Capital Investment Grants Program under the FTA, I would certainly be happy to take a look and to provide technical assistance as they develop that.

Senator REED. Thank you. Just a final point. Quonset State Airport is very critical both to commercial travel and our National Guard. We have a C-130J squadron there. It is absolutely not only critical to the State but to the nation, and we have been trying to expand that. We have run into some problems.

So, I would ask your commitment to take a look at the project at Quonset and see if the Department of Transportation could provide any type of assistance to help us get over recent complications.

Secretary BUTTIGIEG. We will make sure to do that.

Senator REED. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator SCHATZ. Senator Hyde-Smith.

CONTRACT TOWERS

Senator HYDE-SMITH. Thank you, Mr. Chairman. I do have a couple of more questions. Mr. Secretary, I am a strong proponent of the FAA contract tower program, and it just helps enhance aviation safety at seven small airports in Mississippi and around the country.

However, I have heard concerns that some contract towers lack the same type of equipment as the FAA staffed towers, which is so much has been focused on our conversations of aviation safety and near misses.

It seems to me that the controllers at contract tower airports should have access to the same radar displays and other equipment to increase their situational awareness, especially as operations continue to rise.

Can you please tell me what steps the FAA is taking to ensure contract towers are properly equipped?

Secretary BUTTIGIEG. Well, first, let me make clear that the FAA is committed to the contract tower program. We know the difference that it can make at a lot of facilities and communities. And I should note that the funding request in the President's budget ensures that these Federal contract towers will have the staffing that is necessary to meet their safety mission.

And for FAA owned facilities, that also goes to equipment needs. Now, there are a number of towers in the program that have expressed interest in additional or different forms of equipment.

There is currently not a non-Federal system for these towers, but we are actively exploring ways to best meet their needs, recognizing that there is a different set up and a distinct mission that these Federal contract towers meet, but wanting to make sure they have everything that is required in order for them to meet that mission.

RAIL SAFETY

Senator HYDE-SMITH. Thank you for that. And I want to talk a little bit about detectors with the train derailments in the East Palestine, Ohio. There has been a renewed focus on rail safety, obviously, but specifically on the wayside and hot box detectors on train routes. And as you know, trains use these detectors to notify the railroad when there is a problem so it can be addressed.

It is my understanding the tracks in East Palestine actually had these detectors. But while mandating this technology may seem like a good idea now, this technology has existed for decades, and I am just concerned that mandating just this technology would lock the railroads into using outdated technology.

So new technologies are already being tested, such as onboard detectors that would monitor each train car from a centralized location. But can you tell me how the Administration's budget request is keeping pace with the railroads in terms of safety, innovation, and technology using this specific?

Secretary BUTTIGIEG. Well, the budget request supports FRA building the team that is needed for everything from inspectors to research and development.

And I should note, of course, that our work also supports, with the funding that has come from Congress, supports the physical infrastructure improvements that have benefited rail safety through things like our Consolidated Rail Infrastructure and Safety Improvements (CRISI) program, and our Railroad Crossing Elimination Program.

But specifically with regard to the wayside detection technologies, there are two categories of them, and one is those that can detect a developing fault in a rolling stock. That is where you have these so-called hot box detectors that, for example, can note a difference in temperature in a bearing or an axle that could be an indication of a fault. And then others that are effectively sounding an alarm, identifying a condition that requires immediate attention and actions.

I don't want to get ahead of the NTSB's findings, which will, when the final report comes out, which may take a year or more,

probably have a higher level of detail. But I will say, broadly speaking, our view is that we need more and not less rigorous standards for railroad safety.

And that may include technologies, including wayside detection devices. It can also include approaches like the added requirements that attach to a high hazard flammable unit train, and just better enforcement capability so that we can make sure railroads are accountable for their compliance.

Right now, a multibillion-dollar railroad might face just a six figure fine, even if found responsible for an egregious violation that resulted in loss of life. And we just don't believe that's enough to get their attention. And it is one of the measures in the proposed bipartisan legislation here in the Senate that we embrace, which is that it would add teeth to those enforcement powers.

So whether it is specifically with regard to wayside detection systems or more broadly in terms of the research, the enforcement, and the infrastructure improvements that are being made, I believe this budget will help us prepare for that, but also recognize that this is going to be a journey that has to be refreshed and renewed every single year as we learn more from conditions on the ground.

Senator HYDE-SMITH. Thank you very much.

Senator SCHATZ. Senator Moran.

Senator MORAN. Mr. Chairman, thank you, and the Ranking Member. Thank you, I am pleased to have the opportunity to work with the two of you and others on this subcommittee in my debut appearance at T-HUD.

Mr. Secretary, welcome. Thank you for the series of telephone conversations we have had in the last few weeks, and I appreciate your presence in front of the committee today. I would follow up on what the ranking member had to say about the Drive Safe Act.

It was a piece of legislation that I introduced with a number of my colleagues. She indicated the lack of use of that program to date. I was glad to hear you indicate you are pursuing changes, improvements, alterations in the program to make sure that we actually get a lot of young drivers into this profession.

HAIR TESTING

And so, I would just reiterate my support. Thank you for yours. And if we can be of help in trying to accomplish the goals that we mutually share, please put me to work. I am surprised, or disappointed that I am once again talking about hair follicle testing, which has been a topic of conversation since the FAST Act of 2015 was passed.

Alternative drug testing for truck drivers, the 2015 Fast Act required HHS to issue scientific and technical guidelines, HHS, for hair testing as a method of truck driving testing program with 1 year of its enactment.

Mr. Secretary, I wonder if you had any update on conversations between FMCSA and HHS, anything that is progressing or moving this opportunity along?

Secretary BUTTIGIEG. Let me get an update for you on that, Senator. As you note, there is a dependency between our authorities in FMCSA, and a finding that would have to come from HHS. And we stand ready to work on that as that finding comes through, but

I will make sure to determine the latest state of play there and update you accordingly.

[The information follows:]

The Department of Transportation continues to monitor HHS' work in implementing Section 5402(b) of the FAST Act concerning hair testing as a method of detecting the use of a controlled substance. HHS issued proposed Mandatory Guidelines for Federal Workplace Drug Testing Using Hair (HMG) in 2020 (85 FR 56108 (September 10, 2020)). The Fall 2022 issue of the Unified Agenda of Regulatory and Deregulatory Actions (<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202210&RIN=0930-AA33>) indicated a Final Rule would be used in December 2022. However, the final rule has not been issued to date.

FMCSA leadership met with HHS leadership responsible for issuing HMG in February and March of 2023. While HHS' timeline has yet to be publicly shared, HHS advised that efforts are currently underway to progress further toward finalizing hair testing guidelines for Federal Workplace Drug Testing Programs. We defer to HHS to provide an updated schedule for issuing the final HMG.

CRISI PROGRAM

Senator MORAN. Thank you. Thank you for letting me bring that to your attention. Secretary, the short line freight industry is critical to communities across Kansas and across the country.

A lot of economic needs. Rail is important to me in Kansas for a number of reasons, but one of them is how we help agriculture commodities from where it has grown to where it is exported or consumed or further refined.

The CRISI program has been invaluable in helping address an estimated \$12 billion in investments that is needed to ensure that the industry can modernize and meet the needs of the country. Any opportunity that you would like to take now to discuss your commitment to the CRISI program?

Secretary BUTTIGIEG. Well, we begin by saying we are committed to the CRISI program. We recognize its importance in both the economic and the safety responsibilities that we have when it comes to rail infrastructure.

And I would note that among the \$1.4 billion requested for FRA's discretionary programs reflected in the President's budget, there is a \$510 million identified for CRISI Grants, which when you add that to the \$1 billion in advance appropriations that came through IIJA would represent a total of over \$1.5 billion for the coming fiscal year.

And as you note, that program can support the safety, the reliability, the efficiency of these railroads that are so important in every part of the country. We have seen the impact, the results, and the enthusiasm in local communities for what those represent.

Passenger rail can even benefit from that when it improves rail that is used by Amtrak and hosted and owned by the freight railroads. And you will see us continuing to move full steam ahead on the use and the deployment of these funds.

Senator MORAN. Thank you. And that has been one of the—I hadn't thought of it until you said it, and I highlight it that it is one of the ways that we have been able to improve Amtrak service through our State, is through CRISI Grants.

ADVANCED AIR MOBILITY

My final question, Chairman, is the continued development of advanced air mobility I think is hugely important. The AAM Coordination and Leadership Act, which is another—one of the pieces of legislation that I have introduced, it became law. I introduced it with Senator Sinema.

It establishes a working group led by DOT to advance this emerging technology. It was signed into law last year. Is the Department fully engaged to ensure that the success of this working group will occur, with its particular focus on mobility for passenger carrying aircraft that we intended in that legislation?

And I would ask that in addition to that question, I would also ask for your commitment that you and the Department would provide me with updates throughout the process of this committee doing its work.

Secretary BUTTIGIEG. We will make sure to do that. And we recognize the enormous promise of advanced air mobility and that it creates a number of novel questions and challenges that are different in kind than what the FAA and the Administration are used to managing.

So the committee, the process that you referenced, and the agenda of the FAA more broadly to prepare the airspace for this is high on our minds and we will continue pursuing it in ways that meet our safety mission while also being compatible with the competitive and prompt development of these new technologies so that America is a leader, as we are accustomed to being, in aviation writ large.

Senator MORAN. A prompt, Mr. Secretary, is my goal in raising this topic. We face a competitive world and we want the United States to be the leader in this emerging technology.

Secretary BUTTIGIEG. Agreed. Thank you.

Senator MORAN. Thank you.

Senator SCHATZ. Senator Boozman.

TRUCK PARKING CAPACITY

Senator BOOZMAN. Thank you, Mr. Chairman. And thank you for being here today and testifying. I know you have got a lot going on. I have really just got a couple questions that I think are important. Nearly 87 percent of Arkansas communities depend exclusively on trucks to move their goods.

Since the vast majority of my constituents rely on, and this is true of so many other areas throughout the country, efficient trucking operations, I am really interested in the Department of Transportation's long-term plan to build our truck parking capacity.

We have heard repeatedly from representatives of the trucking industry that the nationwide shortage of truck parking capacity is a key driver of supply chain inefficiency. In fact, for every 11 drivers, there is only one truck parking space.

So, Mr. Secretary, would the establishment of a competitive grant program for truck parking projects better equip DOT and the states to address the long-standing challenge? And if so, or if not, how can we help you accomplish, you know, something that really is a major problem now and is probably only going to get worse in the future?

Secretary BUTTIGIEG. Well, I completely agree with the importance of this issue. When you talk with truck drivers, it is one of the first things that they will raise. And it is not just a matter of convenience, it is really a matter of safety.

It means that as a driver is on their route, they see that they are getting close to the limit of their hours of service. They are faced with a choice to either stop short and lose income, if there is even a space near them, or to park in a place that could be unsafe.

Senator BOOZMAN. And I don't mean to interrupt, but I am told that literally drivers will drive around for an hour, hour and a half, you know, trying to find a spot before their hours run out so that they will stay, you know, stay within the right the timeframe.

Secretary BUTTIGIEG. That is right, or face being compelled to park on those ramps, which is not safe for them or for other drivers. So, in terms of a dedicated program, we would welcome a dialog on that. I do want to make sure in the meantime, you are aware that we are using the funding we do have for these purposes.

We were able, through our Infrastructure for Rebuilding America (INFRA) discretionary programs, I believe INFRA but I will double check—to fund both Florida and Tennessee working on projects to do just this, to add truck parking spaces. And I would add there is some interesting technologies developing that can help drivers know in real time where some of those spaces might be available to avoid just that scenario that you are describing of circling around, which benefits no one.

So, we will continue to consider this a valid use in any discretionary program where it is permitted under statute. Secondly, we have taken steps to urge State DOTs to recognize that this is often an eligible use of their Federal-aid Highway Formula Funds. We would love to see more of those funds going to that purpose.

But third, if there is an opportunity to investigate dedicated programming, I certainly recognize that that would meet a need.

Senator BOOZMAN. Well, we would really like to work with you, and I think I can speak for the committee in the sense that this is, you know, such an important area, you know, to go forward and help you with the projects that you have got going now, but also try and figure out a future way to perhaps, you know, help alleviate this.

Secretary BUTTIGIEG. Likewise.

AIR TRAFFIC INVESTMENT

Senator BOOZMAN. The other thing is the Appropriations committee has been diligent over the past several years in funding the FAA air traffic organization at or near the requested levels in the President's budget.

With that said, I have heard a lot of aviation stakeholders mention the funding is simply not enough to meet the air traffic goals. And I note that your budget request includes a \$1.4 billion increase for FAA, with most of that directed towards air traffic. Can you explain where the increased funding will be directed if Congress funds the air traffic request and the need for that?

Secretary BUTTIGIEG. Certainly. We see more pressure than ever on the national aviation system. Some of that comes from—by way of economic good news, which is the increased demand and interest in flight. But we have to make sure the systems are keeping pace. And even if it weren't for that surge, there are ongoing needs that we need to make sure that the FAA can meet.

So, part of what you are seeing in the increase is an \$800 million increase for the operation sides. That includes air traffic control hiring and training. You know, we had 1,500 controllers hired in fiscal year 2023 and we will need the funding to continue training them and then project another 1,800 for fiscal year 2024.

And even allowing for attrition, that represents an expansion in workforce, which I think is very much needed right now. There is also funding for the sustainment of the national airspace system.

That is for software maintenance programs and telecommunication systems, and trying to reduce the risk of system outages. And then a number of other proposals that are really about getting ready for the future or addressing requirements of the Aircraft Certification Reform Act.

Now, there is also a \$600 million increase in the facilities and equipment side. And I want to point in particular to \$115 million for modernization, which would allow us to move forward faster on things like the NOTAMS modernization that started in 2019. And phase 1 is set to be done in 2025.

Obviously, we are very interested in how to accelerate that, as well as the telecommunications infrastructure, which is running on technology that telecom operators tell us they will not support indefinitely, and so we really need to make that change from time-division multiplexing (TDM) to Internet protocol technology.

Just to give you a flavor of some of the steps. Last thing I would point to is research and development, which is an important area always for FAA. And of course, this sits alongside the airport improvement program funds on FAA's books, which allow us to benefit airports of all sizes across the country.

Senator BOOZMAN. Right. Well, thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator SCHATZ. Senator Manchin.

Senator MANCHIN. Thank you. Thank you, Mr. Secretary. I appreciate it very much. First of all, I want to say I think, Mr. Secretary, Senator Hyde-Smith mentioned this about rural areas and the funding, and the RAISE, INFRA, rural, and Mega grant programs. So, the only thing I want to say that we have been trying to, and I am trying to get this, and all of us come from rural states.

20 percent of the population of America lives in rural America, it is about 66 million people. And I guarantee you, we get less than single digits when all the funding comes from Federal. I don't think it is directed or intentionally. It just happens because there is so much scale of economies in larger areas.

But we are trying to make sure—so in a situation such as this, the \$5.2 billion, \$1 billion of that should have been designated for rural areas to get as per appropriate share. And I think if you look, it didn't happen that way.

Various large cities got most of it. But I want to bring that to your attention because we are trying to pass an overall piece of

sweeping legislation that says the 20 percent. So, anything you can do to maybe bring your staff up to speed on looking at that when we disburse moneys out into rural areas would be very, very helpful.

ALTERNATIVE FUELS

On the funding for alternative fuel, refueling stations, what we are concerned about there, there is more than just EV charging stations that we are concerned about. I am concerned about the horsepower that it takes to run the big trucks, that runs the things that we need, and that is going to be hydrogen as we transition.

And I hope that you are looking at that as aggressively as you are the EVs, that that we are moving very rapidly in, and that is going to be needed for us to meet the demands because EVs will not carry the trucks and the heavy loads that we need, and also on our trains and things of that sort. And I don't know if you all have looked at it differently than that.

Secretary BUTTIGIEG. Sure. Yes, we share your interest in hydrogen. One thing I would note is that while the National Electric Vehicle Infrastructure (NEVI) program with the states is focused on EV infrastructure, the \$2.5 billion Charging and Fueling Infrastructure Program includes hydrogen as an eligible use.

Senator MANCHIN. I think you are going to have to push that yourself a little bit, sir, take the lead on that because if not, it might lag behind because of the overanxious desire to get EVs out the door quicker than—

Secretary BUTTIGIEG. We certainly recognize for trucks. Also, I would note for buses, there is a lot of interest.

Senator MANCHIN. Yes, you know, this technology goes back to the 90s. We had a hydrogen fueling station in West Virginia back in the 90s, but then it didn't get the support it needed so it went nowhere. We never matured that industry. We are determined to get it done this time.

RAIL SAFETY

If I could go to the rail situation, we had a disaster in 2015, but up until that we have had the electronic control pneumatic brakes. And I think you and I talked about it briefly. That was started back 9 years, started in 2006. They have gone through all the testing and everything, and by 2015, we thought we had it. Then we had the wreck in West Virginia and now then it was kind of put on the sidelines for the 2016, 2020 period. So, the only thing I would say, the technology exists.

It has been successfully field tested. And we think that it would have been very helpful in preventing some of these horrific train accidents. So, the only think I would like for you all, and hopefully you would commit to have the Federal Railroad Administration to revisit the electronically controlled pneumatic brakes (ECP) brake system.

Secretary BUTTIGIEG. Well, thank you for that, and we are interested in the ECP brake opportunities. As you know, the FAST Act constrains us to some extent in our ability to apply it, but I have directed our team to look at everything we can do within those con-

straints, and also would welcome partnering with Congress to loosen those constraints.

I will note now that positive train control (PTC) is fully deployed, there would need to be some steps to make sure that we get the right compatibility between PTC and ECP. But I certainly continue to view this as a potentially—very important.

AIR PILOT WORKFORCE

Senator MANCHIN. If you keep us up to speed basically on the technology and what changes have been made and if they are adaptable, would be very helpful, and then hopefully we can speed that. Pilot shortage, okay. Especially we are affected more in rural areas than most because when there is a pilot shortage, we are the first routes that get cut because of economics.

As a pilot myself, and I am way above the 67 age, we are still able to fly. We can still make pretty good decisions, keep our lives, if you will and those of entrusted in—I don't know, I would hope that you all would consider the 65 to 67 age increase. It would be very helpful for us to meet the challenges we have all over America, especially in rural America.

Secretary BUTTIGIEG. Well, as you know, that is set statutorily and it conforms to the International Civil Aviation Organization (ICAO) level of 65. And so, any variance from that could create international issues, but always looking primarily to the data and would want to see any kind of data that could inform any measure related to the future pilot workforce.

We can't and won't do anything that could compromise safety but are interested in anything and everything that we could do that meets that test, including encouraging and helping more people get started.

Senator MANCHIN. We have a bill with Senator Graham that we think may help you a little bit, so we are going to try to pursue that one and hopefully you will take a good look at it and see what you think.

PIPELINE SAFETY

Finally, hold on—we have one here on hydrogen. What has been included in the Pipeline and Hazardous Materials Safety Administration spending plan to address—and my concerns about the safety and blending of hydrogen into existing older pipelines. Also, you know, the jurisdictional situation that we have with transmission and pipelines.

We have been contemplating putting it under one roof. And I know how staff is maybe territorial on this, but we are thinking with FERC, where we have had all our pipelines and transmission, we are looking at that for a new permitting bill. Really want your input on that, how we can do that, and basically synchronize this better.

Secretary BUTTIGIEG. Well, we will.

Senator MANCHIN. Safety on pipelines first, if you can, and get that.

Secretary BUTTIGIEG. Sure. Yes, we have got the—

Senator MANCHIN. I am so sorry, Senator. Thank you.

Secretary BUTTIGIEG [continuing].— \$228.2 million assigned for pipeline safety. That includes operations, R&D on things like leak detection and grants to states. We know how important those can be. On the structural matter, we would defer to Congress, but happy to work with you on that.

Senator MANCHIN. Okay. But on the pipelines, the type of—I am told we have a lot of pipelines existing right now, also that they can carry amounts, up to 20 percent of hydrogen right now, the same pipelines. Some of the pipelines can be basically retrofitted or what we call sleeved, if you will, a new pipeline inside that, as we transition into more hydrogen.

We are going to need help from you all right now and support, if we can use the existing right of ways that don't have to go through all the environmental considerations, that basically that pipeline is already there, why can't we repurpose it for the same purpose that we have now as we transition to other fuels?

So hopefully you all will be looking at that for us. Thank you, Secretary, I appreciate it. Thank you, Mr. Chairman. You have been so kind.

ARPA-I

Senator SCHATZ. No problem, Senator Manchin. I just have two final questions. We provided some seed money to begin the planning process for Advanced Research Projects Agency-Infrastructure (ARPA-I). And the President's budget is requesting \$19 million for the next phase. What are your short-term accomplishments and your long-term goals for the program?

Secretary BUTTIGIEG. Well, thank you. We are very excited about ARPA-I. It is patterned after the successful ARPA-E and DARPA and ARPA models. They provide advanced research that just isn't being met by other bodies, and we think could help lead to transformative benefits in transportation areas of interest, including safety.

With the \$3.2 million that Congress provided for this fiscal year, we have begun the development process to stand this up, including a staffing plan and preparing to provide an outline of research activities to Congress in the coming weeks, followed by a strategic vision that we will seek to get to Congress by October.

And ARPA-I has begun conducting outreach, workshops, and other launch activities. With the \$19 million requested in the fiscal year 2024 budget, we would be able to advance this work, fully, build out ARPA-I and begin pursuing projects that could make a difference on things like breakthrough intersection safety systems, which could reduce fatalities at intersections that right now claim 10,000 lives per year in the United States.

