



U.S. Department of  
Transportation

# **BUDGET ESTIMATES FISCAL YEAR 2016**

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## **PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

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SUBMITTED FOR THE USE OF  
THE COMMITTEE ON APPROPRIATIONS

**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
FY 2016 BUDGET REQUEST  
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**U.S. DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
FY 2016 BUDGET REQUEST OVERVIEW**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) requests \$288.7 million for FY 2016, or \$44.2 million more than the FY 2015 enacted amount. Funding for initiatives and ongoing operations will remain predominantly reliant on user fees; under the proposed FY 2016 Budget, such fees make up 74 percent of resources while general funds account for 26 percent.

PHMSA actively oversees more than 40,000 companies involved in the commercial transportation of petroleum products and hazardous materials. Pipelines carry natural gas and hazardous liquids over a 2.6 million mile network serving 66 million residential and business customers. On any given day, more than 6 million tons of hazardous materials move millions of miles across the nation's land, water and air transportation corridors.

Of pressing importance is PHMSA's role in managing growing risk from new oil and gas fields in remote areas such as North Dakota's Bakken region, northern Pennsylvania, and Louisiana. These production points and those expected are less likely served by pipelines and rely heavily on rail, motor carrier and waterways moving combustible products through our communities. PHMSA's expansion of existing hazardous materials programs, which includes the Department's Safe Transport of Energy Products initiative, request places inspectors and regulatory staff on the front lines to reduce new risks.

Oil and natural gas make up most of the products transported under PHMSA's jurisdiction. Pipelines, in particular, supply more than two-thirds of the energy used in all facets of American life. With new discoveries, production will continue to grow as technological advances unlock previously inaccessible sources of energy across the country.

Protecting people and the environment, while working with partners in the states and industry, is PHMSA's fundamental mission. It means transitioning PHMSA and its state partners toward greater use of collected data to analyze, reduce and prevent otherwise unforeseen risks from becoming failures with human and environmental consequences.

In addition to supporting the proposed Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America (GROW AMERICA) Act and the continuation of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Job Creation Act), the FY 2016 Budget request focuses on the following four initiatives:

1. **Expansion of existing Hazardous Materials programs including the Safe Transport of Energy Products initiative** – The request for this initiative is \$6.9 million for research and development, safety and testing equipment, training and outreach for the safe transport of energy products and includes 20.0 FTEs/40 FTPs for the safe transport of all hazardous materials. This initiative is currently the most significant for the Hazardous Materials Safety program and the American public, as it has been designed to immediately increase safety standards through the regulatory process. The majority of staff requested is to support expanding hazardous materials in transport-related enforcement and investigations. Other staff consists of subject matter experts, including economic/policy analysis, chemists, engineers, regulatory specialists and transportation specialists.
2. **National Pipeline Information Exchange (NPIX)** – An increase of \$12.0 million is requested to build a repository for inspection and enforcement data from PHMSA and the states to create an aggregate, national view of the pipeline system. Geospatial data collected through NPIX will be

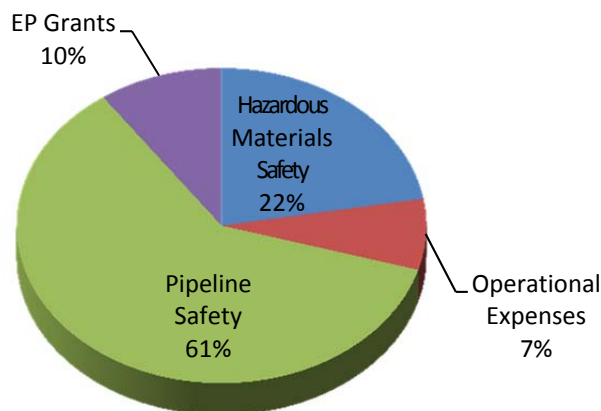
loaded in the National Pipeline Mapping System to produce a detailed map of the pipeline network. This data will also enable the proactive monitoring of issues, management of risks associated with trends, and implementation of best practices in maintaining our national pipeline network.

3. **Risk Management Framework (RMF)** – With a request of \$3.3 million including 6.0 FTEs/12 FTPs, RMF concentrates the Office of Hazardous Materials Safety’s move toward more data-driven, risk-based, and preventive approaches that use data investigation teams, advanced economic analysis techniques, and research and development tools to anticipate and mitigate potential hazmat transportation risks. This initiative drives PHMSA’s focus on taking a more proactive stance on risk management.
4. **Design Review Fund** – PHMSA is requesting to change the \$2.0 million Design Review Fund from a mandatory receipt as authorized and appropriated in FY 2015 to an offsetting collection for FY 2016.

In particular, the FY 2016 Budget would dedicate:

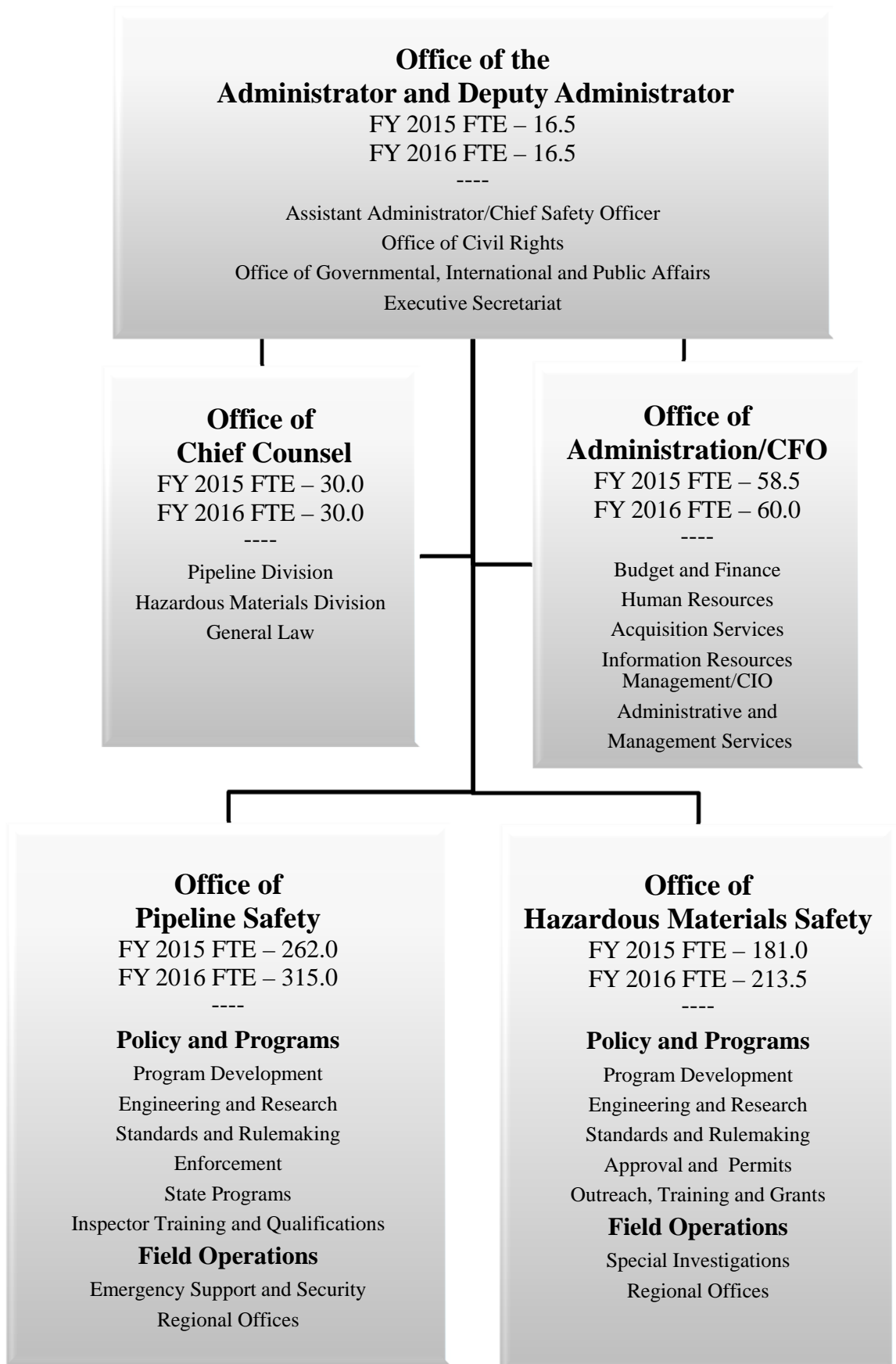
- \$175.1 million to Pipeline Safety, which is \$29.6 million more than the FY 2015 enacted budget. This request proposes a change to the \$2 million Design Review Fund from a mandatory receipt to a discretionary offsetting collection and funding of \$12 million for the National Pipeline Information Exchange;
- \$64.3 million to Hazardous Materials Safety, which is \$12.3 million more than the FY 2015 enacted budget. The request includes 26.0 newly requested FTEs/52 FTPs to support the Risk Management Framework and the expansion of existing Hazardous Materials programs including the Safe Transport of Energy Products initiatives. From the total request, \$4.8 million will support the program costs associated with the expansion of current and new initiatives;
- \$28.3 million in Emergency Preparedness (EP) Grants would go to first responders and communities engaged in the critical work of gaining and disseminating know-how aimed at reducing risk and harm posed by hazardous materials; and
- \$21 million would fund the Operational Expenses account, which is \$275 thousand more than the enacted FY 2015 budget.