So, while this is not the biggest dollar amount you will see in the budget, I think it is one of the areas where we may see the most bang for our taxpayer buck in the same way that the original DARPA famously generated trillion-dollar ideas like the Internet itself based on the research funding that was provided to them.

Senator SCHATZ. Thank you. Senator Feinstein can't join us today, but she has a time sensitive question regarding environmental protections for the Brightline West Rail Project. Can you follow up with her office directly?

Secretary BUTTIGIEG. We will make sure to do that, Chairman.

UNMANNED AIRCRAFT SYSTEMS

Senator SCHATZ. Thank you very much. Senator Hoeven.

Senator HOEVEN. Mr. Secretary, one of the things that we work very hard on in North Dakota is developing the unmanned aviation systems in the Grand Forks region. And we have a test site there, the Northern Plains test site.

We work with the Grand Forks Air Force Base. We have a technology partner, Grand Sky Technology Park. And so, we have developed an incredible partnership and could do a lot more to fly unmanned aircraft in the NAS safely and well.

We have been working with Bill Nolen, the Acting Administrator right now. He has been helpful and we appreciate it. What can you do to help us continue to advance that industry?

Secretary BUTTIGIEG. Well, first of all, North Dakota really has a lot to be proud of with regard to the research and the work that has gone on here. I have spoken with your Governor about it, too, and we view it as a major national area of interest in aviation.

These uncrewed aircraft systems, or UAS are, we think, going to transform a number of aviation uses, and some of those maybe sooner than people think, especially with regard to use cases like deliveries to remote or rural areas for urgently needed pharmaceutical supplies, something we are supporting a little bit of research on through our SMART grants.

I would direct your attention to the budget request, which will total \$138.9 million for fiscal year 2024 across different activities related to UAS that would advance drone integration into the NAS by supporting the development of the policies, the procedures, and the standards that we are going to need, recognizing that this is just different, related but different from traditional crewed aircraft.

That is going to include partnerships with other agencies and with industry on safety. It is going to require clear standards on rules on things like beyond visual line of sight operations, forecasting, and processing of the different authorizations that are going to be needed.

So, we are enthusiastic about the potential of this technology. We also recognize that it is going to create a lot of challenges and we will diligently put these requested dollars to use advancing that.

Senator HOEVEN. And you committed to helping us develop UAS in our test site and for the country?

Secretary BUTTIGIEG. Welcome to continue to work with you on that.

SUPPLY CHAIN

Senator HOEVEN. All right. The other issue I want to bring up to you is supply chain issues. Obviously, inflation is an incredible problem right now. We need to do everything we can to get it under control.

Too much spending here in D.C. is a big part of the problem. But the supply chain issues are a huge issue. And that involves everything from farmers getting containers, you know, loading those containers at the ports, getting adequate truck drivers. I just recently

saw that the AGC, Associated General Contractors said that they are not able to get enough skilled tradesmen.

And, as you know, across the board, we are seeing a real challenge with these supply chain issues. Obviously, in some cases it is too much regulation. In some cases, they are not able to get the people. Just the whole gamut. So, we have got to get people back into the workforce. We have got to train them expeditiously.

We have got to make sure that small business doesn't have a regulatory burden that holds them back from doing what they need to do to knock down these supply chain barriers and get this terrible inflation down, which is, as you know, very difficult for the American people. What are you doing to make sure that we solve these supply chain issues?

Secretary BUTTIGIEG. Well, I agree this continues to be a major concern, and it is driven by a number of factors. Certainly, the extremely low unemployment rate right now is a factor. And the fact that the economic demand and the growth in our economy came roaring back at a pace that even the most optimistic scenarios just a couple of years ago didn't anticipate, has put strain on the system.

Let me mention a near-term effort and then a longer-term view. The near-term effort that I would invite your attention to, is a program called Freight Logistics Optimization Works (FLOW). This is by no means the biggest dollar amount you are going to see in the budget. It is about \$5.3 million requested to support eight positions.

But this emerges from a partnership that we formed with industry retailers like Target, Walmart, and Home Depot, logistics companies like FedEx, UPS, and DHL. Shippers like Maersk and MSC. And ports like Long Beach, Newark, and Georgia to make sure that better information and data sharing took place.

And to your point about small business, you know, the very biggest firms sometimes have their own supply chains and are not feeling the pinch in the same way that, for example, my in-law's family business does when they can't get the hardware that they need on time and can't exactly send a ship to go get it.

We will be able to do more work with this so-called FLOW Program that I think will make a big difference. And I would also just echo your point that this is connected to the fight against inflation.

Certainly encouraged to see that the cost of ocean shipping in the Pacific is down 80 percent because we know that when it was at those sky-high rates, that is one of the things that led to inflation at its peak that we observed a few months ago. There is a long way to go in making sure that we address those issues.

Senator HOEVEN. We need to see more help for small business to really get through these supply chain issues.

Secretary BUTTIGIEG. Agreed. And if I could just point to one other thing. We are also mindful of this in our grantmaking, in the infrastructure work that we are doing, that we have got to shore up the infrastructure that those supply chains move across, because that is a public responsibility, even while we are working to support the private sector, doing what it does best.

Senator HOEVEN. Thank you.

Senator SCHATZ. Thank you very much, Mr. Secretary. Thank you for your testimony today. Thank you for your partnership with this committee. We have got a lot of work to do to pass an appropriations bill, but I am confident that we will get there.

ADDITIONAL COMMITTEE QUESTIONS

The hearing record will remain open until Friday, April 7th, to allow members to submit additional questions for the record.

QUESTIONS SUBMITTED BY SENATOR BRIAN SCHATZ

AVIATION CONSUMER PROTECTIONS

Question. Secretary Buttigieg has been very proactive on aviation consumer protection issues, particularly with the unruly behavior from passengers during the COVID-19 pandemic and getting airlines to improve consumer protections without regulations. The Office of Aviation Consumer Protections still receives over 100,000 complaints a year, which is 500 percent higher than in 2019. The FY 2023 THUD bill provided \$1 million for eight new staff in the Office of Aviation Consumer Protections. The FY 2024 budget request includes an additional \$4.6 million for eight additional positions, upgrades to the aviation consumer complaint system, and a new rulemaking tracking system to help keep Congress and the public aware of the Administration's regulatory work.

In the 2023 Omnibus, this subcommittee provided new positions for the Office of Aviation Consumer Protection to help with the increase in complaints. What additional resources and authorities are needed to improve the flying experience for passengers?

Answer. As you noted, the Office of Aviation Consumer Protection (OACP) is continuing to receive a high volume of air travel service complaints—102,561 complaints in 2020 (a 569 percent increase from 15,332 complaints received in 2019), 49,958 complaints in 2021 (a 226 percent increase compared to 2019), and 1177,656 complaints in 2022 (a 406 percent increase compared to 2019). Airlines receive significantly more complaints and inquiries directly from consumers. By any measure, consumer dissatisfaction with the airlines is very high.

OACP's mission is to assist and protect aviation consumers by processing and analyzing consumer complaints, educating consumers about their rights, enforcing aviation consumer protection and civil right requirements, and drafting aviation consumer protection and civil rights regulations. Currently, OACP consists of a team of 17 attorneys (including the Assistant General Counsel), 15 transportation industry analysts (TIAs), 3 support staff and paralegal, and 1 consumer affairs analyst.

The DOT is taking action to expand OACP's capacity so it can be more responsive to the needs of air travelers and ensure accountability for airlines and ticket agents. At a time when aviation consumer complaints are at a record high, the need to provide enhanced response to the public has never been greater. The DOT recently extended terms for 2 part-time reemployed annuitants to handle air travel service complaints. The DOT is also continuing to allow overtime for staff processing complaints and has reassigned more than 15 DOT employees from other offices to assist with complaint handling, enforcement, and rulemaking. In addition, DOT expects to hire 8 new staff in OACP in FY 2023 and has requested another 8 new staff positions in FY 2024 to enable it to protect airline consumers against civil rights violations and unfair and deceptive practices.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. It's critical funding from the Bipartisan Infrastructure Law is providing opportunities for small and disadvantaged businesses in our communities. It's my understanding the Department set a target of awarding 20% of Federal contracts to small and disadvantaged businesses, which is a great start.

How is the Department working with the Minority Business Development Agency and Small Business Administration to help reach this goal?

Answer. The Secretary signed three memoranda of understanding (MOUs) last September with the U.S. Small Business Administration and the Minority Business Development Agency to support Departmental capacity building and technical as-

sistance efforts to help small and disadvantaged businesses (SDB) increase their competitiveness and footprint in the Federal marketplace.

Accordingly, we have taken the following actions:

- Developed a series of regional events in collaboration with both SBA and MBDA. The “Advancing Equitable Infrastructure Opportunities Symposiums” provide an opportunity for small and disadvantaged businesses to learn about upcoming BIL-related projects, funding, available technical assistance, and access to capital programs. These sessions also include a business matchmaking component to connect small and disadvantaged businesses with State DOT procurement officials, prime contractors, and technical assistance providers.
- Access to Capital
 - Hired a private equity subject matter expert from SBA’s Small Business Investment Company (SBIC) program to spearhead OSDBU’s Access to Capital Initiative (ACI). This is a targeted effort to bridge the awareness and relationship gaps that persist between SDBs and providers of private capital through moderated Access to Capital panel discussions, SDB introductions to private capital providers, and the development of a Virtual Connector platform that facilitates introductions and meetings of SDBs and private capital providers
 - The Virtual Connector will be an online tool that will screen and optimize matches of SDBs and private capital providers and provide a means for them to coordinate meetings, then track the progression of these burgeoning relationships.
- Surety Bond Guarantee Program
 - SBA has engaged in data sharing with DOT by providing listings of regional companies which have entered into a relationship with the SBA Office of Surety Guarantees, which in turn have been shared with DOT Small Business Transportation Resource Centers (SBTRC) to assist small business owners in gaining access to skilled SBTRC technical assistance.
 - OSDBU’s Bonding Education Program was recently added to SBA’s Surety Bond Guarantee (SBG) webpage to help increase program marketing and promotion.
 - SBG staff will join OSDBU Regional Symposiums to provide technical assistance to construction firms.

In addition, DOT worked to improve tools and policies, as follows:

- Procurement forecast enhancement and streamline
 - OSDBU expanded the DOT’s procurement forecast to include new data fields to assist SDB search for DOT direct contract opportunities.
 - Also, included Federal Aviation Administration forecasted opportunities in the DOT’s forecast along SDB to search for DOT-wide opportunities in one location.
- FAA inclusion of WOSB, SDB and HubZone set asides in Acquisition Management System (AMS).
 - FAA amended its AMS to include set asides for women-owned, small disadvantaged, and HUBZone firms. These policy changes helped the FAA to significantly increase HubZone contract awards in FY 2022.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. As you know, the FRA is reviewing the proposed \$9 billion Brightline West high-speed rail project to connect Las Vegas with East Los Angeles. The line will go through California’s Mojave Desert between two national parks, home to various protected and endangered species. I recently sent letters to you and Administrator Bose to include three wildlife overpasses as required mitigation in the pending permit. If left out of the permit, there is no enforceable requirement to build the overpasses, and this project will jeopardize protected wildlife.

Will the Department ensure that the NEPA documentation requires environmental protections, specifically the three wildlife overpasses?

Answer. Brightline West’s current design includes mitigation developed in consultation with the United States Fish and Wildlife Service (USFWS) for impacts to

Federally endangered species, which was included in FRA's September 2020 re-evaluation, and will remain in FRA's forthcoming second project re-evaluation.

In addition to Federally listed endangered species, FRA, through the re-evaluation, considered potential impacts to all wildlife, including the desert bighorn sheep, mountain lions and other California desert species. The Project, as currently designed, will include measures to minimize or mitigate impacts to wildlife, such as mirroring existing conditions of culverts and bridges to reduce potential effects to wildlife movement, including the desert bighorn sheep.

Brightline West will design bridges, culverts, and fencing in coordination with the USFWS, Bureau of Land Management (BLM), and Caltrans to ensure they meet applicable standards, and are compatible with the State's efforts, to the extent feasible.

The FRA is aware of an agreement between Brightline West, Caltrans, and California Department of Fish and Wildlife (CDFW) dated January 11, 2023, to implement wildlife overpasses across I-15. The agreement States CDFW prioritized remediation of wildlife barriers where the Brightline System will be constructed and identified three priority locations. The executed agreement includes Caltrans setting aside funds to cover 75 percent of the initial preliminary cost estimate, as well as owning and maintaining the three wildlife overcrossings after construction. Brightline West will provide design services at no cost to Caltrans or CDFW. These dedicated overcrossings will provide a sustainable and safe path for wildlife, over the existing I-15 and future high-speed rail system to be built within the median. The DOT and FRA were pleased to learn about the agreement between the State of California agencies and Brightline West.

Question. Why would FRA not require the overpasses when the science clearly shows they are necessary and all the stakeholders say they agree?

Answer. The FRA as part of the NEPA process has independently reviewed information provided by Federal and State resource agencies, along with information provided by Oregon State University and non-governmental organizations (NGOs). The FRA has coordinated with the USFWS to develop mitigation measures associated with Federally endangered species including the Desert Tortoise and the Mojave Ground Squirrel. These USFWS mitigation measures are included in the NEPA documentation. The FRA reviewed potential impacts from the Brightline West Project to other Mojave Desert species through the NEPA process, which included the desert bighorn sheep, compared to the existing conditions to determine if any mitigations are required. I-15 was constructed in 1957. Through the NEPA review, FRA understands the effect I-15 has had on species that require large ranges, and DOT also understands the impacts the interstate system had on not only the human environment but the natural environment. The current conditions show overcrossings are a rare occurrence and the construction of a rail system within the highway median would not result in significant impacts from the current state. The DOT supports the agreement put in place by Brightline West, Caltrans, and CDFW for three wildlife overcrossings, which shares the burden of improving the existing conditions for the desert bighorn sheep populations which have been segmented by our interstate highway system and potentially the Brightline West Project.

Question. I appreciate the Administration recognizing California's unique authority under the Clean Air Act, which grants my state, and the 16 other States that have adopted California standards, the authority to set ambitious emission standards. However, federally regulated sources of air pollution such as seagoing vessels, freight locomotives, on-road and off-road heavy-duty vehicles and aviation will soon make up a larger share of air pollution than sources subject to state regulation.

Will you continue to work with the EPA and California to set the strongest possible standards from all transportation sources?

Answer. According to the U.S. Environmental Protection Agency (EPA), the transportation sector is the leading source of greenhouse gas (GHG) emissions in the country. As such, the Biden Administration is pursuing an all-of-government approach to using its authorities to reduce GHG emissions and other air pollutants across the entire economy. The DOT is doing its part to address transportation GHG emissions within its authorities and will continue to do so in coordination with other Federal agencies, States, and other communities and stakeholders, including by collaborating closely with EPA on fuel economy standards. The DOT has rulemaking authority and administers funding programs that can be used to help reduce emissions from several sources. The Bipartisan Infrastructure Law created new programs and expanded eligibilities and increased funding for some existing programs, many of which can address GHG emissions across a variety of modes of transportation within DOT's purview.

In September of 2022, DOT, the U.S. Department of Energy, the U.S. Department of Housing and Urban Development, and EPA signed a Memorandum of Under-

standing on decarbonizing the transportation sector, demonstrating the Biden Administration's commitment to a holistic and collaborative approach to addressing transportation GHG emissions. In January of 2023, the agencies released the U.S. National Blueprint for Transportation Decarbonization, which outlines strategies for reducing GHG emissions from all sources of transportation through collaboration among various levels of government and other stakeholders.

Question. California has aggressive plans to take advantage of the historic bipartisan infrastructure bill to transform our mass transit, port, and airport systems. This includes Los Angeles' "28 by 28" plans for the 2028 Summer Olympics, BART's expansion to Silicon Valley, California High Speed Rail, improvements to Los Angeles and San Francisco airports, and electrification and emissions reduction projects at our Nation's largest ports. Some of these projects have experienced enormous cost increases resulting from rising material prices and lingering supply chain issues.

How does the Department of Transportation plan to address price increases affecting design, funding, and construction plans for DoT funded projects?

Answer. The DOT understands that communities across the Nation have unmet transportation infrastructure needs that are critical to improving the safety, quality of life, and economic competitiveness of our communities. That is why DOT has sought and received a historic increase in the amount of discretionary funding available to States and localities to construct critical transportation projects across the Nation. The DOT has worked with State and local project sponsors to provide a large share of Federal funding to support infrastructure projects within these communities. In some cases, and as legally permissible, DOT has also provided 100 percent of Federal funding to eligible applicants that do not have the resources needed for certain projects or are impacted by rising costs of construction materials.

The DOT understands that cost increases can be disruptive to the overall planning, design, and construction of infrastructure projects. That is why DOT has historically required project sponsors to include contingency funding in their financial plans when applying for discretionary grant funding to account for unforeseen cost increases due to a variety of factors, including inflationary cost increases. This practice has proven effective in ensuring that project sponsors are able to withstand price increases and complete needed projects. Finally, DOT has a strong record of working collaboratively with communities to find mutually agreeable solutions and amend grant agreements when allowable by law or regulation to address unforeseen cost increases or other disruptions to projects awarded transportation infrastructure grants.

In October 2022, the White House hosted the Accelerating Infrastructure Summit. At the Summit, the Administration and outside organizations announced new efforts and an Action Plan to accelerate the rebuilding of our Nation's infrastructure and maximize this once-in-a-generation opportunity to build a better America.

As part of the efforts, DOT has launched the USDOT Project Delivery Center of Excellence at U.S. DOT's Volpe National Transportation Systems Center (<https://www.volpe.dot.gov/project-delivery>) to support and educate transportation infrastructure project managers in States, Tribes, local, regional, and territorial governments on project design, planning, and construction. It will serve as a central resource for the most innovative and effective practices and bring project managers together to learn from one another.

Question. California is home to 40 million people, and we have led the Nation in constructing large transit systems that move millions of people each year. This includes construction currently underway on the Nation's first truly high-speed rail project connecting San Francisco and Los Angeles, as well as projects in the Sacramento Capitol Corridor.

Will you commit to awarding California projects their fair share of funding from the Federal-State Partnership Intercity Passenger Rail Program, based on our population and the State's contribution in tax dollars?

Answer. The Federal-State Partnership for Intercity Passenger Rail (FSP) Program provides a generational Federal funding opportunity to improve American passenger rail assets to expand or establish new intercity passenger rail service across the United States. Funding under the FSP-National Program is awarded on a competitive basis. Applications submitted under the FY 2022-23 FSP-National Notice of Funding Opportunity (NOFO) are currently undergoing review. Once applications are submitted, FRA evaluates projects based on their technical merit and project benefits as outlined in the NOFO. Additionally, FRA will take into account a project's ability to meet the Administration's goals of enhancing safety, addressing equitable economic growth and job creation, equity and barriers to opportunity, addressing climate change and sustainability, and transforming our Nation's infrastructure. These steps are taken to ensure the Nation's tax dollars are awarded to

the most impactful projects across the Nation. FRA looks forward to reviewing and evaluating all eligible projects, including those located in California.

Question. Per- and polyfluoroalkyl substances (PFAS) exposure has been known to increase incidence of some kinds of cancer, reproductive and developmental harms, and immune harms. Congress required the Department of Defense to stop using PFAS-based firefighting foams by October 2024, and the Federal Aviation Administration requires U.S. civilian airports to meet the military's standards.

How do you plan to help airports transition away from using toxic PFAS-based firefighting foams at civilian airports?

Answer. The DOT shares your concerns and developed a transition plan for airports to use in their transition to the new fluorine-free foam (F3). The FAA has met with the Department of Defense, the Environmental Protection Agency, and our industry stakeholders, including aircraft firefighters, to develop the plan. On May 8, 2023, the FAA published the Aircraft Firefighting Foam Transition Plan, meeting the congressional mandate to develop this plan. The Plan is available on the FAA website at https://www.faa.gov/airports/airport_safety/aircraft_rescue_fire_fighting/f3_transition. We will continue to prioritize this transition in order to maintain the safest air transportation system in the world while also addressing environmental concerns.

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN

Question. On February 27th, the Wall Street Journal reported that every former Federal Emergency Management Agency (FEMA) Administrator spanning the Clinton Administration through the Trump Administration wrote to you expressing public safety concerns over automakers like Ford and Tesla taking AM radios out of their electric vehicle models. AM radio is the backbone of the National Public Warning System. Because of its reach and resiliency in the worst conditions, FEMA has invested heavily in infrastructure to ensure these stations remain on air, even in the event of an EMP attack or other disaster. In fact, AM radio listening spikes during disasters like hurricanes and tornadoes. While some automakers claim they are taking AM radios out of their electric vehicle models because of interference to the AM signal generated by electric motors, others like General Motors and Toyota have shown the issue is easily resolvable and worked around.

Mr. Secretary, have you had any engagement with automakers related to these public safety concerns?

Answer. The DOT 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.

To better understand the issue, we have initiated dialogue with the auto industry and with related industries on this important topic and we are happy to keep you posted on those activities.

Question. Mr. Secretary, as you know, PFAS are a large family of fluorinated chemicals, exposure to which is associated with increased risk of cancer, harm to fetal development, and other serious health problems. In the FY2020 National Defense Authorization Act, Congress required the Department of Defense to stop using PFAS-based firefighting foams entirely by October 1, 2024. Because the Federal Aviation Administration (FAA) requires U.S. civilian airports to meet the military's standards, funding will be needed to safely flush and clean fire suppression systems and tanks holding old firefighting foam stocks to facilitate this transition to PFAS-free foams.