*Here is a summary pie chart of the FY 2016 Budget request by percentage of program costs. Additional details and explanations covering these and the full complement of activities under PHMSA’s purview appear in the sections and pages that follow.*



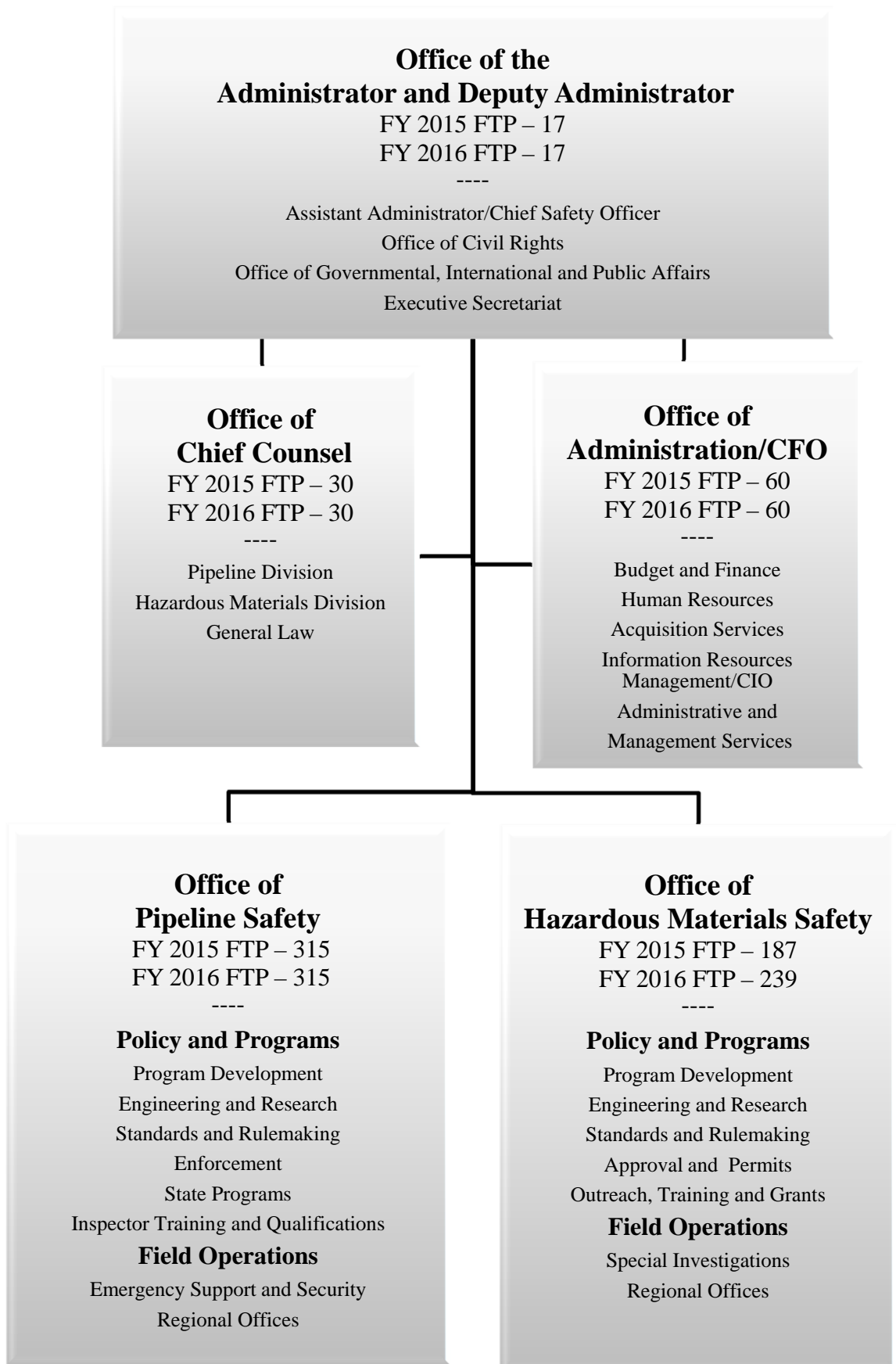
**Total FY 2016 PHMSA Request: \$288,676,000**

**Exhibit I: Pipeline and Hazardous Materials Safety Administration (PHMSA)  
Full-Time Equivalents (FTEs) for FY 2015 and FY 2016 Budget Request  
Totals: FY 2015 FTE – 548.0 / FY 2016 FTE – 635.0**



Note: Organizational chart reflects where staff currently works rather than its sources of funding.

**Exhibit I: Pipeline and Hazardous Materials Safety Administration (PHMSA)  
 Full-Time Positions (FTPs) for FY 2015 and FY 2016 Budget Request  
 Totals: FY 2015 FTP – 609 / FY 2016 FTP – 661**





## **Pipeline and Hazardous Materials Safety Administration Summary of FY 2016 Request Highlights**

### **Pipeline Safety**

#### ***National Pipeline Information Exchange \$12,000,000***

PHMSA proposes to continue addressing the pressing dangers of aging pipelines, newly emerging pipeline materials, and the significant growth in new pipeline infrastructure through this new initiative which gathers inspection, enforcement and geospatial data from the states to proactively prevent incidents causing harm to the public, property, and environment.

#### ***Design Review Fund \$2,000,000***

PHMSA proposes to change the Design Review Fund which allows for the collection of fees as a mandatory receipt to a discretionary offsetting collection. The Design Review Fund enables PHMSA to recover from companies costs associated with conducting pipeline facility design reviews on projects with design and construction costs of at least \$2.5 billion, or when projects use new or novel technologies or design.

### **Hazardous Materials Safety**

#### ***Expansion of Existing Hazardous Materials Programs \$6,905,000 including 20.0 FTE/ 40 FTP***

PHMSA proposes to take necessary action to prevent accidents involving flammable liquids release and to address findings by the National Transportation Safety Board and the Canadian Transportation Safety Board for recent incidents in North Dakota, Quebec, and Alabama. This initiative will also increase the inspection and enforcement workforce to address the increasing volume of hazardous materials being transported across our nation. It also provides subject matter experts to facilitate the multi-million and multi-billion dollar rulemakings and accurately access the benefits and costs of regulations.

#### ***Risk Management Framework \$3,300,000 including 6.0 FTE/ 12 FTP***

PHMSA proposes to enhance its risk management capabilities, strengthen its investigation teams, implement a more rigorous research and development curriculum, and reform its grant programs in order to confront changes in current and emerging safety risks.

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**SUMMARY OF CHANGE FY 2015 TO FY 2016**

	<u>\$000</u>	<u>FTE</u>
<b>FY 2015 Enacted Budget</b>	<b>\$244,490</b>	<b>548.0</b>
<b>Administrative Adjustments to Base:</b>		
Adjustment to Base (Salaries & Benefits)	\$2,235	0.0
Annualization of 2015 Pay Raise	161	0.0
Annualization of FY 2015 FTE	13,300	61.0
One Extra Compensable Day	330	0.0
2016 Pay Raise	843	0.0
GSA Rent	166	0.0
Working Capital Fund	(254)	0.0
Non-pay Inflation	1,147	0.0
	<u><b>\$17,928</b></u>	<u><b>61.0</b></u>
<b>New or Expanded Programs</b>		
<u>Pipeline Safety</u>		
1. Mapping & Information Systems: National Pipeline Information Exchange	12,000	0.0
2. Design Review	2,000	0.0
Subtotal, Pipeline Safety	<u>\$14,000</u>	<u>0.0</u>
<u>Emergency Preparedness Grants</u>		
1. Sequestration	2,053	0.0
Subtotal, Emergency Preparedness Grants	<u>2,053</u>	<u>0.0</u>
<u>Hazardous Materials Safety</u>		
1. Expansion of Existing Programs Including Safe Transport of Energy Products, 40 FTP	\$6,905	20.0
2. Risk Management Framework, 12 FTP	3,300	6.0
Subtotal, Hazardous Materials Safety	<u>\$10,205</u>	<u>26.0</u>
<b>Subtotal, New or Expanded Programs</b>	<u><b>\$26,258</b></u>	<u><b>26.0</b></u>
<b>FY 2016 Request</b>	<u><u><b>\$288,676</b></u></u>	<u><u><b>635.0</b></u></u>