How can the FAA use Airport Improvement Grants to help transition civilian airports to firefighting foams without toxic PFAS chemicals?

Answer. Airport Improvement Program grants can pay for costs that are eligible by statute and justified, such as replacing Aircraft Rescue and Fire Fighting (ARFF) vehicles that are incompatible with PFAS-free firefighting foam. The FAA is collaborating with our industry and government partners to better understand how to successfully eliminate reliance upon chemicals containing PFAS. In addition, the FAA has met with the Department of Defense, the Environmental Protection Agency and

our industry stakeholders, including aircraft firefighters, to develop a transition plan to the new fluorine-free foam (F3). On May 8, 2023, the FAA published the Aircraft Firefighting Foam Transition Plan, meeting the congressional mandate to develop this plan. The Plan is available on the FAA website at https://www.faa.gov/airports/airport_safety/aircraft_rescue_fire_fighting/f3_transition.

Question. Corridor H was first designated by President Johnson as part of the Appalachian Development Highway System (ADHS) in 1965 to connect I-81 in Virginia to I-79 in West Virginia, and over 55 years later, we're still working on it. There's a reason we still care. Connecting the population base of the DC metro area to the interior of West Virginia would be a game changer, and we've already seen huge economic benefits along the sections that have already been completed. When I was Governor, I was proud of open up more than half of Corridor H. And I have been proud to secure Federal funding through Appropriations over the past 3 years, and to include my Finish the ADHS Act in the bipartisan Infrastructure Investment and Jobs Act. Around 90% of Corridor H has been funded or completed. That leaves just 15 miles left in West Virginia. That's it. And the longer we wait to do this, the more expensive it's going to be. It's long past time we finish the job.

Mr. Secretary, I appreciate our past conversations and your attention to finishing Corridor H. Will you commit to working with us to finish this once and for all?

Answer. Yes, I commit to working with you, State stakeholders, and the Appalachian Regional Commission to complete the corridor in accordance with the law as expeditiously as possible.

Question. During my time in the Senate, I've fought to keep ticket agents in West Virginia, save the New River Train, and expand rail service that keeps my state connected to the rest of the Nation. We have two Amtrak lines that stop in West Virginia, the Capitol Limited, which runs through our Eastern Panhandle, and the Cardinal, which runs from New York City to Chicago and traverses much of the southern portion of the State—from the Summit Bechtel National Scout Reserve, the State Capitol in Charleston, to Marshall University in Huntington. The Cardinal line is also notable as the only train with an Amtrak stop inside of a National Park—the New River Gorge National Park and Preserve—in the entire United States. Unfortunately, it is also one of two lines in the entire country that only runs 3 days per week. We've all talked about making sure to restore service across the Nation after the pandemic. Any form of transportation needs reliable service or people will stop using it, and it makes no sense to me that West Virginia shouldn't have the same consistent service as the rest of the country. That's why I'm proud to say that I am working with the Federal Railroad Administration (FRA) to evaluate ways to restore daily service on the Cardinal.

Can I count on you and your team to work with my staff and stakeholders in West Virginia to look at ways to restore 7 day a week service on this critical transportation route to my state?

Answer. Section 22214 of the Bipartisan Infrastructure Law directs FRA to conduct a study to evaluate the restoration of daily passenger service along discontinued Amtrak long-distance routes, as well as "any Amtrak long-distance routes that, as of the date of the enactment of this act, occur on a non-daily basis." As of the enactment of the act, two Amtrak long-distance routes provided (and continue to provide) service three days per week: the Cardinal, which operates between New York and Chicago via West Virginia, and the Sunset Limited, which operates between New Orleans and Los Angeles. As part of the study, FRA is evaluating restoring daily service to both the Cardinal and Sunset Limited, including potential costs associated with daily service. FRA is engaging with State DOTs, Amtrak, Class I Railroads, metropolitan planning organizations, regional passenger rail authorities, local officials, federally recognized Tribes, and the broader stakeholder community as we evaluate how to better connect people with long-distance rail services. Materials from the study's regional working group meetings are available on the study website at <https://fralongdistancerailstudy.org/>. Representatives from the West Virginia DOT, West Virginia Regional Intergovernmental Council, and KYOVA Interstate Planning Commission (West Virginia, Kentucky & Ohio) have participated in working group sessions to date. The FRA looks forward to further engagement with stakeholders across the country—including those from West Virginia—as the study progresses.

QUESTIONS SUBMITTED BY SENATOR CHRIS VAN HOLLEN

Question. Washington Union Station is the second busiest train station in the country. The station anchors the southern end of the Northeast Corridor, is the cen-

terpiece of potential regional run-through commuter rail service between Maryland and Virginia, and serves as a gateway for domestic and international travelers visiting the Nation's capital. Despite the vital role the station plays, much of Union Station's rail infrastructure and passenger facilities have been left largely untouched or decreased in size since the building was originally constructed in 1907. With station ridership expected to double between 2000 and 2040, the station is quickly being pushed beyond capacity. Due to the absence of much-needed improvements and renovations, the station's safety, security, and accessibility deficiencies threaten future operations. As you know, the Union Station Redevelopment Corporation and Amtrak have developed a plan for the Washington Union Station Expansion Project (SEP) to address these challenges and expand Union Station to serve the region and nation's next century. Whereas nearly all other multimodal transportation facilities are owned by State or municipal transportation entities, Union Station is federally-owned by DOT—making this a truly unique asset. The Federal Government has a responsibility to ensure that Union Station is maintained and expanded to meet the needs of the public. Congress stands ready to assist the Administration as necessary to implement this project, but DOT must play a vital role during this formative period.

Do you agree that completion of the SEP is of significant importance to both regional and national interests and that DOT—as the owner of Washington Union Station—needs to play a more active role in ensuring this project moves forward without additional delays?

Answer. The SEP is of critical interest to DOT and FRA. Therefore, DOT and FRA continue to play an active role in moving this project forward:

- Recently, the FRA identified the Union Station Redevelopment Corporation (USRC) as the Project Sponsor. As such, USRC will oversee the planning, design, and construction of the SEP. Prior to coming to Washington, USRC's new CEO led the execution and delivery of the Moynihan Train Hall expansion to Penn Station, a project of similar scale and complexity.
- The FRA released the Supplemental Draft Environmental Impact Statement (EIS) for the SEP on May 12, 2023, and plans to issue the Final EIS/Record of Decision in January 2024, per the schedule published on the Federal Permitting Dashboard.
- The SEP is listed on FRA's Northeast Corridor Project Inventory as a project in pre-construction and was eligible to apply for funding through the Federal State Partnership for Intercity Passenger Rail—Northeast Corridor Program for pre-construction activities.

Question. As the owner of Washington Union Station, what steps can DOT take now, in advance of the EIS completion to position this essential project for execution?

Answer. The FY 2024 President's Budget proposes to set aside \$15 million from the Federal-State Partnership for Intercity Passenger Rail program for a directed grant to the Union Station Redevelopment Corporation to advance critical state of good repair and rehabilitation projects at the station. Currently FRA is funding and overseeing several near-term foundational projects that set the stage for the SEP. These include the Track 22 Rehabilitation Project, the Washington Union Station Subbasement Structural Replacement Program and Subbasement Utility Relocation Project, and the Concourse Modernization Project.

The FRA is also involved in several activities that are essential to project execution:

- The Office of the Secretary (OST) and FRA are on the Advisory Group for the District of Columbia (District) commissioned study on the delivery and governance of the SEP. The District will complete the Study by the end of 2023 and it will recommend a project delivery approach including the governance structure, and the financial, legal, and legislative roadmap to implement the SEP.
- The FRA is working with Amtrak to coordinate with and obtain agreement from the other rail operators regarding the SEP terminal infrastructure construction phasing and track outages.
- The FRA is consulting with the U.S. General Services Administration to understand requirements/best practices for disposal of Federal property and acquisition of property for Federal development, including air rights.
- The FRA, USRC, and Amtrak will submit the SEP to the National Capital Planning Commission for Preliminary Review approval and to the U.S. Commission of Fine Arts for Concept Review approval prior to the end of calendar year 2023.

Question. Would you support the Department's development of an action plan to clarify and establish what organizational entity will oversee the planning, design, and construction of the SEP?

Answer. The DOT agrees that a governance and execution action plan will be vital in ensuring the successful execution and completion of the SEP. The FRA recently identified the USRC as the Project Sponsor. Additionally, FRA is an active participant in the District of Columbia commissioned delivery and governance study.

QUESTIONS SUBMITTED BY SENATOR CINDY HYDE-SMITH

ESSENTIAL AIR SERVICE

Question. There are 4 Essential Air Service (EAS) communities in Mississippi. We want to ensure funding for the EAS program. Additionally, it is important that airlines exist to serve EAS communities, especially in light of the pilot shortage. At least one new entrant is SkyWest Charter who hopes to serve many EAS communities, but their application for commuter authority appears to be held up.

Will DOT please act quickly to approve the SkyWest Charter application so communities in Mississippi and other States across the US may continue EAS service?

Answer. The DOT has been hearing from many communities awaiting a decision on SkyWest Charter's application and appreciates how important this is for the communities. The DOT is actively reviewing SkyWest Charter's application and providing full and fair consideration to the pleadings filed in the public docket. As this matter is contested, DOT is unable to comment on the merits of the application. Regarding the EAS communities in Mississippi, DOT continues to hold in SkyWest Airlines at Hattiesburg/Laurel and Meridian, on 30-day periods, and will hold in SkyWest Airlines until a replacement carrier is located. For Greenville and Tupelo, which currently have Alternate EAS grants, Corporate Flight Management, Inc. d/b/a Contour Airlines is their selected air carrier.

Outside of EAS, DOT has invested heavily in improving Mississippi's airports. Since 2019, the FAA has provided airports in MS over \$148 million in Airport Improvement Program (AIP) funding for eligible capital development and \$71 million in COVID relief funds. In addition, airports around the state have received over \$57.4 million in funding provided through programs established under the Bipartisan Infrastructure Law (BIL), which includes the BIL Airport Infrastructure Grant program; and the Airport Terminal Program (ATP) and FAA Contract Tower (FCT) competitive discretionary grant programs. The DOT has also awarded Small Community Air Service Development Program (SCASDP) grants to Mississippi communities, including a \$750,000 grant to the Golden Triangle Airport and a \$750,000 grant to the Natchez-Adams County Airport to improve air service; both communities are actively working to recruit an air carrier.

AIRPORT IMPROVEMENT PROGRAM FUNDING

Question. Will FAA change its position on allowing AIP funds to be used for the maintenance, enhancement, and extension of secondary runways?

Answer. AIP funds are eligible to maintain, enhance, and extend existing secondary runways when there is a demonstrated capacity need at the airport. Some airports have lost either the frequency of operations or service, or both, that originally justified secondary runways. When aircraft operations have declined over a sustained period of time, it is difficult to justify AIP funding to maintain existing secondary runways (or at least to their full existing dimensions) given other priority infrastructure needs around the airport system. In addition, the Federal Government has made a significant investment in developing all-weather runway infrastructure, and well-established regional systems of airports that can provide support during irregular operations. However, the FAA does consider exceptions unrelated to capacity based on unique operational circumstances of the airport and its users. Examples include the need to efficiently separate faster jet aircraft from slower propeller aircraft, efficiency and operational resiliency for certain demanding air medical transport and aircraft firefighting (e.g., wildfire) operations, inclusion in a noise abatement preferential runway use program, and significant facility investment (hangars or maintenance, repair, and oversight facilities (MROs) that are located to use the secondary runway.

CHINESE MANUFACTURED DRONES

Question. I understand that the 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. Will the Department 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.

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. 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.

Question. 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.

GPS BACKUP

Question. Federal policy requires DOT to identify and respond to GPS interference incidents, improve resilience to GPS interference, and ensure transportation safety. Unfortunately, very little progress has been made in this space over the last few years. In fact, we are still awaiting the Administration's guidance on EO 13905, which is specifically calls on DOT, and others, to strengthen our Nation's PNT resiliency.

When should Congress expect to see the release of the Administration's guidance on Executive Order 13905?

Answer. The National Space-Based PNT Executive Committee (EXCOM) Departments and Agencies are working to implement EO 13905, including activities re-

lated to GPS and Complementary PNT systems, but are not currently working on issuing guidance with respect to EO 13905. EO 13905 and SPD-7 form a policy ecosystem that encompasses all forms of PNT technology. The National Security Council (NSC) has also provided oversight of Executive Branch activities regarding execution of EO 13905 responsibilities, including implementation activities the Sector Risk Management Agencies (SRMAs) are working on with individual critical infrastructure sectors designed to promote the responsible use of PNT by owners and operators of PNT.

Section 4 of Executive Order (EO) 13905 identifies several implementation activities designed to promote the responsible use of PNT by owners and operators of PNT; DOT has been conducting a number of related initiatives in support of Strengthening National Resilience Through Responsible Use of PNT Services for the Transportation Systems Sector (TSS). These initiatives are enumerated below:

1) PNT Profile Adaptation (EO 13905, Section 4(a) and Vulnerability Assessment and Testing (EO 13905, Section 4(c)) aviation, maritime, rail, as well as connected and automated vehicle applications that apply the NIST PNT Profile (NISTIR 8323) five core functions: Identify, Protect, Detect, Respond, Recover. These functions provide a high-level, strategic view of the life cycle of an organization's management of PNT cybersecurity risk.

2) Federal Radionavigation Plan (FRP) (EO 13905, Section 4(b)) DOT, DHS, and the Department of Defense (DOD) incorporated references to EO 13905, and specifically to the NIST PNT profile, into updated Sections 3.2.10, 3.2.11, and 6.5 of the 2021 Federal Radionavigation Plan signed by the Secretaries of Homeland Security, Transportation, and Defense released on July 1, 2022.

3) PNT Contractual Language (EO 13905, Section 4(d)) DOT participates in the DHS-led working group to develop and evaluate PNT resilience contract language through table-top exercises with contract and acquisition professionals. The projected timeline is as follows:

—August/September 2023: Complete working draft of PNT Contract Language Guidelines. Interagency review will be coordinated by the National Coordination Office (NCO) for Space-Based Positioning, Navigation, and Timing.

—September 30, 2023: Final DHS/Cybersecurity and Infrastructure Security Agency (CISA)-approved PNT model contract language ready for Federal Acquisition Regulation (FAR) Council submission and concurrent Guidelines/Best Practices release on the DHS/CISA website. FAR Council Case standard timeline is approximately 16 months from submission.

4) DOT Maritime Pilot Program (EO 13905, Section 4(g)) DOT focused its pilot program on GPS jamming and spoofing in the maritime environment through a partnership between OST-R and MARAD. MARAD maintains over 40 U.S. Government-owned ships as part of the Ready Reserve Force (RRF) fleet that supports national security operations around the globe. This Pilot Program identified specific shipboard systems aboard MARAD's RRF vessels that use or form PNT data, identified a Complementary PNT data source suitable for the maritime operating environment to diversify acquisition of PNT service data from a non-GPS source, detected the disruption and manipulation of PNT services in actual and simulated marine environments; and provided MARAD with a framework to manage the associated risks to the shipboard systems, networks, and assets dependent on PNT services. These findings led to recommendations for candidate technologies that could help mitigate the effects of GPS signal disruption sources and will inform future PNT acquisition decisions for RRF vessels.

5) DOT Implementation Activities in Support of the National Research and Development Plan for PNT Resilience (EO 13905, Section 4(h)) The R&D Plan for PNT Resilience issued by the Office of Science and Technology Policy (OSTP) in August 2021 prioritizes 14 objectives which are focused on achieving greater PNT service resilience. DOT selected to participate in 13 of the 14 research objectives.

GAO REPORT RE: GPS INTERFERENCE

Question. All transportation modes use and rely on accurate and reliable GPS information for PNT purposes. This information is critical to public safety and the efficient management of U.S. transportation systems. However, it is also a represents a severe vulnerability to U.S. travelers and our Nation's macroeconomic wellbeing. Until the recent NOTAM disruption, GPS was perhaps the most significant "single point of failure" concern in our transportation ecosystem.

According to a December 2022 GAO report about GPS disruptions and resiliency, "DOT identified 196 potential GPS interference incidents from January 2020 through May 2022. However, GAO found that DOT's process does not include all available user reports, and DOT's data contain inaccurate information."

According to a December 2022 GAO report about GPS disruptions and resiliency, “DOT identified 196 potential GPS interference incidents from January 2020 through May 2022. However, GAO found that DOT’s process does not include all available user reports, and DOT’s data contain inaccurate information.”

Is the Department partnering with the private sector to identify PNT resiliency solutions that eliminate this single-point-of-failure while minimizing taxpayer exposure?

Answer. The DOT is developing guidance to document standard processes to record GPS interference incidents across all transportation modes and to ensure quality assurance oversight. The DOT also has entered into an Interagency Agreement with the DOD Defense Innovation Unit to accelerate the implementation of an automated GPS interference detection capability leveraging the 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 addition, DOT is developing a detailed Complementary PNT (CPNT) Action Plan to drive adoption of resilient PNT solutions based on commercial PNT technologies across the Nation’s transportation system and within other critical infrastructure sectors. The plan involves engaging 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 by encouraging and promoting the responsible use of PNT by owners and operators of critical infrastructure, resulting in safer and more secure critical infrastructure.

CYBERSECURITY—PNT

Question. There are areas that I do want to commend the Department for its action to ensure cybersecurity and all-hazards resilience, including Positioning, Navigation and Timing (PNT), are part of the standard Notices of Funding Opportunities language that the Department issues for the discretionary programs. I am, however, concerned that recipients, such as the State DOTs, are not fully aware of the certain eligibilities like PNT.

What efforts are being undertaken by the Department to ensure it is fully communicating to applicants given the critical importance of PNT?

Answer. The DOT has taken an aggressive and considered approach to informing potential applicants, both new entrants and repeat grantees, of the many opportunities afforded them by the Bipartisan Infrastructure Law (BIL) and other grants, including cybersecurity and all-hazards resilience. The DOT launched and continues to improve the DOT Navigator, a resource to help communities understand the best ways to apply for grants, and to plan for and deliver transformative infrastructure projects and services. The DOT Navigator (<https://www.transportation.gov/grants/dot-navigator/about-dot-navigator>) provides 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 to realize their communities’ visions for moving goods and people safely, efficiently, sustainable, and equitably. The DOT routinely delivers new toolkits and holds webinars on these grant opportunities, and sponsors outreach to specific communities, such as the Rural Opportunities to Use Transportation for Economic Success (ROUTES) initiative.

Examples of the success of this technical assistance concerning PNT and cybersecurity include the February 2023 selection of two grantees in the BIL University Transportation Center (UTC) Program:

- Center for Assured and Resilient Navigation in Advanced Transportation Systems at the Illinois Institute of Technology, and
- Center for Automated Vehicle Research with Multimodal Assured Navigation at The Ohio State University.

In the Strengthening Mobility and Revolutionizing Transportation (SMART) Grants program, March 2023 selections included:

- Regional Planning Commission of Greater Birmingham, to convert existing public transportation systems in Central Alabama into an integrated mobility system leveraging cyberinfrastructure, route optimization and planning, service integration, trip dispatching, and more.

—North Carolina Department of Transportation, to provide hands free, eyes free alerts to motorists through existing smartphone applications and navigation systems in North Carolina.

ROADWAY SAFETY TECHNOLOGY

Question. Approximately 43,000 people died in motor vehicle traffic crashes in 2021. This represents the highest number of fatalities since 2005 and the largest annual percentage increase ever recorded. This is both tragic and unacceptable. Many roadway deaths are avoidable thanks to advancements in roadway safety technologies, such as Cellular Vehicle-to-Everything (C-V2X), among other technologies that enables vehicles to communicate with other vehicles, with the infrastructure they are driving on, and with nearby. In fact, NHTSA estimates safety applications enabled by V2X could eliminate or mitigate the severity of more than 80 percent of vehicle crashes.

There is significant desire in both the public and private sector to deploy C-V2X. The Federal Communications Commission (FCC) recently received waiver requests from more than 10 State DOTs, three major automakers, and nearly 20 technology companies and equipment manufacturers interested in deploying C-V2X. Now is the time to deploy C-V2X throughout our transportation system.

What is the Department doing to promote rapid and widespread deployment of C-V2X and will you commit to provide the leadership necessary to ensure the Nation will realize the overwhelming safety benefits of C-V2X?

Answer. The DOT is strongly committed to advancing deployment of C-V2X capabilities to reduce roadway crashes and fatalities.

The DOT is working on a number of paths to promote rapid and widespread deployment of C-V2X:

- The DOT has held two Intelligent Transportation System (ITS) stakeholder community Summits (stakeholder engagement sessions) to identify ongoing needs so that DOT can help overcome gaps and challenges to allow stakeholders to move forward successfully with their deployments. The DOT has been:
 - Partnering with National Telecommunications and Information Administration (NTIA) on test-based analyses that support Federal Communications Commission (FCC) ability to grant the pending waivers.
 - Developing technical guidance and assistance to support V2X field deployments.
 - Working with industry on V2X standards and implementation processes.
- During the first V2X Communications Summit in August 2022, the stakeholder community requested that DOT partner with FCC and NTIA to resolve issues remaining with the FCC decision that would allow the FCC to grant waivers to permit deployment of C-V2X technology; and that DOT coordinate the development of a nationally scalable and interoperable Deployment Plan.
- On April 24, 2023, the FCC granted a joint waiver request that allows automakers like Ford, Jaguar Land Rover, and Audi, State departments of transportation in Utah and Virginia, and private companies to deploy cellular Vehicle to Everything (C-V2X) technology in the 5.9 GHz band.
- Since August 2022, the DOT team has collected needs statements and ideas for how to create a Deployment Plan that can be executed by and with State and local deployers and automotive manufacturers (including after-market installations as well as fully equipped vehicles).
- Working with the stakeholder trade associations-AASHTO, ITE, ITS America, ATSSA, Auto Innovators, and 5GAA-the DOT team held “mini dialogues” with association members as well as individual State and local departments of transportation, to gather input on vision, mission, goals, and strategies for the Plan.
- On April 28, 2023, DOT held the second Summit on Enhancing Interoperable Connectivity for Safe Transportation to collaboratively work on developing the Deployment Plan.

GAO REPORT ON AVIATION SAFETY BI-LATERALS AND VALIDATION

Question. For many years, the Committee focused on FAA efforts to improve the aviation safety bi-lateral agreements and maintain fairness for U.S. companies in the international marketplace. The GAO has an ongoing review of the resources and activities related to FAA’s efforts, which may inform decisions into this Committee’s

oversight of these activities moving forward, particularly given the implications for U.S. manufacturers.

When this GAO report is complete, will you commit to a discussion with this committee on its findings?

Answer. FAA leadership in the global aviation community is essential not only for the benefit of U.S. travelers flying abroad, but also for the U.S. and international aerospace industry. The FAA values GAO's work and respects the findings of its review. The FAA would be happy to discuss the findings in the GAO report with the Committee.

AIRCRAFT EMISSIONS

Question. In 2016, under the leadership of the United States, the International Civil Aviation Organization completed its first ever Fuel Efficiency Standards with the goal to limit aircraft CO₂ emissions. The standards were agreed to by more than 190 countries. The U.S. is in the process of implementing these standards through an FAA rule-making initiated in June 2022. Once adopted, all U.S. aircraft will have to be certified to these new standards in order to be delivered to their customers after 2027. The European Union adopted its implementation rule in 2019, and completed its first certification of an aircraft in 2020. U.S. manufacturers of large and small aircraft are anxious to have a final FAA rule released as soon as possible in order to begin certifying aircraft to the standard. However, that rule will need to be completed before our domestic manufacturers will be able to apply for those certifications

Can you please tell the Committee when you expect the rule to be finalized?

Answer. On January 11, 2021, EPA published a final rule adopting the ICAO standard into U.S. regulations as a new part in title 40 of the Code of Federal Regulations (CFR) (40 CFR Part 1030). On June 15, 2022, in accordance with requirements under the Clean Air Act for the FAA to enforce the standard at the time of aircraft certification, the FAA proposed new certification regulations for certain airplanes to ensure compliance with EPA standards. The applicability of the proposed regulations and the regulatory emissions limits in the United States are the same as those adopted by ICAO as its airplane CO₂ emissions standard. The comment period for FAA's proposal closed on August 15, 2022, and the FAA received sixty-two comments on the rule. The FAA is currently working on a final rule, which the FAA anticipates will publish in September 2023.

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

FAA FAMILY SEATING POLICY

Question. The Department is proposing legislation that would require airlines to seat children with an accompanying adult. Like many, I believe young children should be able to sit next to a parent or guardian when flying, without having to pay an additional fee. I want to make sure all customers have the same experience regardless of the airline they choose to fly. However, there seems to be a much higher burden placed on airlines that do not assign seats versus those that do.

I commend the Department's efforts to get several carriers to agree to the Department's new family seating commitment, which is reflected in DOT's new dashboard, as well as the legislation you are asking Congress to adopt. Unfortunately, it appears the reason why some carriers were willing to change their policies is because DOT only wants carriers that assign seats to agree to provide adjacent seating for families only when such seats are available at the time of booking. This is unlike DOT's expectation of carriers that do not assign seats, or have an open seating model, in which case DOT is requiring adjacent seating at the time of boarding. There is a big difference to require adjacent seating when seats are available at the time consumers purchase their tickets versus during the boarding process.

I want to learn more about the data the Department used to justify its proposal. Is it from the number of complaints, or were there other data points used?

Answer. In July 2022, DOT issued a notice urging airlines to do everything that they can to ensure the ability of a young child to be seated next to an accompanying adult family member or other accompanying adult, without charging fees for adjacent seating. The DOT's review of airline seating policies revealed that airlines' seating policies and practices do not ensure that a child is able to be seated next to an accompanying adult family member. The DOT also reviewed family seating complaints that it received against airlines. While the number of complaints DOT receives from air travelers about family seating is low compared to other categories

of complaints against airlines, the impact of a single incident can be significant for the affected family.

The following are only some examples of complaints involving family seating issues which DOT received prior to sending the proposed legislation. The examples involve a variety of major U.S. airlines.

—A family with a 3-year-old did not pay more for advance seating. Each member of the family, including the 3-year-old, received a middle seat assignment before flight. The family arrived at the airport early for assistance with seating the 3-year old with an adult only to receive no help from the staff or flight attendants. Parents had to “bargain” with passengers on board for volunteers to move. The airline’s response did not dispute the occurrence.

On the same airline, another complaint said that a 2-year old was given a middle seat next to strangers and it was only through the goodwill of a passenger willing to accept a middle seat that the child sat with a parent. The complaint asserts that airline employees did not assist and only “chided” them for not paying to get seats together. The airline’s response did not dispute the occurrence.

—A nine-year-old did not sit next to his parent because when they boarded the aircraft other passengers who boarded earlier were saving seats and no passenger would move. The airline’s response did not dispute the occurrence and stated that it does not have a specific policy that prevents customers from saving seats and it cannot guarantee customers will be able to find seats together on the aircraft. Another complaint about the airline asserted that the airline asked the parent to pay a premium boarding fee to guarantee that 10-year-old twins could sit with their parents because its family boarding was only for kids 6 and under. In its response, the airline said that it offers upgraded boarding as a voluntary purchase for a prime boarding position, but still doesn’t guarantee a specific seat onboard.

—A customer called the airline in advance of flight to ask if the airline can seat a 2-year old with a parent. The carrier said the party would have to wait until they get to the airport, but it was possible that the 2-year-old would sit with two random strangers. In its response, the airline apologized that the consumer was unaware of the restrictions on basic economy fares which do not have advanced seat assignments. After the passenger complained to DOT, the airline said it gave a one-time exception to the policy.

Whether an airline assigns seats or an airline has an open seating model, DOT believes a parent who purchases airline tickets for a family should receive a guarantee from the airline that it will seat the parent and child together without fees or a last-minute scramble at the gate or on the aircraft.

For airlines that assign seats, under DOT’s proposed legislation, these airlines would be required to ensure each young child is seated adjacent to an accompanying adult to the extent adjacent seats are or become available after the family is ticketed. The DOT included this exception in the proposed legislation to avoid airlines taking away a seat that is already assigned to another passenger.

Because airlines that practice open seating do not assign seats, the proposed legislation does not include similar language for the open seating model. The DOT’s proposal leaves it to the discretion of airlines that practice open seating to decide what policies and procedures work best to ensure children aged 13 and under receive seats next to an accompanying adult without the family needing to pay more for their trip for this purpose.

Will the Department commit to providing the data you used to justify the Administration’s proposal?

Answer. The DOT stands ready to provide Members of Congress and congressional staff with additional information about its proposal that would fast track a ban on charges for family seating and require airlines to seat young children adjacent to an accompanying adult. As shown on DOT’s Airline Family Seating Dashboard (<https://www.transportation.gov/airconsumer/airline-family-seating-dashboard>), three U.S. airlines that sell tickets have voluntarily made enforceable guarantees for fee-free family seating, but most have declined to make a guarantee to their customers.

VEHICLE SAFETY

Question. Many localities use AM broadcasts to provide up to date local information. For example, the Maine Turnpike Authority uses 1610 AM for emergency and non-emergency messages that are broadcast 24/7. These broadcasts can be issued for critical safety reasons, including accidents that close portions of the Turnpike or a major winter weather event. Recently, some electric vehicle manufacturers have

eliminated AM radios from their cars noting that the electric motors interfere with the signal. This comes as the Administration is promoting the adoption of electric vehicles for personal, business, and official governmental purposes.

Do you believe that the removal of AM radio from vehicles jeopardizes safety? If so, what steps is the Department of Transportation taking to ensure that motorists can continue to freely and safely receive local alerts without creating new burdens on localities?

Answer. The DOT recognizes the important role that AM radio has played and continues to play with regard to people getting information that 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.

QUESTIONS SUBMITTED BY SENATOR SHELLEY MOORE CAPITO

Question. Turning to rail safety, you had stated initially that the previous Administration was to blame because they did not implement a rail braking regulation—known as electronically controlled pneumatic brakes or ECP brakes. Yesterday, the Commerce Committee had a hearing on the East Palestine derailment, and I asked Chair Homendy of the NTSB about this. She said that ECP brakes would not have prevented the derailment in East Palestine.

Do you agree with the Chair or do you stand by your initial claim?

Answer. I believe the Trump administration was wrong to cut railroad safety regulations, a view that I expressed in the immediate aftermath of the Norfolk Southern derailment and a view that I continue to hold.

At the same time, I have gone out of my way not to assign blame for the Norfolk Southern derailment in East Palestine. I have consistently expressed my support for the NTSB's independent investigation, and I have expressed my agreement with Chair Homendy's concern that misinformation was spreading about the role of ECP brakes.

In discussing the relevance of advanced braking systems, including the ECP braking rule withdrawn by the Trump administration in 2018, I have not asserted that it would have prevented this particular incident but rather have highlighted its relevance in the context of ensuring railroading becomes safer in America.

DOT is committed to revisiting the potential for advanced braking systems, such as ECP brakes, throughout the industry to the extent it is shown to be feasible and beneficial. More generally, in this administration we will continue our work to strengthen, not weaken, railroad safety rules in America.

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

Question. It was recently reported in the Wall Street Journal and elsewhere that all of the former Administrators of the Federal Emergency Management Agency (FEMA), spanning the previous four presidential administrations, joined in sending you a letter raising public safety concerns about some automakers removing AM tuners from new model cars, particularly electric vehicles. Former and current FEMA officials alike have noted publicly that AM stations due to their reach and resiliency are critical to the Nation's National Public Warning System, and removing AM reception from vehicles complicates emergency officials' ability to communicate with the public in times of need.

Could you please provide a summary of any discussions you've had with automakers in response to this letter from the former heads of FEMA?

Answer. The DOT 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 vehi-

cles with AM radios as standard equipment. We look forward to closely reviewing the legislation and working with Congress on this issue.

To better understand the issue, we have initiated dialogue with the auto industry and with related industries on this important topic and we are happy to keep you posted on those activities.

QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

Question. In 1988, the Department of Transportation's jurisdiction over mergers terminated, and the Department of Justice remains responsible for enforcing antitrust laws and evaluating proposed mergers.

As such, can you explain the jurisdictional role, if any, the Department of Transportation has on any actions related to the proposed Spirit-JetBlue merger?

Answer. The DOT considers a wide range of issues related to airline mergers that fall within its jurisdiction, including international route transfers, economic fitness, code-sharing, and possible unfair or deceptive practices and unfair methods of competition. Regarding the proposed merger of JetBlue and Spirit, the two carriers filed a transfer application requesting that the DOT allow them to combine and operate their international routes under one certificate (the authorization required to provide air transportation). The two carriers also filed an exemption application asking the DOT to permit them to operate under common ownership prior to the requested transfer. In light of the Department of Justice's pending antitrust litigation, the DOT denied the exemption application. The DOT continues to separately investigate the transfer as part of its statutory public interest mandate and under its authority to enforce against unfair and deceptive practices and unfair methods of competition.

SUBCOMMITTEE RECESS

Senator SCHATZ. This hearing is now adjourned.

[Whereupon, at 11:40 a.m., Thursday, March 23, the hearing was adjourned, and the subcommittee was recessed, to reconvene at a time subject to the call of the Chair.]

TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2024

THURSDAY, APRIL 20, 2023

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

The subcommittee met at 10:00 a.m. p.m. in room SD-192, Dirksen Senate Office Building, Hon. Brian Schatz (chairman) presiding.

Present: Senators Schatz, Murray, Coons, Van Hollen, Hyde-Smith, and Collins.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

STATEMENT OF HON. MARCIA FUDGE, SECRETARY

OPENING STATEMENT OF SENATOR BRIAN SCHATZ

Senator SCHATZ. Good morning. This hearing will come to order.

Welcome. I am glad to be back with you, Ranking Member Hyde-Smith, as we evaluate the 2024 Budget Request for the Department of Housing and Urban Development.

The committee's working aggressively to move forward under regular order. I look forward to getting a top line agreement in the next month allowing us to develop a balanced bipartisan bill that recognizes our country's serious housing challenges.

Housing and homelessness are a top concern not only in major cities but also in rural areas, small towns, and most severely in tribal communities.

At the same time HUD faces serious budgetary challenges. HUD offsetting receipts are down \$7 billion from last year and at an all-time low due to loan volume, decreasing as a result of higher interest rates, and adding to the pressure the renewal of HUD rental assistance requires an increase of nearly \$3 billion just to preserve existing units given rising market rate rents.

The subcommittee has a long tradition of bipartisan cooperation on housing issues and the preservation of HUD rental and homeless assistance has always been the foundation of our bill, and we've made progress in key areas.

The HUD VASH Program created by Chair Murray has cut veterans' homelessness by nearly 55 percent since 2009 and there are enough vouchers available to effectively end veterans' homelessness.

The Youth Homelessness Demonstration Program created by Vice Chair Collins has reduced the number of homeless youth by 25 percent since 2017, saving countless kids from trafficking or worse.

Former Chairman Leahy established a Rapid Rehousing Program for survivors of domestic violence that has helped more than 50,000 people get out of harm and into stability.

Senators Reed and Collins made great strides to strengthen protections against lead poisoning, improving the health of thousands of children, and a core focus of mine has been to increase funding to historic levels for tribal communities where overcrowding is three times the national average and the poverty rate is double.

But this progress will end if we enact the House Majority proposal to return to 2022 funding levels. Secretary Fudge has outlined her concerns in a response to Vice Chair DeLauro. I encourage my colleagues to review a copy of the letter on the dais.

Senator SCHATZ. Now is not the time to slash housing programs. We should be building more housing, building it faster, and getting more families into the housing that they can afford.

Amid these challenges, the Administration is proposing a number of initiatives to ease housing burdens. I'm especially pleased to see funding requests for the HOME Program to build more affordable housing and the Yes in My Backyard Affordable Housing Production Incentive Program. This program acknowledges that the Federal Government alone cannot build its way out of our housing crisis and that the government at multiple levels is responsible for creating a housing shortage.

We need to create incentives for state and local governments to legalize housing. To the extent the Federal Government does support building, I similarly urge HUD to remove its own barriers to new housing by streamlining administrative procedures, improving coordination between Federal programs and reducing costs.

My staff visited a new affordable housing development project in Colorado that used light-tech and four different funding streams from HUD for gap financing. That project had to go through five different property inspections for each funding stream, four of which were from HUD itself. This is a huge waste of time and resources. I'm glad I see the Secretary jotting this down, and something we can solve.

To help families afford housing, we need to ensure public housing authorities are able to use the Section 8 vouchers that they already have and that's why I support the President's Budget Request to increase funding to administrative fees for PHAs so that they can pay for security deposits and holding fees that will get families into units faster.

Finally, we should be doing more, not less, to combat homelessness. Last year we provided HUD \$75 million for new permanent supportive housing. I was also pleased to work with the Secretary and Ranking Member Hyde-Smith over the last few months to make a historic \$484 million available for unsheltered and rural homelessness.

We know the Housing First approach works, but we can do more to connect housing and supportive services to get people off the streets and into stable housing.

Secretary Fudge, thank you for appearing today. We look forward to discussing these and other issues that you are managing. I look forward to hearing your testimony, but first, Ranking Member Hyde-Smith, I turn to you for an opening statement.

STATEMENT OF SENATOR CINDY HYDE-SMITH

Senator HYDE-SMITH. Thank you, Chairman Schatz, and thank you, Madam Secretary, for being willing to serve and for stepping up. Thank you for being here today.

Let me begin by thanking you for your visit to Mississippi following the deadly and disastrous tornados that hit us in March. We appreciate the assistance offered by HUD to help communities and families because my state will recover from that for a while, we're still in a desperate need, and I'm pleased to be here this morning to discuss the Department of Housing and Urban Development's fiscal year 2024 Budget Request.

I want to say thank you to the Vice Chair for being here today, as well.

But HUD plays a central but not singular role in Federal housing and community development policy. In some cases its programs actively partner with or supplement the work of other Federal agencies and state and local governments.

HUD's programs also facilitate collaboration with both the private housing market and nonprofit service providers. These partnerships assist low-income working families, seniors, and people with disabilities, ranging from providing houses for those experiencing homelessness to enabling homeownership.

They also support community and economic development activities in large urban areas as well as the small towns of Rural America.

However, while these programs are important, they are not immune to the broader fiscal challenges that we face as a country. This year will require tough conversations around the national debt and the scale of Federal spending.

As a fiscal conservative, I welcome these conversations as we work to set a clear path for the future of this great nation.

The budget gimmicks of the past are not a sustainable path forward and they do not address the underlying issue of our ballooning national debt. As challenging as the broader fiscal issues are, the subcommittee is also starting from a particularly different position, difficult for this year.

Federal Housing Administration, FHA, and Ginnie Mae receipts offset the cost of our bill. The Administration projects these offsetting receipts to be \$4.9 billion lower this year than last year.

However, this gap will likely increase even further once the Congressional Budget Office finishes scoring the budget request.

A \$5 to \$7 billion shortfall would be bad enough but this will also be on top of the continued increases in the cost of maintaining current rental assistance because some costs were designated as emergency spending last year. This increase could be as much as six billion. Combined, the subcommittee faces a real prospect of a shortfall of a possibility of \$13 billion just to maintain fiscal 2023 program levels.

It's too early to know what our allocation will be or even what the fiscal year 2024 spending level will look like. However, it is clear we will need to make tough choices that numerous proposals in the President's Budget Request may not be accommodated.

Instead, it will be important to try to improve the efficiency and effectiveness of the programs we fund within the constraints we have to operate.

I look forward to working with Chairman Schatz and the rest of my colleagues in writing the fiscal responsible HUD bill that seeks to meet the needs of all Americans across the country.

Secretary Fudge, once again, thank you for appearing before this committee today, and I truly appreciate your help in Mississippi.

Thank you, Mr. Chairman.

Senator SCHATZ. Thank you, Ranking Member Hyde-Smith.

Are there members wishing to make an opening statement?

If not, Secretary Fudge, please proceed with your testimony.

SUMMARY STATEMENT OF HON. MARCIA FUDGE

Secretary FUDGE. Thank you very much.

Chairman Schatz and Ranking Member Hyde-Smith and Distinguished Members of the Subcommittee, thank you for the opportunity to testify today in support of President Biden's 2024 Budget.

The support of this subcommittee is critical to ensuring 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 your 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 hard-working 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 feel forced to sleep on the streets or under a park bench.

The President's budget builds on the tremendous progress made over the last 2 years and demonstrates the Biden-Harris 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 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 our housing affordability crisis.

The President's budget represents a modest increase over 2023-enacted levels, one that is necessary to ensure millions of families and communities can maintain access to services they rely on, including many of our most vulnerable citizens.

The 2024 budget provides \$32 billion for housing choice vouchers which can 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 they can use to create affordable housing, improve housing choice, 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 fire from homes.

It invests \$752 million to support improving energy efficiency and resilience in HUD-assisted and finance developments and \$90 million to support HUD's Fair Housing Programs.

The President's budget supports full authorization of the Community Development 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 and wildfires are not getting any less severe. In fact, they are getting worse.

The Federal Government must be able to quickly and effectively deploy resources. Full authorization of CDBG-DR 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, and I would say that I understand certainly budgetary concerns, but I would just ask that we would prioritize what is best for the people of this nation and not balance the budget on the backs of poor people or seniors or homeless people.

It is important and I thank you so very much and I look forward to your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. MARCIA FUDGE

Chairman Schatz, Ranking Member Hyde-Smith, 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 2 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?

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 10 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 expenses 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 Schatz, Ranking Member Hyde-Smith, 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.

Senator SCHATZ. Thank you very much, Secretary.

I know you are preparing your first round of MB grants and IO want to make sure of one thing. I just want to make sure that these are grants not for planning but for the implementation of up-zoning and the reduction in whatever regulations are impeding the development of housing generally.

When we talked through this program both verbally but also in the legislative process, I really wanted to avoid pushing out a bunch of money to a bunch of consultants who would tell a bunch of city councils what to do and I want to be reassured that we're not doing that.

Secretary FUDGE. I assure you, Senator, we are not doing that.

We realize that it is important to go directly to these communities and not only to talk with them about the programs, which

we have, but to assure that they do not think they're going to get resources just because they say we'll look at it.

We want to have outcomes that are positive because we can't afford the time to go through a lot of hoops. We need the housing. Just quite frankly, we need to talk with people about the issues, not just Federal issues but state and local issues, as well, I assure you, sir.

Senator SCHATZ. Thank you.

And what's your timing for rollout?