## **II: Budget Summary Tables**

**EXHIBIT II-1**

**FY 2016 COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2014 ACTUAL</u>	<u>FY 2015 ENACTED</u>	<u>FY 2016 REQUEST</u>
<b>Pipeline Safety</b>			
Pipeline Safety Fund	98,514	124,500	152,104
Oil Spill Liability Trust Fund	18,573	19,500	19,500
Design Review Fund	0 <sup>1</sup>	0 <sup>1</sup>	2,000
General Fund	1,500	1,500	1,500
<b>Subtotal</b>	<b>\$118,587</b>	<b>\$145,500</b>	<b>\$175,104</b>
<b>Hazardous Materials Safety</b>			
General Fund	45,000	52,000	52,254
Special Permit and Approvals Fund	0	0	12,000
<b>Subtotal</b>	<b>\$45,000</b>	<b>\$52,000</b>	<b>\$64,254</b>
<b>Emergency Preparedness Grants</b>			
Emergency Preparedness Fund (Mandatory)	26,105 <sup>2</sup>	26,077 <sup>3</sup>	28,130
Emergency Preparedness Fund (Discretionary)	188	188	188
<b>Subtotal</b>	<b>\$26,293</b>	<b>\$26,265</b>	<b>\$28,318</b>
<b>Operational Expenses</b>			
General Fund	19,515	20,725	21,000
Pipeline Safety Fund	639	0	0
<b>Subtotal</b>	<b>\$20,154</b>	<b>\$20,725</b>	<b>\$21,000</b>
<b>TOTAL</b>	<b>\$210,034</b>	<b>\$244,490</b>	<b>\$288,676</b>

<sup>1</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 and the Consolidated and Further Continuing Appropriations Act of 2015 provided the authority to retain fees collected in FY 2014 and 2015 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>2</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

<sup>3</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

**EXHIBIT II-2**

**FY 2016 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2014 ACTUAL</u>	<u>FY 2015 ENACTED</u>	<u>FY 2016 REQUEST</u>
<b>Pipeline Safety</b>			
Pipeline Safety Fund	98,514	124,500	152,104
Oil Spill Liability Trust Fund	18,573	19,500	19,500
Design Review Fund	0 <sup>1</sup>	0 <sup>1</sup>	2,000
General Fund	1,500	1,500	1,500
	<b>\$118,587</b>	<b>\$145,500</b>	<b>\$175,104</b>
<b>Hazardous Materials Safety</b>			
General Fund	45,000	52,000	52,254
Special Permit and Approvals Fund	0	0	12,000
	<b>\$45,000</b>	<b>\$52,000</b>	<b>\$64,254</b>
<b>Emergency Preparedness Grants</b>	<b>\$26,293</b> <sup>2</sup>	<b>\$26,265</b> <sup>3</sup>	<b>\$28,318</b>
<b>Operational Expenses</b>			
General Fund	19,515	20,725	21,000
Pipeline Safety Fund	639	0	0
	<b>\$20,154</b>	<b>\$20,725</b>	<b>\$21,000</b>
<b>TOTAL</b>	<b>\$210,034</b>	<b>\$244,490</b>	<b>\$288,676</b>

<sup>1</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 and the Consolidated and Further Continuing Appropriations Act of 2015 provided the authority to retain fees collected in FY 2014 and 2015 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>2</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

<sup>3</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

**EXHIBIT II-3**

**FY 2016 BUDGET REQUEST BY STRATEGIC AND PERFORMANCE GOALS  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
Appropriations, Obligations, and Exempt Obligations  
(\$000)**

<b>STRATEGIC &amp; PERFORMANCE GOALS by Performance Measure</b>	<b>FY 2014 ACTUAL</b>	<b>FY 2015 ENACTED</b>	<b>FY 2016 REQUEST</b>
<b>SAFETY</b>			
a. Reduce the number of natural gas and hazardous liquid pipeline incidents involving death or major injury	\$129,610	\$157,705	\$187,592
b. Reduce the number of hazardous materials transportation incidents involving death or major injury	\$80,424	\$86,785	\$101,084
<b>Total - Safety Strategic Goal</b>	<b>\$210,034</b>	<b>\$244,490</b>	<b>\$288,676</b>
<b>GRAND TOTAL</b>	<b>\$210,034</b>	<b>\$244,490</b>	<b>\$288,676</b>

**EXHIBIT II-3a**

**FY 2016 BUDGET REQUEST BY DOT OUTCOMES  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<b>DOT Outcome</b>	<b>Program</b>	<b>FY 2016 Request</b>
<b>SAFETY</b>		
Reduction in transportation-related deaths and injuries	Pipeline Safety	<b>\$187,592</b>
Reduction in transportation-related deaths and injuries	Hazardous Materials Safety	<b>\$101,084</b>

**EXHIBIT II-4**

**FY 2016 BUDGET AUTHORITY  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<u>ACCOUNT NAME</u>	<i>Mandatory/ Discretionary</i>	<b>FY 2014 ACTUAL</b>	<b>FY 2015 ENACTED</b>	<b>FY 2016 REQUEST</b>
Pipeline Safety	<i>D</i>	118,587 <sup>1</sup>	145,500	175,104
Hazardous Materials Safety	<i>D</i>	45,000	52,000	64,254
Emergency Preparedness Grants	<i>M</i>	26,105 <sup>2</sup>	26,077 <sup>3</sup>	28,130
	<i>D</i>	188	188	188
		<u>26,293</u>	<u>26,265</u>	<u>28,318</u>
Operational Expenses	<i>D</i>	20,154	20,725	21,000
<b>TOTAL</b>		<b>\$210,034</b>	<b>\$244,490</b>	<b>\$288,676</b>
<i>Mandatory</i>		26,105	26,077	28,130
<i>Discretionary</i>		183,929	218,413	260,546
<b><u>PROPRIETARY AND OTHER GOVERNMENTAL RECEIPTS</u></b>				
Pipeline Safety User fees	<i>D</i>	100,256	124,500	152,104
Pipeline Safety Design Review Fee	<i>D</i>	0	0	2,000
Hazardous Materials Special Permits and Approvals User Fee	<i>D</i>	0	0	12,000
Hazardous Materials Registration Program	<i>M</i>	649	800	800
Hazardous Materials Transportation Registration, Filing, and Permits	<i>M</i>	23,445	26,265	28,318
<b>TOTAL</b>		<b>124,349</b>	<b>151,565</b>	<b>195,222</b>

<sup>1</sup> The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or uses new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 and the Consolidated and Further Continuing Appropriations Act of 2015 provided the authority to retain fees collected in FY 2014 and 2015 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>2</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

<sup>3</sup> Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.



**EXHIBIT II-5**

**FY 2016 OUTLAYS  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<u>ACCOUNT NAME</u>	<u>FY 2014 ACTUAL</u>	<u>FY 2015 ENACTED</u>	<u>FY 2016 REQUEST</u>
Pipeline Safety			
Pipeline Safety Fund	\$91,407	\$126,397	\$145,671
Design Review Fund	0	0	1,000
Transfer from Operational Expenses	1,218	1,500	1,500
Trust Fund Share of Pipeline Safety	16,702	20,327	19,831
Subtotal, Pipeline Safety	<u>\$109,328</u>	<u>\$148,224</u>	<u>\$168,002</u>
Hazardous Materials Safety			
General Fund	\$40,978	\$53,039	\$52,401
Special Permits and Approval Fund	0	0	8,000
Subtotal, Hazardous Materials Safety	<u>\$40,978</u>	<u>\$53,039</u>	<u>\$60,401</u>
Emergency Preparedness Grants			
Mandatory	\$21,793	\$32,842	\$35,457
Discretionary	147	119	122
Subtotal, Emergency Preparedness Grants	<u>\$21,940</u>	<u>\$32,961</u>	<u>\$35,579</u>
Operational Expenses	\$18,810	\$22,388	\$20,912
Research and Special Programs	\$21	\$329	\$0
<b>TOTAL</b>	<b>\$191,077</b>	<b>\$256,941</b>	<b>\$284,894</b>
<i>Discretionary</i>	<i>169,284</i>	<i>224,099</i>	<i>249,437</i>
<i>Mandatory</i>	<i>21,793</i>	<i>32,842</i>	<i>35,457</i>