Secretary FUDGE. Let's see. Oh, the no-zone funding is going to be coming out fairly soon. I don't have the date, but I can get it to you.

Senator SCHATZ. Thank you.

A lot of states are using Medicaid waivers to support case management and housing-related services. In practice, a lot of homeless service providers are struggling with delays and complications with billing anything that's Medicaid-related.

Having run a nonprofit before that for language translation services and mental health services billed Medicaid, it's a tough business, and I'm wondering what you can do to help these homeless service providers to kind of, you know, get their systems up and running. To have a relatively small homeless service provider shop that is equipped on the fiscal side, on the billing side, to deal with Medicaid is a big challenge.

I'm wondering what HUD can do to help everybody.

Secretary FUDGE. Well, HUD and HHS have launched a joint technical assistance center. So what we are doing is talking to communities about how they go around some of the regulations that we think are being restrictive, but, as well, provide technical assistance as to how they can reach more people.

So I think that between Health and Human Services and HUD we are doing a pretty good job of getting to people to talk to them about how we work together to make sure we can provide the services because the one thing that people are finally connecting is that health and housing are very closely tied and related.

Senator SCHATZ. Thank you.

The budget once again proposes to conduct the continuum of care competition every 2 years instead of annually. How does this help?

Secretary FUDGE. Well, it helps because it takes hundreds of hours annually to prepare these proposals. It would be better spent spending money and time on the people who we serve and the other thing it does is it gives some consistency so they're not worried about how they're going to pay their staff from year to year. Maybe they now know I've got staff for 2 years as opposed to one. I have resources for 2 years as opposed to one and it encourages real confidence in the program. So we think the outcomes will be better.

Senator SCHATZ. I think that's right, by the way. I think it's really important that we do that. Having run a nonprofit, if you're on a year-to-year grant, it's hard to hire people because they know, you know, if you're a not-for-profit and you're competing with, you know, the Federal Government or the private sector in terms of getting a medical director or a psychologist or a psychiatric nurse or whatever it is, and they're looking at this thing thinking it's a

maximum, it's probably 30 percent less pay but on top of that it's maximum a year gig, depending on whether we get renewed, it just doesn't work.

The final question. I mentioned this in my opener around the specific observations that my staff made. Four inspections all from HUD for four different lines of funding from HUD, and I would just like your commitment to work this and to get some sort of standardization, and I'd like to know if there's some statutory problem that we can fix so that we don't have the same agency coming back at different part of the agency.

If it's a matter of Federal law, please let us know. If it's not, please fix it.

Secretary FUDGE. You have my commitment.

Senator SCHATZ. Thank you.

Secretary FUDGE. What we know is that we do need to standardize some things. That's one of the things we've been working on. I think that you will be pleased by the end of this year as we roll out more of our national standards, but I would suggest that we are required to follow the language and appropriations for different programs and so I was talking to someone from Tribal.

We had a meeting with our tribal leaders last week. He says, "I understand environmental, but we don't have a radon problem. Why are you making me test for radon?" So those are some things that we are trying to work through.

Senator SCHATZ. Yeah. Thank you very much.

Ranking Member Hyde-Smith.

Senator HYDE-SMITH. I'll be glad to yield my time to Vice Chairman Collins.

Senator COLLINS. Thank you.

Senator HYDE-SMITH. Secretary Fudge, as I noted in my opening remarks, the recent storms and tornados in Mississippi have had a devastating effect on Rolling Forks, Silver City. Egypt, Amery, across four counties, and many communities, and we certainly appreciate the President's commitment to the people of Mississippi and the FEMA assistance that is already on the ground to make a difference and also appreciate HUD rolling out the program waivers and its disaster response toolbox. That is very appreciated.

Although the data on unmet needs is still coming together, it's never too early to think about the longer-term recovery needs of these communities and families.

The fiscal year 2023 Omnibus provided three billion in additional CDBG-DR funding, of which 162 million remain after taking care of earlier 2022 disasters.

Madam Secretary, what are HUD's plans for allocating the 162 million remaining from the fiscal year 2023 Omnibus?

Secretary FUDGE. First, let me just say thank you for having a conversation with me about this earlier. I appreciate your time.

We do have \$162 million remaining, but we have yet to get all of the information and data in from the storms in Florida and from other places. We know this \$162 million is not going to go very far. We are generally in the ballpark of \$3 to \$4 billion for storms for 2021 and 2022. We don't see that 2023 is going to be any different, especially as it has started out the way it has.

So the \$162 million is more than likely going to go to Selma, to California for the floods, and to Florida. So right now those funds are allocated, but we will be coming to you for an authorization as soon as we get data in from Federal Emergency Management Agency (FEMA).

Senator HYDE-SMITH. Okay. Thank you for that answer, and I'm a firm believer in the importance of financial literacy education, have been for many, many years when I was in the state legislature, but while it should be taught more in schools, these educational opportunities should be also available to adults, as well, and I'm pleased that HUD's budget includes funding for programs like Ross to help public housing residents develop the skills they need to end cycles of dependency or housing counseling to help families become successful homeowners.

However, I am concerned that the request only level funds for Ross and core housing counseling program and misses the opportunity to invest more in expanding financial literacy to more families.

While not requesting additional funding, how is the department working to increase the availability of financial literacy education and resources to the individuals and families served through the HUD program?

Secretary FUDGE. Well, on May 1st we're going to be participating in a summit that addresses family self-sufficiency. It is a program that is very successful throughout our HUD Developments, be it public housing and, as well, multifamily housing.

We recently launched a new asset-building cohort through our Moving to Work. We have included resources for housing counseling to assist with financing in particular.

So I think that we are working very diligently to give those that we serve the opportunity to learn about financing, to save money. We are trying to move people from public housing into homeownership. So we are working very, very diligently to be sure that we prepare people for better financing, better outcomes in their lives.

Senator HYDE-SMITH. Thank you.

And when it comes to homelessness, we've talked about that a little bit already, a lot of the attention is focused on the large numbers of homeless individuals on the West Coast and given the numbers, not unreasonably so, but, however, with this attention it is easy to lose sight of the challenges of homelessness faced by other communities, especially in rural areas, where there are fewer shelters and supportive services and where it's easier to under-count the number of homeless individuals.

HUD's Point in Time count for 2022 notes that while homelessness increased nationally by 0.3 percent from 2020 to 2022, in rural areas the increase was six percent, and while urban homelessness is certainly a problem, is the department equally committed to addressing homelessness in the underserved and under-resourced areas of the country, as well?

Secretary FUDGE. Absolutely. Just this week, we announced a total of \$66 million in awards that are specifically targeting homelessness in rural areas, and we had some awards earlier in the year, as well. So we are very, very keenly aware of the problem in rural communities, especially because in rural communities you

find a great deal of unsheltered homelessness. So we are directing resources to rural communities.

Senator HYDE-SMITH. I'm seeing more of the encampments in different places and, you know, there definitely is an increase, and my time has expired.

Thank you.

Senator SCHATZ. Vice Chair Collins.

Senator COLLINS. Thank you very much, Mr. Chairman.

Before the clock starts ticking down, I just want to thank you and the Ranking Member for your leadership on this subcommittee. I care deeply about this subcommittee and the issues that you'll be handling, having been either the chairman or the ranking member for many years, and it's great to know that it's in such good hands with both of you. So thank you.

Secretary FUDGE, let me begin with a big thank you to you. Last year I asked you for assistance on behalf of the City of Bangor where I live in handling an influx of unsheltered homeless individuals and families and it led to encampments all over the city and the city was at a loss as to how to deal with this sudden problem.

You sent an expert team to Bangor which has worked for months with the city and I want to report to you that just recently they were able to take down one of the encampments on Valley Avenue in Bangor and find homes for each of the individuals who had been living in the encampment, a tremendous success, and the city officials have been so pleased with the expertise and the suggestions and recommendations that the HUD team brought. So I truly want to thank you for that.

More recently, I've discussed with you a request from the City of Portland which had a tremendous influx, a thousand people since January, for example, of unsheltered individuals and families who are asylum seekers who have come to Portland.

So they need your help, as well, and again I appreciate your willingness to assist us.

One part, one challenge is encouraging private owners and landlords to house these individuals who have been unsheltered. They tend to view particularly those that are chronically homeless as challenging tenants and I encourage them to work with HUD, to work with local officials, but do you have any advice from HUD on how communities not only in Maine but across the country can engage private owners and landlords in this process of providing homes for the unsheltered?

Secretary FUDGE. Yes, and thank you so much. Our teams were really excited about the outcomes and are already talking with Portland.

Senator COLLINS. Great.

Secretary FUDGE. So we're already in conversations with their team.

We do know that getting landlords involved is a very difficult situation, but one of the things we've found is that for certain rental properties, if we give them a master lease, it makes it so much easier for them to work. So that's one of the things we're doing.

We're looking at how we can provide toolkits and resources to explain to them why it's a good thing to be involved. We're talking about finding incentives for landlords so that they will lease espe-

cially to homeless, but I think that we all understand it's a problem but we are working on it and I think that we're doing really very well because when we sit down and have conversations with them, then they find that we are a very stable source of resources, that we will assist them beyond just that one rental. So we're working and it's getting better. It's not where we want it to be but it is getting better.

Senator COLLINS. Thank you.

There are two groups who find themselves homeless that particularly concern me. One are young people who are aging out of foster care and what I found is that in some states at age 18 you're out of the foster care system, even if you're still in high school. That assistance is cut off. That breaks my heart, and there are very few youth shelters. There's an excellent one called New Beginnings in Lewiston, Maine, but generally they don't exist, and for someone who's already gone through a difficult situation, a young person, and thus is in foster care, to find themselves at an arbitrary age when they're still in school to no longer have the services of foster care is very sad to me.

I led the creation of a youth homelessness demonstration program and we do have family unification vouchers and we obviously need to improve the child welfare system, but in the absence of those improvements, I'm concerned that the budget does not provide any funding for these families, any additional funding for the family unification vouchers.

Instead, you're proposing a much larger mandatory program but no new vouchers for family unification, and my question for you on that is why isn't there funding in the budget for those essential vouchers?

Secretary FUDGE. We did just in March of this year announce the availability of about \$30 million in Foster Youth to Independence Program. So that has already been done.

We are also—of course, your Youth Demonstration Grant has been awarded to states across the country, as well, earlier this year.

The President's budget does talk about youth vouchers for 2024 in the mandatory and I think that you're right. I don't disagree with the way that you are suggesting that we might go about it and it's something that we can talk with him about.

Senator COLLINS. Great. And finally, if you'll indulge me just a quick—the second segment that I'm really concerned about in our population is we're seeing a growing number of older adults who are unsheltered.

The Point in Time Survey that HUD does focuses on three groups, those under 18, those between 18 and 24, and then above 24, which is a pretty large category, and what I'm hearing is we're seeing people who are homeless who are over age 50, who are even over age 65, and that's a change in the composition of the unsheltered population that really concerns me.

So aside from the current Point in Time data which really doesn't focus on that older group as much, does HUD have available either internally or from other Federal or state partners more data so that we can figure out what's going on with that older population and how to meet their needs?

Secretary FUDGE. Well, it's estimated, Senator, that in 2020 those that are over 55 years of age made up 17.9 percent of all the homeless people and those who are chronically homeless, that 55 and older number, makes up 30 percent.

We don't have enough senior housing. We don't have enough housing that is affordable to seniors, and we don't have enough housing in this country where people can age in place and so with those things, in addition to seniors being on fixed incomes and the rents going sky high, they are being forced and pushed to the street.

We are very, very aware of what is going on, but we know the answer is more senior housing, more affordable housing, and taking a look at how in this nation we can allow people to age in place. So it's something—I was at a conference. It's happening in other countries, too. I was at a conference in Germany. They're having the same problem, but these are the G7 ministers that are talking. Housing is on their agenda, as well. Same thing in Asian nations.

We're trying to find ways to keep people in their homes, but it is acute here at this stage of the game. So I'm glad that you're aware of it and we can talk about some ideas, but we have some ideas that we'd like to work on.

Senator COLLINS. Great. Thank you very much, Madam Secretary, and thank you for your indulgence, Mr. Chairman.

Senator SCHATZ. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman.

Madam Secretary, great to see you. Always welcome you in Maryland and thanks for all that you've done for the country and for our state of Maryland. You know well that we're facing an affordable housing crisis in the United States and I appreciate many of the requests and initiatives in this budget to work to address that, including your request for an increase in housing vouchers.

I'm in the process right now of working with Senator Young in reintroducing a bill that we've introduced each year, each Congress called The Family Stability and Opportunity Vouchers Act, which is especially focused on providing opportunities for families with young kids to move to areas of greater opportunity, and we appreciate the provisions in your budget that include some of the additional funding for mobility services and the wrap-around services that are so important to make that successful and all the data and all the studies indicate that this can be an effective way for helping families pull themselves out of poverty.

So I want to make sure that we focus with you and the department on that going forward.

Also appreciate all your efforts when it comes to the Choice Neighborhood Programs and in Baltimore City we are continuing to deal with the legacy of systemic racism and segregation and this program, the Choice Neighborhoods Program, I think is an important tool to begin to address that because, as you know, it calls for mixed use development.

One of the challenges we face as a result of segregation and neighborhoods that have been left behind are things like food deserts, lack of opportunity, and so one of the grants that was recently received was a \$10 million grant to something called Perkins Homes, which is a mixed use project in Baltimore City.

Could you just speak briefly to using this program as a tool to try to revitalize neighborhoods?

Secretary FUDGE. Choice Neighborhood Grants are transformational. They can go up to about \$35 million. They truly transform neighborhoods and communities. We think it's an outstanding program. We find that communities that have used these resources have made significant changes not just in the actual fabric of the community based upon new housing but people feel better about it. People feel good about living in these—most of them end up being mixed use. People very much appreciate it and what it allows us to do is get away from the whole idea of segregating poverty which is something that we have done for far too long.

So they've been very, very effective. I mean, the competition for the grants, it keeps us up at night so many people looking to get these grants, but they're going very well, very, very well.

Senator VAN HOLLEN. Well, thank you for your continued efforts in that area because we look forward to working with you. It's been very effective in helping certain neighborhoods in Baltimore City. We have a long way to go, make no mistake, but it's a very important tool.

As you well know, in addition to making sure we have more affordable housing vouchers, the supply of housing is also a direct factor when it comes to the high cost. We need to increase supply, including supply of middle income housing, and one of the things I've been hearing about from a number of Maryland constituents is concern about the backlog in the middle income housing developments that are completing construction and one of the impediments there has been what they say are delays in receiving information on the approval process for their FHA-insured multifamily loans.

We're hearing—you know, heard a little bit about this months ago, hearing more and more about it now. Madam Secretary, if you could just talk to that and assure me that we can work together to address this issue.

Secretary FUDGE. I assure you we did have a backlog for some time. There's no more backlog. So they should be getting information very, very quickly and if they're not, they should let us know that.

Senator VAN HOLLEN. Okay. Thank you. We may well be in touch on that, but I appreciate your willingness to quickly work this out. Thank you.

Thank you, Mr. Chairman.

Senator SCHATZ. Ranking Member Hyde-Smith.

Senator HYDE-SMITH. Thank you, Mr. Chairman.

And, Madam Secretary, one of the core aspects of the Section 8 Voucher Program is the public/private partnership between PHAs and landlords, and however the success of this program, the cornerstone of Federal rental assistance is undercut by both the general shortage of affordable housing that we've talked about as well as the willingness of private landowners to participate and remain in the program and the folks that I've talked to in Mississippi, it's not necessarily the tenants, it's the administrative burdens of the voucher program drive the owners and landlords to leave the program.

So I know HUD is aware of these challenges while also balancing the need for reasonable oversight of taxpayer dollars, but what update can you provide the committee on the department's effort to streamline program's regulations so the landlords will want to stay in this program?

Secretary FUDGE. Senator, let me just say, and I'd say it to everyone, we know that we over-regulate some programs and we are working to change it, and I come from your side of the table. So for 13 years I was the one saying you need to change these things, but now that I'm there, we are doing our very best to change it.

We are working with our partners, both here in the House and the Senate. We are talking to landlords. We're talking to our people on the ground to figure out what we can do better.

We know there are a lot of regulations. I was not aware, Senator Schatz, of the five inspections, but we do know that there are situations that we can correct, some we can do in-house, some require that the Senate and/or the House take action, and so we are isolating those things that we need to bring to you and say can you assist us with making these adjustments statutorily and the things that we can do, we are trying to do, as well, because we know it is a problem.

Senator HYDE-SMITH. Wonderful. And a substantial number of HUD programs have expired authorization, as you're well aware of, and the CDBG Home and the Lead-Based Paint Hazard Reduction authorizations expired in 1994. The authorizations for HUD's Public Housing, Housing for the Elderly, and Section 8 Voucher Programs expired in 2003, while Homeless Assistance Grants expired in 2011.

While these are only some of the unauthorized programs, they account for 71 percent of HUD's fiscal year 2024 requests.

So what is the Administration's plans for working with HUD's Authorization Committees this year to not just create new programs but also to modernize its core programs?

Secretary FUDGE. Well, I'm not a big fan of creating new programs. I'll just be honest with you. I think we have a lot of them. There are sometimes because of the way this body operates we are required to stand up new programs, based upon some of the funding we receive, but it's not something that we very much like to do because it takes us a long time to stand up a new program.

But we do know that most of our current programs do have at least some underlying statutory authority to operate. We do need to reauthorize some of them and we're trying to determine which ones in priority we need to reauthorize, but we are clear on the fact that there are some things that we need to do that haven't been done in a very long time.

Senator HYDE-SMITH. In discussing the FHA and the Ginnie Mae receipts offsets and funding needed for the annual T-HUD bill and the budget request, you know, anticipates the declines that we've talked about, but however the Congressional Budget Office February baseline estimate has these receipts at only \$3.3 billion.

The estimate was produced prior to HUD's reducing the mortgage insurance premium which the Administration has estimated to reduce receipts by \$2.5 billion, but as the actual dollars, the budget request anticipates offsetting receipts will decline from

\$10.3 billion in 2023 to only \$5.5 billion in 2024, a reduction of \$4.8 billion.

So this means the final receipt amount the committee has to use could be roughly \$9.5 billion lower this year compared to last year. So given the FHA's premium reduction was largely offset by the Federal Reserve's long-expected rate increase last month, what do we really get for that \$2.5 billion cost?

Secretary FUDGE. Let me say a couple of things. We were going to be at a loss no matter what we did. Interest rates have made it so that people are not buying homes. People are not refinancing homes. So we were going to have a reduction anyway.

What we believed because in the fund, the mortgage insurance premium fund, is about at \$142 billion, I think that's the number, some place in that ballpark, and so we believe that it was not appropriate to continue to charge persons who are trying to purchase homes with those resources when we're sitting on that kind of money. It just wasn't right, just was not the right thing to do.

The other thing that it did was it did give some relief in a very high interest environment, it gave some relief to low-income borrowers and that's what we're trying to do. We're trying to get people into homes.

But I would say that FHA is extremely—doing very, very well. We are solvent to a point where you are asking us to keep 2 percent above. We're at an eleven percent. Ginnie Mae is doing well. We are doing extremely well and we continue to fund the Federal Government at rates that no other agency does.

So we just did not believe that it was the right thing to do to continue to ask poor people and people first-time homebuyers, first generation homebuyers to continue to bear the burden that they should not bear.

Senator HYDE-SMITH. Thank you, Mr. Chairman.

Senator SCHATZ. Senator Coons.

Senator COONS. Thank you, Chairman Schatz, Ranking Member Hyde-Smith.

Wonderful to be with you again, Madam Secretary.

Secretary FUDGE. Thank you.

Senator COONS. Thank you for your visit to Delaware and for your attentiveness and engagement around the ongoing challenges we face providing safe, sanitary, affordable, decent housing to the American people.

I am frankly thrilled that you are leading this department at this critical time.

Secretary FUDGE. Thank you.

Senator COONS. As you well know from your years of experience in public service, the Housing Choice Voucher Program which was just referred to by the Ranking Member is a significant, robust, and critical tool for the department.

Senator Kramer and I have reintroduced our bipartisan bill to expand the supply of housing by partnering with landlords, to draw more landlords into the program, and to increase the scope in my own community where, as you know, I was in county government for a decade, six as the county executive. That supply was critical.

I'd also be interested in hearing from you what initiatives the department is taking and what we could be doing here to increase

supply because affordability of housing is directly related to supply and in this challenging interest rate environment, you can, should, and will make critical investments in affordable housing programs, but we also need to do things at the state and local level to increase supply.

I'd be interested if you could briefly speak to what initiatives you'd like to see us taking around supply.

Secretary FUDGE. There are two things, I think, that are going to be very, very helpful.

One is if we can at least try to meet the President's request for home resources in the budget because it would provide us about 15,000 units of affordable housing for new homebuyers, another 1,300 units of newly constructed properties, and more than 6,000 units of owner-occupied or rehabilitated properties.

But the other thing we have to do is look at all of it in context. So we're looking at how we can either put more resources into the Low-Income Tax Credit Program that Treasury wants. We are looking at how we can better use housing finance agencies to assist with low-cost loans, how we can do more work and put more resources in the Housing Trust Fund.

It's a combination of things, but the biggest thing right now is HOME because it's the most flexible resource—

Senator COONS. Yes.

Secretary FUDGE [continuing]. We give to communities.

Senator COONS. As you may know, I'm leading the letter here in the Senate, as you for many years did in the House, and look forward to fighting for the Home Allocation. It was a Home and CDBG were the two key tools I had as county executive to work with nonprofit affordable housing providers. Monday I got to be at a ribbon-cutting for a new affordable housing multifamily project, small, but in one of our most challenged and burdened neighborhoods. Be Ready, Jesus is Coming Church Community Development Corporation, delightful, sadly recently passed away, Pastor Lottie Lee had this vision that she would take a whole block of dilapidated properties that were nearly falling down and transform them into beautiful state of the art housing. That was possible through the Federal Home Loan Bank of Pittsburgh, an under-appreciated resource, Home Dollar CDBG dollars, and, frankly, CDS, an earmark from our congressional delegation.

Let me talk, if I could impose on the Chairman, for two more things.

I do want to make sure that you hear again my enthusiasm. Combating homelessness is a lifelong passion of mine. I worked with the National Coalition for the Homeless when I was a young man and Delaware has made real progress in combating, nearly ending veteran homelessness, but youth homelessness is on the rise, and I was encouraged to see that HUD has a youth homelessness demonstration project. I look forward to working with you to strengthen it and to sustain it and I hope that we can and will do more to combat youth homelessness in particular.

Matt Heckles, your Region 3 Director, and the HUD staff in Delaware are terrific, very engaged, and I hope on your next visit I'll have the opportunity to join you.

REACH Riverside, as we have discussed before, is a terrific example of the purpose-built communities model. I believe there's two communities in the Cleveland area, Buckeye Woodhill and Glenville, where you've seen that sort of place-based multifactor community rebuilding program.

I am hopeful that REACH Riverside will get your attention. I continue to work hard. It's one of my top priorities for investment in my community.

Last thing I just wanted to mention is that I think the Choice Neighborhoods Program is one that could use more resources. I think it has flexibility, I think it has promise, but I think it's under-resourced and I'd be interested in your thoughts on how Choice Neighborhoods is moving going forward.

Secretary FUDGE. Well, I agree with you, quite frankly, that we do need more resources. I mean, I'm looking now at the fact that Wilmington is a finalist in that last round.

Senator COONS. Yes, ma'am.

Secretary FUDGE. And we're still looking—the program obviously—the competition is still underway, but I don't know of any community that could not use the resources of a Choice Neighborhood.

Senator COONS. Yes.

Secretary FUDGE. Certainly we don't have the resources to give them to every community, but they are not only transformational but they are life-changing and I think that that's part of what we do.

Youth Homes is a problem that I think people did not realize the gravity of it until the last few years and it is a major issue in this country.

We talked about youth aging out of foster care. They get out of foster care at 18 and they're on the streets, no place to go, no resources. So we have found that the numbers of youth homes is just continuing to rise. So we are putting resources in the 2024 budget to deal specifically with youth aging out of foster care.

Senator COONS. You visited Westside Center which is building housing specifically for youth aging out of that circumstance and I think this deserves our attention and you've got in me an enthusiastic partner to the extent you need authorizing help or to the extent you need any more support.

I know we have a very talented Chair and Ranking of this subcommittee. So you probably don't need my help, but to the extent I can be helpful I'd love to.

Thank you for what you and your very talented team to.

Secretary FUDGE. I always need your help, Senator, always.

Senator COONS. Thank you very much, Madam Secretary. Thank you, Mr. Chairman.

Senator SCHATZ. And we always need your help, Senator Coons. Thank you.

Senator SCHATZ. Ranking Member Hyde-Smith brought up a couple of points that I thought were important.

First of all, I just want to agree with her that I understand that the idea behind providing some relief on the cost of a mortgage but I think it's fair to say that whatever relief we provided, you know, sort of blows a hole in our budget and is washed away by the Fed

doing what the Fed is doing and so I just think we ought to be real cautious about that because I understand it averages out to about \$800 worth of savings, which is not trivial but again in the interest rate environment in which we're operating, I think what we did was sort of cannibalize our budget and not make enough of an impact for it to be worth it. That's just my view.

I also want to talk about CDBG-DR. I know that Ranking Member Hyde-Smith is anxious to kind of understand what the remaining unallocated resources—you know, how they're spoken for, how much is available, when money will be coming to her home state to provide the kind of relief that is necessary, and this is exactly the kind of thing that a permanent authorization for DR would solve and that's why I'm pleased that we're going to introduce another bipartisan bill to get this thing finally done.

You know, the difficulty we had with former Senator Toomey is that he just didn't like the principal of allowing towns to rebuild after a disaster because he did not fundamentally think it was a Federal responsibility and he didn't want to authorize a new program. Fair enough, but I think the rest of us, you know, living in the real world, when you have a disaster in your home state or your hometown, you understand we're going to spend this money anyway to provide disaster relief.

The question is whether or not we have a permanent authorization to do it in an intelligent, predictable, responsive, accountable way, and that's what a permanent authorization of CDBGDR would do.

I'm wondering if you'd comment on that.

Secretary FUDGE. You know, Senator, I was in Kentucky last month from the major storms that hit in a very, very rural part of Kentucky. We still have people sleeping in tents 7 months after a storm because once FEMA goes in because they've got a permanent authorization, they go in and do their work. By the time we can get there, six or 7 months have passed and people are struggling.

It doesn't make sense for us to not be able to go in and help people quickly.

Senator SCHATZ. And it doesn't save a penny—

Secretary FUDGE. No.

Senator SCHATZ [continuing]. And that's the point here. It'd be one thing if we're having a conversation about fiscal discipline or whatever it is, but the way to exert fiscal discipline is to have a program, have accountability not just to spend the money after a bunch of suffering.

We're going to spend this money, we might as well do it in as efficient a way as possible.

Two more quick questions. I understand that FHA multifamily approvals have dropped about 75 percent. Senator Van Hollen mentioned that. Is that true, and are we fixing this? That seems alarming.

Secretary FUDGE. You know, let me get back to you. I don't know that that's an accurate number, but I'm looking at my—we'll get back with you on that because I'm not sure and I don't want to give you—

Senator SCHATZ. Does that sound wrong to you? I'm looking at your staff.

Secretary FUDGE. I don't think it is accurate.

Senator SCHATZ. I hope it's wrong.

Secretary FUDGE. But I don't want to give you a wrong answer.

Senator SCHATZ. But if multifamily approvals have dropped at any level, we need to understand why and also if we're getting different answers from different people within FHA, we just sort of need to understand exactly what's going on.

Finally, homelessness in tribal areas, particularly among young people, is a major concern, and we've pushed hard to include tribes as eligible recipients for funding for homeless youth.

Can you execute on that without a change in Federal law?

Secretary FUDGE. I do believe we can, yes.

Senator SCHATZ. Okay. Can you give me an update as quickly as possible on where we are with that?

And then the final question is, you know, you said something really important, which is a lot of Secretaries will not admit that they over-regulate, right, but I think you have the wisdom of having come from the Legislative Branch and also just understanding that whatever thicket of processes and procedures and rules and laws that you inherited is not your fault and so you might as well be the turnaround person rather than the defender of the status quo.

What I'd like from you, and I'll reduce this to writing, but I don't want to over-complicate it by listing out all the regulatory barriers, is just a general overview on what key regulatory barriers you see and what I mean by that is congressional act, internal procedure, rule, anything, right, anything that is a sort of requirement, whether it's required by Federal law or just this is the way we do it, right, and I want you to sort out first by priority but also by category so that we know what you're up to, how we can support it, and then what you have identified as a problem that only we can fix.

Secretary FUDGE. Okay.

Senator SCHATZ. And I'd like to just sort of project manage this together so we track the things that need to change within the agency and help you when you're doing rulemaking to consolidate things or when you're making procedural changes that don't require a rule under the Administrative Procedures Act. However it is I want us to sort this and track it and I want my staff to have a sort of shared spreadsheet, if you will, so we can work this together because I don't think this is a partisan question.

We just want your agency to work better and I know you do, too.

Secretary FUDGE. I welcome it. I really do, and I would also say about tribal nations, the biggest problem we have is infrastructure.

When you get into these rural communities, just think about how many reservations and tribal lands we have that have no running water, no plumbing. That should not happen in this America.

So infrastructure is as big a problem as anything else because until we can get that infrastructure, we can't put the housing there that we need. I mean, you think about the fact that Native Americans report to the military at higher rates than—almost double any other group of people and we can't house them. It's a problem.

Senator SCHATZ. And tens of thousands of Native families with no electricity in the United States of America in 2023.

Secretary FUDGE. Yes.

Senator SCHATZ. Thank you.

Chair Murray.

Senator MURRAY. Well, thank you very much, Chair Schatz and Ranking Member Hyde-Smith, and I'm really glad to join both of you today as we continue full steam ahead to return to regular order and pass our funding bills in a timely bipartisan way.

I know that families back in my home state of Washington and across the country are counting on us to work together to get our communities the resources that they need to grow and thrive and compete on the world stage.

When it comes to keeping folks safe, setting families up for success, and strengthening our country, it really starts, as you well know, with making sure that everyone has a roof over their head and no one is left on the streets or out in the cold because it's all too common for families in every part of this country to be terrified about what will happen to them or their kids the moment they can't make rent or cover their mortgage.

My home state of Washington, like so many, have been really grappling with our nation's housing and homelessness crisis for years and it has gotten worse, as you well know, in this pandemic.

I've heard from people who have no place to stay, no idea how on earth they're ever going to afford rent or mortgage. I've heard from parents living paycheck to paycheck. They're scared they're going to have to skip meals or medical care to make rent or who are really frightened their family's going to end up on the street.

I've met with a lot of community leaders who are fighting day and night to build more housing, make it more affordable, and connect these folks who are experiencing homelessness with the resources that they need.

As I wrote to President Biden, we need a whole of government approach here and let's be clear whole of government includes this subcommittee. That's why I fought to make critical housing investments in our bipartisan funding package last year and I want to see us build on that progress with funding to tackle the root causes of this crisis and that means increasing the supply of quality housing and preserving our existing public housing, investing in under-resourced neighborhoods, incentivizing changes to the zone laws, rental assistance, assistance for first-time homebuyers.

These are investments that pay off for our country in a lot of ways. They help families build wealth. They provide safety and stability so our kids can focus on school and adults can focus on their jobs and strengthen our families and our communities and our economy.

So I really do look forward to working with the Chair and Ranking Member on this subcommittee to make sure we have the investments that we need to move ahead.

Secretary Fudge, thank you for being here today. I wanted to ask you House Republicans have now proposed to cut non-Defense discretionary programs to fiscal year 2022 levels.

Can you talk with us about how those cuts would harm HUD's programs and your department's ability to increase the supply of

affordable housing and reduce the cost of housing and people who are experiencing homelessness?

Secretary FUDGE. Yes, thank you very much, Senator.

We do know that if we go to the 2022 levels we would lose approximately 350,000 vouchers. We would be short well over a billion dollars in renewing our project-based rental assistance contracts. That would be a loss of about 87,000 affordable units because we would not be able to meet our contract obligations.

We would probably serve about 50,000+ people who are homeless—we would not be able to serve about 50,000 people who are homeless through our Continuums of Care Programs and just think about it this way.

Things go up, you know. Rent goes up. We talked about inflation. Prices go up. If we can't meet at least the inflationary pressures of today, we lose out everywhere. People can't pay their rents because we can't afford to help them pay their rent.

So we would have to not only lose all of these things that I just talked about, but we'd probably have a hiring freeze. We'd probably have to lay some people off because we received for the first time in many, many years a raise for some of our staff last year that we would not be able to maintain.

We just can't function the way that we should because we would not have the resources to do it.

Senator MURRAY. Well, I think it's really important that everybody recognize that we have a housing and a homelessness crisis not only in my state but across the country and everyone should understand how serious and devastating those kinds of cuts would be for the entire country.

So I just want everybody to absorb that. We have a problem and we would not be addressing it if we go back to those.

Secretary FUDGE. I would also say this, that we have for decades and decades neglected public housing. We have not over the last few years been able to give them the kind of resources just to bring some of those properties up so that people can live decent lives. So each year we are putting more resources into that.

The President's 2024 budget I think requests about three billion for capital improvements and eight billion overall and it's not enough. We could spend that much money in New York or L.A. What about the rest of the country?

Senator MURRAY. So this is a serious challenge for all of us.

I do have additional questions. I'll submit them for the record, but, Mr. Chairman, as I said, this subcommittee is critical as we move forward.

So thank you.

Senator SCHATZ. Thank you, Chair Murray.

Thank you to all of the members. Secretary Fudge, thanks for coming today to discuss HUD's Budget Request.

ADDITIONAL COMMITTEE QUESTIONS

The hearing record will remain open until Friday, May 5th, to allow members to submit additional questions for the record.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

COLLABORATION BETWEEN HUD AND CMS

Question. Washington state uses a Medicaid demonstration waiver to implement the Foundational Community Supports program. This program offers supportive housing to people on Medicaid who are struggling and helps them get stable housing and become self-sufficient. This collaborative approach between HUD and CMS is promising—and shows the value of aligning housing and healthcare dollars to provide effective solutions for people experiencing homelessness—particularly to address chronic homelessness.

What capacity building and technical assistance is HUD providing to support these kinds of efforts and what resources are needed to improve this collaboration?

Answer. HUD agrees that the growing number of states that are covering tenancy supports and other housing-related supportive services under their Medicaid programs for people with chronic health conditions who are transitioning from homelessness is highly promising. Many states like Washington are still in the early stages of implementation of these new Medicaid-financed housing-related services. For this reason, HUD has been working with the U.S. Department of Health and Human Services (HHS) to provide more technical assistance (TA) and support to states to assist them to implement these new Medicaid services and to ensure that these services are coordinated with housing assistance.

In partnership, HUD and HHS established the Housing and Services Resource Center (HSRC) to foster collaboration and cross-sector partnerships in order to streamline access to services, better leverage resources, and ultimately make community living possible for more people. Through this partnership, HUD is in the process of working with HHS to establish a joint TA engagement with some of the states that have received the Medicaid 1115 waiver. The goal of this engagement is to help states with their implementation plan and to ensure states are addressing homelessness and/or meeting the housing needs of populations who are at high risk of homelessness.

Additionally, in July 2021, HUD began a 3-part webinar series titled “Coordinating HHS Housing-Related Supports and Services with HUD Housing Assistance.” The second webinar, held on August 12th, 2021, focused on CMS-Medicaid Resources for Housing Supportive Services. The webinar provided a primer on Medicaid for housing providers, including homeless service providers and PHAs, including the services that could be paid for without a waiver or flexibilities, flexibilities that were provided as part of the American Rescue Plan, and information about the Medicaid demonstration waiver.

Going forward, HUD intends to coordinate with the United States Interagency Council on Homelessness (USICH) on the implementation of All In: The Federal Strategic Plan to Prevent and End Homelessness, which includes strategies to increase the use of Medicaid-funded services for those residing in permanent supportive housing and to increase the ability of communities to integrate data from HMIS with other administrative data, such as Medicaid, to inform planning and decisionmaking.

EHV PROGRAM AND STABILITY VOUCHERS

Question. HUD has included a number of flexibilities and incentives in the Emergency Housing Voucher Program and Stability Vouchers to expedite rehousing of people who are experiencing homelessness or at-risk of experiencing homelessness, and increase leasing rates.

What lessons has HUD learned in implementing these programs and is HUD considering extending any of these programmatic flexibilities to other voucher programs in order to increase the number of people who can use these services and improve program management?

Answer. HUD has been pleased with the success of the Emergency Housing Voucher (EHV) program, and we believe that the program’s innovations and incentives have been important to that success. Accordingly, HUD has taken several steps to introduce these innovations more broadly in the Housing Choice Voucher program.

For instance, HUD expanded the uses of the HCV Program’s Administrative Fees through PIH Notice 2022-18—*Use of Housing Choice Voucher (HCV) and Mainstream Voucher Administrative Fees for Other Expenses to Assist Families to Lease Units*. Given the number of tight and competitive rental markets around the country, the use of new strategies is increasingly becoming necessary to help families lease units. Building on the innovations applied in the EHV program and elsewhere, this notice authorizes Public Housing Agencies (PHAs) to use ongoing administra-

tive fee funding to provide owner incentive/retention payments, security, and utility deposit assistance, assistance with the application or brokers' fees, holding fees, and renter's insurance if required by the lease.

In addition, the President's budget includes a demonstration proposal to allow PHAs to use HCV Housing Assistance Payment Funding to assist tenants, in limited situations, with security deposits and other leasing-related costs. Low-income families with HCVs often struggle to identify units to lease because they have few financial resources and are unable to pay security deposits and utility deposits. HUD proposes appropriations language for a demonstration to allow PHAs to use a limited amount of Housing Assistance Payments (HAP) funding to assist HCV recipients with tenant leasing expenses such as security deposits, utility deposits, and where the last month's rent is required upfront. While PHAs are already allowed to use administrative fees for this purpose, this proposal would significantly expand the pool of resources available to PHAs to assist with such costs.

The President's Budget also includes proposals to extend certain flexibilities that are currently available for EHV's and Veterans Affairs Supportive Housing (VASH) vouchers to Mainstream 811, Family Unification, and Foster Youth Initiative (FYI) program vouchers.

SERVICE PROVIDERS FOR HOMELESSNESS

Question. Front-line staff play a vital role in our efforts to tackle homelessness—and the work that they do is tough. Supportive service providers continue to face high rates of turnover and burnout—and these workforce challenges impact the success of our homelessness interventions.

How can HUD better support recruitment and retention in the homelessness services workforce?

Answer. HUD recognizes the importance of the work that front-line staff do for homelessness service providers across the country, and how necessary they are to reducing homelessness. Yet, it continues to be one of the lowest paying and least-supported jobs. Staff are also rarely trained to handle the depth of issues they encounter from those experiencing homelessness.

HUD can support recruitment and retention of front-line staff in the homeless services workforce by continuing to encourage recipients to pay higher salaries to these staff and providing resources to support training and workforce development. HUD began this work during the COVID-19 pandemic by allowing Emergency Solutions Grants funds awarded through the CARES Act to pay for hazard pay and other workforce incentives necessary to prevent, prepare for, or respond to the COVID-19 pandemic. Additionally, in the recent Special NOFO to Address Unsheltered and Rural Homelessness, HUD made available funds for capacity building to recipients operating projects in rural areas, where finding the necessary workforce was challenging even before the pandemic.

Recently, Congress amended the statute for the Continuum of Care (CoC) Program to allow CoC Program grant funds in rural areas to support “staff training, professional development, skill development, and staff retention activities.” Implementation will permit CoC program recipients to use the funds to retain staff and provide training.

The 2024 President's Budget requests that the CoC NOFO be adjusted to a two-year cycle. This provision will allow HUD to award CoC Program funds every other year instead of every year. Responding to an annual NOFO requires CoCs to spend many hours implementing a local competition process and additional time to complete the application. A two-year NOFO process would allow CoCs to focus more on strategic planning and performance evaluation to better prevent and end homelessness in their communities.

Question. Should we look at ensuring services supported by Homeless Assistance Grants keep pace with the cost of living?

Answer. Yes. Under the CoC Program there is authority to increase the budget line items within grants that are related to housing costs (i.e., rental assistance, leasing, and operating), but there is no authority to increase costs related to providing supportive services or carrying out administrative activities. As many of the grants awarded under the CoC Program have been operating for over 10 years, recipients are reporting that the funding they were originally awarded for supportive services is not nearly enough to continue carrying out the original level of services proposed in their initial grant. Providing authority to increase funding for supportive services and administrative costs relative to the cost of living is crucial to helping recipients provide a high level of supportive services necessary to assist people experiencing homelessness obtain and maintain housing and improve their well-being.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

VETERAN DISABILITY

Question. Secretary Fudge, thank you for your continued collaboration with the Department of Veterans Affairs on the HUD–VA Supportive Housing (HUD–VASH) program, which provides permanent supportive housing to veterans experiencing homelessness. It is a critical tool in the effort to end veteran homelessness. Through the HUD–VASH program, HUD funds rental assistance through Section 8 vouchers while VA provides case management and connection to services. HUD also sets the definition of Area Median Income (AMI) and determines the sources of income that are used to calculate AMI. The inclusion of veteran disability compensation in the AMI often results in veterans who live in high cost-of-living areas, like California, earning too much to qualify for Public Supportive Housing but earning too little to afford market-rate rents. HUD recently determined it will continue to include veteran disability compensation in AMI calculations, further exacerbating the housing challenges faced by many veterans.

Secretary Fudge, please provide any statistics you have on the number of veterans that are disqualified from public supportive housing due to their AMI, and especially any statistics that shed light on the number of homeless that are ineligible because they receive veterans disability compensation.

Answer. HUD bases Area Median family income calculations, and the income limits derived therefrom, on income data collected by the Census Bureau through the American Community Survey (ACS). The ACS does not ask separately about the receipt of veterans' service disability payments. HUD does not have national data on how many veterans are not eligible for housing assistance because service disability payments raise their incomes above HUD Income Limits.

Question. Will you further consult with the Treasury Department on the inclusion of veteran disability compensation in AMI calculations and seek ways to ensure that AMI limits do not result in veterans in high cost-of-living areas remaining homeless?

Answer. Yes, HUD is actively working with the Department of Veterans Affairs and the Department of the Treasury to develop a solution to ensure that all homeless veterans have access to the affordable housing options they need.

WOMEN AND HOMELESSNESS

Question. Secretary Fudge, over the years HUD has formally recognized specific subgroups in the overall homeless population who have unique needs and characteristics, like veterans, families, chronically unhoused, and youth. Such subpopulation designations bring increased awareness, research, tailored programs, and specific funding streams (i.e. youth set-asides in state homeless assistance dollars), which have effectively reduced homelessness amongst all groups.

There is one important group that has not been added as a subgroup: women. In 2019, the Downtown Women's Center conducted a Women's Needs Assessment which found that roughly 41.3 percent of chronically homeless women in Los Angeles sleep most frequently on the streets and that these women are more likely to experience gender-based violence, including domestic violence, dating violence, human trafficking, and sexual assault. Living on the street only increases the probability of further assaults and trauma. Nationally, unaccompanied women constitute 29 percent, or nearly 1-in-3 of all unhoused individual adults, for a total of 120,015 women. As women's homelessness nationally remained flat over the last 5 years, unaccompanied women's homelessness has increased by 20 percent.

Secretary Fudge, why doesn't HUD recognize unaccompanied women as a subgroup?

Answer. Homelessness is a tragedy for anyone and we have seen the unique challenges that arise for women experiencing homelessness. In 2019, the California Policy Lab published Health Conditions Among Unsheltered Adults in the U.S., a study that looked at the health conditions of people in both sheltered and unsheltered situations. One of the key findings was: "Health and behavioral healthcare needs, and experiences of abuse and trauma, are major factors in loss of housing among unsheltered people, most especially for unsheltered women." This reality that women are uniquely impacted by their homeless experience is important.

Under the Biden Administration, there has been a significant drive to understand the impact of housing and homelessness on women. HUD routinely collects and reports data on women experiencing homelessness, and HUD recently worked with a variety of partners in a technical assistance effort, including people with lived homeless experience, advocates, researchers, and communities, to update how data is collected on gender. HUD is working with other national partners, including other Fed-

eral agencies, to improve access to services and programs when there is gender-based violence. Additionally, HUD is enforcing housing protections under the Violence Against Women Act, to help ensure that women who are gender-based violence survivors are not denied housing nor lose their housing because of the violence committed against them.

HUD works with Continuums of Care and other partners to address the unique needs and characteristics of different populations in a number of ways. Programs specifically targeted to Youth, Veterans, and survivors of Domestic Violence, Sexual Assault, and Human Trafficking are authorized by statute and receive dedicated technical assistance. In these and all of our other programs, HUD provides tools and ongoing technical assistance to support grantees in delivering services equitably and in accordance with the Fair Housing Act and other civil rights laws. HUD is committed to continue to work with the United States Interagency Council on Homelessness and other partners to appropriately lift up the needs of women experiencing homelessness and to support efforts to design solutions that meet their unique needs and characteristics and advance equity.

DOCUMENTATION

Question. Secretary Fudge, as you know possession of a social security card is critical to helping individuals who are homeless, and lack of proper identification is detrimental to securing placement in a permanent supportive housing program. For low-income or homeless individuals who have lost their documents, identification requirements create a difficult barrier and can lead to delays or even missed opportunities. Some homeless individuals find it difficult to get replacement social security cards or other documentation from the Social Security Administration (SSA).

Secretary Fudge, do you recognize the lack of documentation for homeless individuals as a problem and what are you doing to address it?

Answer. HUD is doing all it can to make it easier to serve people experiencing homelessness with minimal documentation. For instance, HUD's Continuum of Care Program does not require people experiencing homelessness to provide identification to receive housing. However, HUD is also aware that communities are partnering with many organizations to address homelessness and some of the other entities do require that kind of documentation. HUD is working with partners to find solutions to ease the effort of documentation. This includes considering waivers for communities where needed. HUD is in current conversations with SSA to evaluate challenges and explore potential solutions to reduce the burden of data collection.

LOS ANGELES'S INSIDE SAFE INITIATIVE

Question. Secretary Fudge, as you know Los Angeles Mayor Karen Bass declared a local emergency for homelessness and initiated a program called Inside Safe to promote long-term housing stability. The initiative has already cleaned up street encampments and provided housing for more than 4,000 individuals, but much work remains to be done.

Secretary Fudge, will you commit to working with Mayor Bass and the City of Los Angeles on the Inside Safe initiative? What resources, if any, does HUD need to assist the City of Los Angeles and ensure that Inside Safe is successful?

Answer. HUD has been working with Los Angeles to understand its challenges and provide support. HUD has provided comprehensive technical assistance to the Continuum of Care (CoC), which is working closely with the city. HUD convenes a regular call with the CoC, PHAs, City, and County to discuss solutions to barriers to housing people in Los Angeles. HUD provided technical assistance to the CoC as it worked through the wind-down of Project Roomkey. Many of those lessons learned are directly applicable to the Inside Safe initiative. HUD is ready and willing to assist the City of Los Angeles and the CoC in their efforts to safely address the shelter and housing needs identified through Inside Safe and other efforts in Los Angeles through more integrated multi-part TA. We would also note that HUD proposed an increase to TA in the FY2024 President's Budget, which will allow us to offer more robust support in place-based engagements similar to those taking place in Los Angeles.

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN

HOMELESS FAMILIES AND CHILDREN

Question. As you know, there are competing Federal definitions of "homeless." According to HUD, homelessness has substantially declined in West Virginia. How-

ever, during the 2021 school year, the West Virginia Department of Education identified more than 9,500 students who experienced homelessness. Families and children who stay temporarily with other people, or in motels, due lack of permanent housing are considered “homeless” by the U.S. Department of Education (DOEd), but not by HUD.

How does this budget request specifically support children experiencing homelessness?

Answer. HUD believes no one should experience homelessness, especially children. The homeless education data reported by the Department of Education (ED) differ from the data reported by HUD in several ways. One example is ED utilizes State Education Agency (SEA) data that includes children and youth sharing the housing of other people due to loss of housing, economic hardship, or a similar reason (often referred to as living in “doubled-up” arrangements or “couch-surfing”). The HUD definition of homeless does not include people in doubled-up or couch-surfing arrangements; as such, this population is not represented in HMIS data. Additionally, SEA data includes children staying in hotels or motels due to the lack of alternate, adequate accommodations. HMIS data includes people staying in hotels or motels only if those accommodations are subsidized through a homeless assistance program.

In the 2020 Annual Homelessness Assessment Report (AHAR) Part 2, in which estimates are for the 2019 reporting year (October 1, 2018—September 30, 2019) and the 2020 reporting year (October 1, 2019—September 30, 2020), HUD reported on unaccompanied youth served throughout the year by Continuums of Care (CoCs) for the first time. This information is critical to helping HUD and communities better understand homelessness, create strategies to prevent it, and, ultimately, to end it. The AHAR reported that in 2019 there were 120,866 unaccompanied youth and in 2020 there were 93,404 unaccompanied youth served in shelters. ED’s data from the 2018–19 school year reported 125,729 homeless students and 112,822 homeless students in the 2019–20 school years. Despite the differences in how the data is reported, these datasets tell a joint picture that children and youth experiencing homelessness are being identified and served through our respective efforts.

HUD has worked with communities to make great progress over the last several years and saw a decline in homeless families with children of roughly 5 percent each year culminating in a 36 percent reduction between 2010 and 2022. This outcome was a result of HUD’s incentives that encouraged communities to adopt more effective practices and better coordination with partner agencies to better identify and serve children and youth as well as the targeted funding through the Youth Homeless Demonstration Program (YHDP) grants.

HUD has been awarding YHDP grants since 2016. Those grants have facilitated greater coordination at the Federal and local level. HUD works with partner agencies in ED and the Department of Health and Human Services (HHS) to ensure that we are learning all that we can from these programs and promulgating best practices and working towards better coordination across the homeless response and other children and youth service systems. Most importantly, HUD is centering the voices of children and youth in this process. Youth who have experienced or are currently experiencing homelessness help shape the YHDP application process from priorities to actual application reviews. Every applicant is required to get approval for their projects from a local Youth Action Board made up of young people who have experienced homelessness. This current budget request continues this momentum by supporting communities through the Continuum of Care Program and funding additional YHDP grants.

HUD is also working closely with other agencies to coordinate Federal resources. For example, HUD and HHS sent a joint message to communities in May 2023 to promote newly released funding for communities and organizations to build and expand housing and services for youth experiencing homelessness or housing instability.

Question. Can you describe how HUD will work with other agencies, like DOEd and the Administration for Children and Families, to ensure we are providing the best services possible to children and youth experiencing homelessness?

Answer. As described above, HUD is collaborating with its partner agencies to find ways to best serve children and youth. HUD is committed to working together and to sharing best practices with our respective recipients. As recently as May 22, 2023, HUD, HHS’s Family and Youth Services Bureau (FYSB), and HHS’s Administration for Children and Families (ACF) issued a joint message to promote newly released funding opportunities for communities and organizations to build and expand housing and services for youth experiencing homelessness or housing instability. This joint communication highlights HUD, FYSB, and HHS’s Children’s Bureau’s shared belief in the importance of coordination and collaboration efforts

across Federal, state, and local partners. Additionally, HUD is committed to providing technical assistance resources to ensure that recipients of HUD grants are aware of best practices in serving children and youth experiencing homelessness and that eligibility for HUD programs is clear and no child or youth experiencing homelessness is turned away from services due to confusion over the various definitions of homelessness.

HOUSING SUPPLY

Question. While overall inflation has dropped to its lowest level since May 2021, it is still frustratingly high and amounts to a tax on West Virginians that they notice every day. According to the Consumer Price Index (CPI), housing is the single largest contributor to inflation right now, offsetting the progress made in reducing prices across other sectors.

What steps is HUD taking to increase housing supply and construction?

Answer. The Department is committed to expanding the supply of high-quality affordable housing to meet the needs of households and communities nationwide. As an important component of the Biden-Harris Administration's Housing Supply Action plan, HUD has taken, or is exploring, numerous steps to increase the supply of affordable housing through the use of its programs. This includes:

- Restarting the Federal Finance Bank's Risk Sharing program, which provides low-interest loans to state and local housing finance agencies.
- Directing federally held housing supply to owner-occupants and mission-driven entities instead of large investors.
- Making it easier to finance new units and helping manufacturers update their designs to meet changing consumer demands: This includes working to increase the usability of FHA's Title I loan program for Manufactured Housing, supporting greater securitization of Title I loans through Ginnie Mae's platform, updating the HUD Code to allow manufacturers to modernize and expand their production lines, and helping manufacturers respond to supply chain issues.
- Enhancing the FHA 203(k) renovation loan program to increase its usefulness in renovating single family homes to restore them to productive use in communities across the country.
- HUD will launch the \$85 million Pathways to Removing Obstacles to Housing (PRO Housing) competition soon, which supports communities that are actively taking steps to remove barriers to affordable housing caused by burdensome regulations or procedures, gaps in available resources for development, deteriorating or inadequate housing-related infrastructure, or increasing threats from natural hazards.
- Revising FHA's underwriting policies to permit the inclusion of current or prospective rental income from accessory dwelling units in an applicant's income when underwriting a borrower seeking FHA-insured mortgage financing, which will both increase the supply of ADUs and help more households access homeownership and build wealth.
- Treasury and HUD jointly published a 'how to' guide to help governments use American Rescue Plan funds with other sources of Federal funding. Governments have committed billions of their State and Local Fiscal Recovery Funds (SLFRF) resources for affordable housing development.
- HUD has pledged to pursue rulemaking to streamline the HOME Investment Partnerships program, which is a critical resource for the creation of affordable rental housing and homeownership.
- The Thriving Communities Technical Assistance program, funded in FY22 with \$5 million, is designed to support coordination and integration of transportation and housing in infrastructure planning and implementation. HUD is currently accepting requests for technical assistance from local governments.
- HUD has supported the Administration's Housing Supply Action Plan through a number of actions, including programmatic enhancements intended to increase multifamily housing development, changes to FHA asset disposition programs to direct homeownership assets to owner-occupant purchasers, and policy changes to facilitate the construction and financing of alternative housing such as manufactured homes and accessory dwelling units. HUD also supported the Plan by significantly updating key program guidance and trainings; these include an updated "Use of Community Development Block Grant (CDBG) Funds in Support of Housing" program Notice, the new "Increasing the Supply of Affordable Housing" technical assistance website and Affordable Housing Supply

Toolkit, the Barriers to Affordable Housing Webinar Series, and several other technical assistance and program guidance products.

—HUD will also launch the \$225 million Preservation and Reinvestment for Community Enhancement (CDBG-PRICE) competition soon, which will preserve and revitalize manufactured housing communities through infrastructure, planning, resident and community services (including relocation assistance and eviction prevention), resiliency activities, and other assistance to residents or owners of manufactured homes.

Question. What steps could Congress take to increase all forms of housing supply?

Answer. There are numerous steps that Congress could take to increase the supply of housing. The President's fiscal year 2024 Budget included several legislative and funding proposals that would contribute to increased housing supply through HUD programs. These include:

- Mandatory funding for new project-based rental assistance contracts to increase the development of affordable rental and owner-occupied housing and to incentivize jurisdictions to remove barriers to affordable housing developments;
- Modernization of the FHA 203(k) renovation loan program;
- Modernization and enhancement of the FHA Title I Manufactured Housing and Property Improvement programs;
- Preservation of PBRA rental units when transferring to higher-opportunity locations;
- Support the President's Budget request for an increase in the funding of the Federal government's largest affordable housing production grant program, the HOME Investment Partnerships Program;
- Re-baselining of basic statutory mortgage limits for FHA Multifamily programs;
- Authorizing Ginnie Mae securitization of Housing Finance Agency Risk Sharing loans;
- Increase loan guarantee authority for the Section 108 Loan Guarantee program so that jurisdictions can request low cost, federally guaranteed financing for housing, infrastructure and economic development activities, and authority for HUD to finance the construction of new housing units in mixed-use development projects; and
- Expand and improve the Low-Income Housing Tax Credit; create a new Neighborhood Homes Tax Credit to develop and renovate 1–4 unit housing in distressed urban, suburban, and rural neighborhoods.

Also, Congress should fully support the Housing Supply Action Plan and the President's 2024 Budget, including reauthorization and legislative reform for the HOME program. We would be happy to discuss any or all of these proposals and would welcome your support for them.

NATIONAL DEBT LIMIT

Question. As you may know, the Federal government is teetering on the edge of financial disaster. We are on the brink of breaching the debt limit, we are accumulating debt at an historic pace, and we are consistently encouraging reckless and wasteful spending driven in large part by a budget system that is broken. While we have a long way to go, I am encouraged that HUD's FY24 discretionary budget request is roughly 1.6 percent more than FY23-enacted levels. I appreciate your effort to restrain spending increases, and hope other departments and agencies will follow suit.

To accomplish the necessary reductions to our national debt and to reign in reckless spending, we will need an all-hands-on-deck approach across the government. Can you and the Department commit to working with the Committee on finding ways to get our fiscal house in order, while ensuring that essential programs, such as for homelessness and affordable housing, are sufficiently funded?

Answer. This Administration is committed to fiscal responsibility and HUD strives to maximize the use and efficiency of taxpayer dollars. The Budget request reflects this while also accomplishing key goals like increasing the supply of affordable housing and expanding the number of vouchers available for those in need.

In recent testimony to the House Appropriations Subcommittee, the Inspector General noted HUD has made significant strides in improving financial management. The agency has received clean audit opinions for three consecutive years. HUD continues to strengthen controls around its business processes in real-time, as possible, and has a number of formal mechanisms to address and mitigate risks in our operations.

The President's Budget includes several proposals designed to improve HUD's efficiency and effectiveness. These include centralizing funding for inspections, strengthening risk management along with deploying current technologies, and enhanced business processes across our operations that would allow the agency to be agile in its responsiveness and a strong financial steward of public funds.

STATE HOUSING FINANCE AGENCIES AND PERFORMANCE-BASED CONTRACT ADMINISTRATORS

Question. State Housing Finance Agencies (HFAs) have historically played an important role as Performance-Based Contract Administrators (PBCAs) overseeing our nation's affordable housing projects funded through the Project-Based Rental Assistance (PBRA) program. As you know, PBRA provides critical affordable housing stock to low-income families across the country. There is concern that HUD could shift PBCA responsibility from state HFAs to regional authorities. This would harm states like West Virginia that have very specific needs best addressed by dedicated HFAs that understand the state. I am encouraged that HUD's FY24 Budget Request recognizes the important role of state HFAs in the PBRA program. However, I am concerned that HUD has left the door ajar for an eventual shift to a regional approach to administration.

Could you explain how this Committee can ensure that State Housing Finance Agencies are able to continue vitally serving their communities and the Department as Performance-Based Contract Administrators?

Answer. Existing PBCA contracts across the country are expiring, with contract extension periods running out within the next year. Due to the court's decision in CMA Contract Management Services et al. v. United States, HUD cannot extend the existing contracts beyond the limited number of short-term extensions remaining. Instead, absent legislative changes by Congress, HUD will need to procure contractors through a CICA/FAR compliant process that would not meet the needs of HUD, states, or PHAs. The only way to continue with a system similar to the current one is for Congress to provide legislation exempting HUD from the CICA/FAR process. HUD's proposal in the President's Budget reflects the extensive feedback received from many stakeholders, including bipartisan comments from members of Congress regarding HUD's proposed language. In addition to individual conversations, HUD recently held a group listening session with stakeholders to hear comments on the proposal. HUD would welcome the opportunity to work with the Committee on a legislative solution to resolve the PBCA issue.

PROPOSED RULE CHANGES FOR THE HOME INVESTMENT PARTNERSHIPS PROGRAM

Question. The HOME Investment Partnerships Program is HUD's flagship program, and the only Federal block grant, dedicated exclusively to producing affordable housing. HOME is also one of the main tools in providing Federal assistance to West Virginians. Housing agencies have indicated, however, that the regulations and conditions can be burdensome, which restricts the impact HOME funds can have. I understand HUD is developing new rules and regulations for the HOME program.

How does HOME—and the upcoming proposed rule changes—play into the Administration's strategy to address the affordable housing crisis?

Answer. The HOME program reform is a key deliverable of the President's Housing Supply Action Plan. HOME is a critical resource for acquisition, rehabilitation, or construction of affordable rental and homeownership housing in communities across the country. For many localities, HOME is the only affordable housing resource available to them to address their affordable housing needs and priorities.

The HOME program was authorized by Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. The Housing and Community Development Act of 1992 made changes to the HOME statute to streamline the program and has been the only reauthorization of the program. Despite the many innovations in affordable housing financing, the HOME statute has not been significantly changed in 31 years.

The HOME statute itself helps create significant complexity for States and localities administering the HOME program because it is very detailed and prescriptive. The HOME program regulations must then implement these statutory requirements, so HUD is limited in its ability to substantially reform the program through rulemaking alone. HUD is currently developing a HOME proposed rule that, within these statutory confines, will identify unexercised flexibilities and help to streamline and modernize the program. The Department believes that modernization and streamlining of the HOME statute is necessary to ensure that HOME funds can be

used more effectively in newer affordable housing delivery models and seamlessly with other public and private financing.

Question. Can you provide the Committee with an update on where HUD is in this process of updating relevant rules and the impact they will have on states like West Virginia?

Answer. The Department is currently developing the proposed HOME program rule. HUD cannot discuss the content of the rule before it is transmitted to the Hill for review before publication. As part of the rule development process, HUD is carefully considering the unique challenges faced by States as they address affordable housing needs in rural areas.

LEGAL CONSERVATORSHIP OF FANNIE MAE AND FREDDIE MAC

Question. Since the Global Financial Crisis, Fannie Mae and Freddie Mac have been in a legal conservatorship of the U.S. government. These government-sponsored enterprises (GSEs) purchase mortgages on the secondary market, providing certainty and liquidity for the housing market. This legal conservatorship was intended to be a temporary measure to shore up confidence in the housing industry and to allow the GSEs to build up sufficient capital to prevent another subprime mortgage loan crisis. Despite the conservatorship succeeding in its two goals, subsequent administrations have never addressed the conservatorship's future.

Has the Administration taken any position on the conservatorship?

Answer. Fannie Mae and Freddie Mac are in their fourteenth year of conservatorship, and the Congress has not yet enacted legislation to define the GSEs' long-term role in the housing finance system. As noted in the 2024 Budget, the Administration is committed to housing finance policy that increases the supply of housing that is affordable for low- and moderate-income households, expands fair and equitable access to homeownership and affordable rental opportunities, protects taxpayers, and promotes financial stability. The Administration has a key role in shaping, and a key interest in the outcome of, housing finance reform, and stands ready to work with the Congress in support of these goals. Additional questions would be best directed to the entities with direct authority over the conservatorship.

Question. Will you commit to working with Treasury to provide the Committee with information on policy options the Administration, or Congress, could consider?

Answer. HUD will gladly assist in any way it can in providing information or input as requested.

QUESTIONS SUBMITTED BY SENATOR SHELLEY MOORE CAPITO

ECONOMICALLY DISTRESSED RURAL COUNTIES

Question. In economically distressed rural counties, HUD programs are not always targeted well, because of the way that HUD measures incomes and deem eligibility. In these counties, where we find a concentration of low-income Americans, the area median incomes that HUD and other agencies use to set eligibility for their programs are very low because so many people in those counties are struggling to make ends meet. HUD collects and calculates this income data, and uses it to set program eligibility limits. Other agencies use these limits, like USDA, for their own programs.

As far back as 2016, USDA recognized there was a problem with how low the HUD-produced income limits were in some rural places, and instituted something called income banding to try and make the limits work better. Americans seeking services in some rural communities in WV are told that they don't qualify as low-income, even though their family of four is living on \$48,000 a year. But just over the border in neighboring rural Ohio, the same family would qualify as low-income easily.

How long has HUD been aware of this problem?

Answer. HUD's area Median Family Income calculations and the associated Income Limits are calculated in accordance with statute and are designed to designate the same proportion of households as eligible based on metropolitan area and non-metropolitan county estimates of median family income. In each state, HUD sets a floor on income limits derived from the median family income across all the non-metropolitan counties of the state. In the case of West Virginia, there are counties where a family of four living on \$48,000 per year is not considered to be low-income but that same family would be considered low-income in Ohio because of the relative levels of income in the two states. The area Median Family Income across non-metropolitan counties in West Virginia in HUD's FY 2023 income limits was \$64,200.

In Ohio, the commensurate measure of area Median Family Income is \$79,500. Consequently, the lowest county-level low-income limit in West Virginia is \$50,250 whereas in Ohio it is \$62,700.

Available data show that there is an urgent need for affordable housing and housing assistance throughout the country, across all types of communities. HUD tracks the share of households eligible for assistance through its Comprehensive Housing Affordability Strategy Data. These data are special tabulations of American Community Survey Data which apply HUD's Income Limits to Census tabulations to show both owner and renter populations by HUD's Income Limit categories. The most recent data shows that 27 percent of households in West Virginia would be considered very low income by HUD, while in Ohio the figure is 26 percent. The average household income for a family receiving rental assistance from HUD is \$16,000, well below the income limits in even the lowest income states. In West Virginia, the average household income for a family receiving rental assistance from HUD is \$12,516; in Ohio, the same figure is \$12,163.

Question. What is HUD doing to ensure rural Americans in economically distressed communities do not have issues with unreasonably low-income limits?

Answer. Within the calculation of Income Limits, HUD applies a "state non-metropolitan median family income adjustment" which raises the 4-person Very Low-Income limit to be equal to 50 percent of the area Median Family Income calculated across all non-metropolitan counties in a state. For FY 2022 this means that any area in West Virginia where the actual area Median Family Income would generate a 4-Person Very-Low Income limit less than \$29,650, the calculated Median Family Income is raised to \$29,650, subject to HUD's annual limits on income limit increases and decreases.

HUD notes that the greatest barrier to a family receiving needed housing assistance is the limited available funding for that assistance. The Department remains committed to working with Congress on solutions to the nation's urgent need for affordable housing.

Question. Will HUD work with my office to provide technical assistance on legislation to revise the state floor to be extended to include a national floor?

Answer. HUD regularly works with members of the House and Senate on technical drafting service (TDS) requests. We would be happy to provide our data and research expertise through the TDS process.

IMPACT OF AREA MEDIAN INCOME CALCULATIONS

Question. Last year's Appropriations bill included report language that directs HUD to report on the impacts of using new proposed Area Median Income (AMI) calculations to account for poorer, rural states which lower Area Median Income calculations statewide in turn lessening the eligibility of certain areas to receive Federal assistance for housing. In urban areas, 30.4 percent of the population qualifies as "low-income" whereas in rural areas only 16.3 percent of the population does.

Has HUD begun working on this report?

Answer. Yes, HUD has begun working on the report. The report will be based on the recently released FY 2023 Income limits, which were delayed this year due to anomalies in Census data caused by the pandemic. HUD is in the process of quantifying the increase in rent for low-income households that would result from raising income limits in the lowest income states.

Question. If so, where is HUD in the process of compiling this report?

Answer. HUD is still in the analysis phase of compiling information to provide in the report. As part of compiling the necessary data, HUD notes that by setting income limits based on local estimates of median family income, HUD ensures that similar shares of households are classified as low-income regardless of the area's state median family income. Nationally, about 27 percent of households are classified as very low-income based on HUD's income limits in 2019, the latest year for which data are available. This figure is the same for both metropolitan and non-metropolitan counties. The share is also 27 percent for both counties served by the Appalachian Regional Commission and non-Appalachian counties.

HUD ECONOMIC DEVELOPMENT INITIATIVES (EDIS) CDS PROJECTS IN WEST VIRGINIA

Question. Prior to the hearing, my office received an update on FY22 and 23 HUD Economic Development Initiatives (EDIs) CDS projects in West Virginia. Thank you very much for compiling and sharing that information. I am concerned about the lack of funding that has been awarded, in particular the FY22 projects. I understand it is a difficult account that lacks a direct purpose and authorization unlike other CDS accounts.

Will HUD continue to work with my office to keep us informed of when funding is being released to recipients in the state?

Answer. Yes, HUD is committed to keeping your office informed regarding Community Project Funds/Congressional Directed Spending (CPF/CDS) awards in West Virginia. Through the Department's Office of the Chief Financial Officer, Appropriations Liaison Division, the program provides the Senate Appropriations Committee reports of executed CPF/CDS grant agreements on a regular basis. Please reach out to HUD's Office of Congressional and Intergovernmental Relations if you have questions for HUD's Office of Economic Development regarding the status of pending CPF/CDS awards for West Virginia. Thank you for the opportunity to keep you updated regarding how these projects are creating economic opportunities within your state.

QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

Question. Secretary Fudge, as companies work to serve the Ginnie and FHA markets, would you agree that it is important for Ginnie, FHA and HUD to provide clear and consistent guidelines in terms of when an institution should qualify to be approved as well as clarify with companies why they may have fallen short of HUD's standards?

Answer. HUD agrees that it is important to provide clear and consistent approval guidelines for FHA and Ginnie Mae. Both agencies provide extensive information regarding eligibility guidelines and approval requirements and offer clear explanations in instances in which requests for approval are denied. If you are aware of specific instances in which this has not occurred, please let us know so that we can investigate further.

QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

HERSCHEL LASHKOWITZ TOWER

Question. We have been working with the City of Fargo and the Fargo Public Housing Authority to secure funding to demolish and redevelop a HUD housing facility called the Herschel Lashkowitz Tower. The Lashkowitz tower was built over 50 years ago by the Federal government, and has 200 residential units, making it the largest residential building in North Dakota. However, the building is badly outdated and needs to be replaced. Last November, the North Dakota Industrial Commission (NDIC) awarded \$3.4 million in Federal funding for this project, which was made available under HUD's Housing Trust Fund, which provides funding to states for affordable housing development. At the same time, we have been working to secure additional funding for asbestos mitigation and clean-up through the Environmental Protection Agency's Brownfields Cleanup Grants program. The grants are expected to be awarded in the coming weeks, and I want to once again express the importance of this project for low-income families in the Fargo area.

Will you and your team continue to work with my office and state and local officials to move this project forward?

Answer. Yes, HUD will continue to work with all parties.

PUBLIC HOUSING AUTHORITIES IN RURAL AREAS

Question. North Dakota has 32 Public Housing Authorities serving 29,000 North Dakotans in 12,000 households. As North Dakota is a very rural state, some of our Housing Authorities serve areas over 7,000 square miles large.

What type of assistance does HUD provide for Public Housing Authorities located in rural areas to help with capacity building, technical assistance, and training?

Answer. The Office of Field Operations has contracted technical assistance and training that can be provided to PHAs on topics ranging from increasing public housing occupancy, improving physical conditions, PHA governance and HCV utilization. If a PHA requests or a field office sees a need, technical assistance can also be tailored to fit a PHA's needs.

An example of TA provided previously is:

—In 2022, Rolette, North Central (Ramsey), and Towner PHAs, each received technical assistance from HUD's Denver Field Office through a Multi-Agency Support Contract. These PHAs received five half-day training sessions on assorted topics followed by bi-weekly or monthly one-on-one sessions with each

PHA. The assistance was aimed at offering training and technical support across various program areas including both Housing Choice Voucher and Public Housing.

- Fargo Housing and Redevelopment Authority (FHRA) also received direct technical assistance through a Support Contract to assist the PHA with agency capacity and struggling occupancy, and to develop a strategy to manage an aging public housing stock. The Denver Field Office assisted the (FHRA) with a disposition action of the Lashkowitz Tower property in early 2020. In July 2022, after many discussions with HUD subject matter experts, FHRA modified their application to include demolition due to pervasive amounts of asbestos and other hazardous materials.
- All North Dakota PHAs have been regularly attending the MAP Network quarterly Program Update Calls, which serve as a platform for exchanging information and receiving guidance. These calls ensure that the PHAs stay updated on important program developments.
- Overall, the Denver Field Office has been actively engaged in providing technical assistance and training opportunities to the PHAs in North Dakota. Each PHA in North Dakota is assigned a Portfolio Management Specialist, an Engineer, and a Financial Analyst from HUD's Denver Field Office. This team is responsible for monitoring, coaching, and communicating with each of the PHAs in North Dakota, establishing touchpoints on a regular basis, often weekly if not monthly. These communication channels serve as crucial opportunities for PHAs to interact directly with their partners at HUD, enabling them to ask critical questions, seek feedback, and gain valuable knowledge. By engaging in this ongoing dialogue, PHAs in North Dakota can stay informed about the latest updates, policies, and best practices, ensuring a collaborative and supportive relationship between the PHAs and HUD. This consistent communication further strengthens the partnership, fosters a mutual understanding, and enhances the PHAs' ability to effectively serve their communities and fulfill their stated mission.

HOUSING AND URBAN DEVELOPMENT VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH)

Question. Housing and Urban Development Veterans Affairs Supportive Housing (HUD-VASH) is an important program that combines HUD's Housing Choice Voucher rental assistance with VA's case management and clinical services in order to assist veterans experiencing homelessness. The fiscal year 2024 budget request did not include new funding for this program because previously appropriated funds remain available.

Why haven't previously appropriated funds been expended?

Answer. HUD continues to make all appropriated HUD-VASH funds available under the HUD-VASH registration of interest notice process, which allows PHAs and partnering Veteran Affairs Medical Centers (VAMCs) the opportunity to self-identify interest in receiving vouchers. In 2023, HUD is giving PHAs two separate opportunities to register interest for all available HUD-VASH vouchers and funding—the first of these, Notice PIH 2023-09, was published in April.

During the FY 2021 Registration of Interest, fewer PHAs self-identified interest in receiving a HUD-VASH voucher allocation. Many PHAs are working to improve the utilization of their existing program before coming in for additional vouchers. There is also a lack of administrative capacity among some PHAs. HUD and VA are working collaboratively to assist PHAs and VAMCs to improve utilization.

Question. Does HUD have enough resources to ensure that veterans experiencing homelessness who are eligible for this program will be able to access its services?

Answer. HUD believes that there are sufficient HUD-VASH voucher resources to serve the current eligible population of homeless veterans. HUD notes that this may change in the future due to expansion of HUD-VASH eligibility or if veterans are not prevented from becoming newly homeless in the future.

QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

PROPOSED COMMUNITY REINVESTMENT ACT RULE

Question. As drafted, the proposed Community Reinvestment Act rule issued by the OCC, Federal Reserve, and FDIC, could be interpreted to penalize banks that purchase seasoned government-backed loans such as those under HUD's FHA and

Section 184 Indian Home Loan Guarantee programs.? More specifically, the borrower distribution metric is unclear on how it would treat the purchase of a loan to a borrower who was considered LMI at the time the loan was originated, but for whom the bank does not have updated borrower income information at the time of purchase.? Because the borrower distribution metric measures the number of purchased and originated home mortgage loans to LMI borrowers as compared to all of the bank's purchased and originated home mortgage loans, to include purchased, government-backed loans without any updated income information in the borrower distribution metric will artificially suppress CRA ratings.

To what extent do you believe this interpretation of the proposed rule would drive banks away from participating in government loan programs, like the FHA and Section 184 programs, and the Ginnie Mae system?

Answer. HUD appreciates the Senator's interest in the potential impact of the proposed Community Reinvestment Act rule on its programs. The Department is unable, however, to estimate the prospective impact of this proposed rule on lender participation in its programs.

Question. Do you agree that dissuading banks from participating in these programs could result in unintended consequences for borrowers who rely on FHA and Section 184 loan programs??

Answer. HUD welcomes the participation of all interested and qualified lenders in its programs and is unable to estimate the prospective impact of this proposed rule on lender participation in its programs.

Question. Would you support excluding purchased, seasoned, government-backed loans without any income information reported from the borrower distribution metric in the final CRA rule?

Answer. HUD does not have an opinion on this matter.

FHA MULTIFAMILY PRODUCTION

Question. 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'.

With rising interest rates and reduced liquidity across the banking sector, what steps are being taken by FHA to reverse the trend on multifamily housing and help HUD to deliver on its Strategic Plan goal of increasing the supply of housing?

Answer. 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 FOR OLDER AMERICANS

Question. Housing for older Americans has never been more important as we are at peak retirement for Baby Boomers. HUD's section 232 program provides Mortgage Insurance for Residential Care Facilities.

What is HUD doing to update this important program and make sure it meets the needs of our aging population? For example, are there thoughts of moving the age to 55 (to conform with the Fair Housing Act definition of Housing for Older Persons) or making it easier for nursing homes to qualify?

Answer. HUD continuously strives to improve this extremely important and widely used residential care facility financing tool. As you have indicated, the statutory definition of "elderly" that applies to Section 232 assisted living facilities (ALFs) is limited to a person who is at least 62 years of age. Presently, HUD is sometimes able to insure ALFs with younger residents by utilizing Section 232's statutory definition for a Board and Care Home. Doing so is case-specific and is constrained by

other Board and Care Home statutory constraints. HUD is assessing the impacts of its statutory authority under the 232 program and whether changes that serve broader segments of older adults may be merited.

GNMA

Question. The 2024 President's Budget requests \$61.5 million for Ginnie Mae, which is \$20.6 million more than the 2023 enacted level. I understand that 2024 will be the first year that Ginnie Mae transitions to support the entire cost for personnel services strictly from an annual appropriation.

Can you share with the committee how this budget will enable Ginnie Mae to better achieve its mission to provide liquidity in the housing finance ecosystem?

Answer. The budget request for Ginnie Mae's Salaries & Expenses (\$61 million) will support 271 full-time equivalents (FTEs), and provide necessary resources for Ginnie Mae to continue building on recent successes in driving liquidity toward equitable and affordable housing, including but not limited to:

- Further investing in the Home Equity Conversion Mortgages (“HECMs”) MBS Program. The HECM MBS program provides liquidity benefits for senior citizens who depend on this product to access equity in their homes. The budget ensures that Ginnie Mae can implement programmatic improvements to continue to support Issuer liquidity and the long-term health of this product/program.

It is important to note that a significant increase in the 2024 budget request is the result of additional staffing needs related to the default of a large HECM MBS Issuer in December 2022 (FY 2023). Upon default, Ginnie Mae assumed the obligations for ongoing management and operation of the defaulted portfolio (\$21 billion). A significant surge in staffing is needed to manage the daily requirements of this sizeable and complex portfolio.

- Optimize investment strategies that align with the HUD 2022–2026 Strategic Plan. The Plan explicitly directs Ginnie Mae to pursue providing additional liquidity support to underserved communities. This will entail the creation of new security products and delivery structures (e.g., conversion of multifamily risk share lending to Ginnie Mae securitization; Title I lending; developing a business channel and securitization product to enhance liquidity for Community Development Financial Institutions, etc.). For FY 2024, continued progress will be dependent on funding to deploy dedicated FTE resources to support these initiatives.
- Expanding our existing Digital Collateral program. In FY 2022, Ginnie Mae increased Issuer participation opportunities by reopening the program to new eIssuer applications. Since reopening in June 2022, Ginnie Mae has processed over 20 eIssuers after completing risk assessments and system testing for each. This effort has re-engineered requirements for the management of pool collateral, including facilitating the conversion from paper-based to a digital approach, which requires additional staffing resources.
- Enhancing our MBS program and platform through IT initiatives. In executing these initiatives, Ginnie Mae takes advantage of cloud migration. This enhancement of technology transformation ensures that Ginnie Mae's MBS platform remains competitive and agile in the dynamic secondary mortgage industry.
- Mitigating major cyber and counterparty credit risks. The scale of the MBS platform necessitates continued investment over multiple years. In October 2022 (FY 2023), Ginnie Mae completed migration of its securitization platform to Amazon Web Services (AWS) GovCloud. With this migration, Ginnie Mae has the foundational architecture to provide enhanced visibility into our security operations and enable compliance with current/future risk requirements mandated by the government (e.g., Executive Order 14028). In addition, Ginnie Mae continues to make strides in data and analytics, but deficiencies exist within legacy tools/systems.

FIRSTHOME DOWN PAYMENT ASSISTANCE INITIATIVE

Question. You have requested \$100 million for the First Home Down payment Assistance initiative. Homeownership is a proven method of building wealth but obtaining the resources to meet required down payment and closing costs is the most significant obstacle to homeownership for potential first-time homebuyers who could otherwise afford the monthly costs of owning a home. The proposed set-aside within the HOME account aims to support sustainable homeownership among first-genera-

tion, first-time homebuyers while piloting programmatic flexibilities and innovations in subsidy delivery.

Would this initiative help participating borrowers achieve greater equity in their homes at the time of closing?

Answer. Yes. The purpose of the FirstHOME Downpayment Assistance (DPA) initiative is to provide downpayment assistance to first-time, first-generation homebuyers (i.e., homebuyers who have not owned a home and whose parents do not own a home). The purpose of the initiative is to help participating homebuyers achieve a 10 percent equity stake, through homebuyer downpayment, sweat equity, the FirstHOME DPA, or other assistance, in their home at the time of closing.

Question. How would it reduce the likelihood of default and foreclosure?

Answer. First HOME DPA will seek to combine upfront assistance to attain a 10 percent equity stake with other tools such as HUD-approved homebuyer counseling before purchase to ensure that first-time, first-generation homebuyers achieve homeownership that is sustainable. Research suggests that a higher level of homebuyer equity and first mortgage debt that meets industry standards are correlated with lower rates of default.

The FirstHOME DPA initiative will be administered by state HOME grantees, which in most states is the state housing finance agency. HUD will encourage these state grantees to combine FirstHOME DPA with other resources such as first mortgage financing provided through state-funded mortgage products, community development financial institution (CDFI) and other community lender mortgage products, and FHA-insured products.

Question. Under this initiative, who determines issues such as the type of housing product, the location of the affordable housing, and the segment of their low-income population to be served through the housing investment?

Answer. State HOME grantees would design and administer FirstHOME DPA programs under flexible rules that encourage pilots and demonstrations of new approaches to serving low-and moderate-income first-time homebuyers who are also first-generation homebuyers. As in the main HOME Program, the grantee would determine the type of housing that may be acquired with FirstHOME DPA and establish eligibility and other rules for its program. Each state grantee would administer the program statewide.

FHA'S IT SYSTEMS

Question. FHA Catalyst is a crucial project to help provide cloud-based platforms to reduce costs, risk, and fraud, and bring FHA in line with current industry practices. I support the enhanced level of resources provided in recent years to HUD's Cybersecurity and Information Technology Fund to help the agency better meet its acute information technology (IT) needs on a broad basis, including multifamily housing IT modernization and the ongoing upgrade of FHA's decades-old single-family IT infrastructure.

How would you characterize the current state of FHA's IT systems?

Answer. HUD has completed a number of improvements to date under the Housing IT Modernization Initiative, the bulk of which have occurred as components of the FHA Catalyst program. In 2020, HUD implemented the FHA Catalyst Case Binder and Claims Modules, which allow FHA lenders to submit case binders and claims electronically. Previously, HUD maintained paper-based processes that made it difficult for FHA partners to conduct business with FHA. In 2021, HUD delivered the FHA Catalyst Single Family Default Monitoring System, which provides FHA with a modern interface for tracking data on Defaulted Mortgages. This allows HUD to better understand which loss mitigation policies are being utilized to help delinquent borrowers remain in their homes, and to develop more effective policies to support borrowers and lenders.

HUD remains committed to modernizing FHA's IT infrastructure and we are currently in the process of updating the roadmap for the Housing IT Modernization Initiative, which will articulate the strategies and prioritization that will guide HUD's next steps in IT modernization. This modernization of FHA's information technology will streamline processes for stakeholders and staff and improve analytical capabilities and internal controls.

Question. What more can be done to help FHA improve its quality assurance controls and the integrity of its systems?

Answer. Completion of the Office of Housing's comprehensive IT modernization requires Congressional support for continued appropriations and such resources are requested in the 2024 President's Budget for the Information Technology Fund in the amount of \$3.3 million. While the Department is very proud of the progress made to date, it will take additional resources to complete the work to properly mod-

ernize FHA's technology. We look forward to working with Congress as we collectively seek to finish the job of providing the trillion dollar FHA program the resources it needs to operate responsibly and efficiently in a 21st century mortgage finance environment.

SMALL BALANCE MORTGAGE DEMONSTRATION

Question. Your budget request includes a \$15 million set-aside to finance the new Small Balance Mortgage demonstration, which will help increase access for mortgages for lower-priced, affordable homes.

How will this demonstration program examine how to streamline regulations to make the small dollar mortgage market more efficient and accessible? This would represent a key step forward for potential home buyers.

Answer. HUD's research has indicated that the primary barrier to the origination of small balance mortgage loans is the limited compensation lenders can earn from these transactions. While mortgage origination costs are largely fixed, lender compensation is variable based upon loan size. HUD's proposed small balance mortgage pilot will allow us to test whether small incentives that help to address lender profitability concerns will prompt them to increase the number of small balance mortgages originated in FHA programs. We are hopeful that the program may incentivize some lenders to establish the requisite strategy and infrastructure to originate these loans at scale with or without subsidy.

SUBCOMMITTEE RECESS

Senator SCHATZ. And this hearing is now adjourned.

[Whereupon, at 11:06 a.m., Thursday, April 20, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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