**EXHIBIT II-6**  
**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
 Appropriations, Obligation Limitations, and Exempt Obligations  
 (\$000)

PHMSA SUMMARY	FY 2015 Enacted	Realignments	Adjustment to Base Pay	Baseline Changes				FY 2016 Baseline Estimate	Program Increases/Decreases	Request
				Annualization of 2015 Pay Raises	Annualization of FY 2015 FTE	2016 Pay Raises	2016 Pay Raises			
<b>PERSONNEL RESOURCES (FTE)</b>	<b>548.0</b>				<b>61.0</b>			<b>609.0</b>	<b>26.0</b>	<b>635.0</b>
Direct FTE	548.0				61.0			609.0	26.0	635.0
Reimbursable FTE	0.0							0.0		0.0
<b>FINANCIAL RESOURCES</b>										
<b>ADMINISTRATIVE EXPENSES</b>										
Salaries and Benefits	\$74,101	\$675	\$2,235	\$161	\$8,968	\$330	\$843	\$87,313	\$3,848	\$91,161
Travel	\$6,385				\$732			\$7,162	\$312	\$7,474
GSA Rent	\$8,121	(\$600)			\$794		\$166	\$8,481	\$338	\$8,819
Communications & Utilities	\$914							\$923		\$923
Printing	\$284							\$287		\$287
Other Services:								\$0		\$0
- Other	\$11,404	(\$75)			\$2,258			\$13,629	\$1,069	\$14,698
- WCF	\$8,275							\$8,239		\$8,239
Supplies	\$105							\$105		\$105
Equipment	\$1,331				\$550			\$1,899	\$234	\$2,133
<b>Subtotal, Administrative</b>	<b>\$110,920</b>	<b>\$0</b>	<b>\$2,235</b>	<b>\$161</b>	<b>\$13,300</b>	<b>\$330</b>	<b>\$843</b>	<b>\$127,818</b>	<b>\$5,801</b>	<b>\$133,619</b>
<b>PROGRAMS</b>										
<b>Contract Programs</b>										
Pipeline Safety	\$22,264							\$22,486	\$14,000	\$36,486
Hazardous Materials Safety	\$8,852							\$8,902	\$3,985	\$12,887
Emergency Preparedness Grants	\$906							\$906	\$57	\$963
Operational Expenses	\$5,693							\$5,750		\$5,750
<b>Subtotal, Programs</b>	<b>\$37,715</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$38,044</b>	<b>\$18,042</b>	<b>\$56,086</b>
<b>Research and Development</b>										
Pipeline Safety	\$12,310							\$12,433		\$12,433
Hazardous Materials Safety	\$7,000							\$7,070	\$500	\$7,570
<b>Subtotal, Research and Development</b>	<b>\$19,310</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,503</b>	<b>\$500</b>	<b>\$20,003</b>
<b>Grants</b>										
Pipeline Safety	\$52,215							\$52,723		\$52,723
Emergency Preparedness Grants	\$24,330							\$24,330	\$1,915	\$26,245
<b>Subtotal, Grants</b>	<b>\$76,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$77,053</b>	<b>\$1,915</b>	<b>\$78,968</b>
<b>Subtotal, Programs</b>	<b>\$133,570</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$134,600</b>	<b>\$20,457</b>	<b>\$155,057</b>
<b>TOTAL FINANCIAL RESOURCES</b>	<b>\$244,490</b>	<b>\$0</b>	<b>\$2,235</b>	<b>\$161</b>	<b>\$13,300</b>	<b>\$330</b>	<b>\$843</b>	<b>\$262,418</b>	<b>\$26,258</b>	<b>\$288,676</b>

**EXHIBIT II-6**  
**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
 Appropriations, Obligation Limitations, and Exempt Obligations  
 (\$000)

PIPELINE SAFETY	FY 2015 Enacted	Realignments	Adjustment to Base Pay	Annualization of 2015 Pay Raises	Annualization of FY 2015 FTE	One Extra Compensable Day	2016 Pay Raises	GSA Rent	WCF Increase/Decrease	1.0% Inflation	FY 2016 Baseline Estimate	Program Increases/Decreases	FY 2016 Request	Baseline Changes	
														FY 2015 Enacted	FY 2016 Request
<b>PERSONNEL RESOURCES (FTE)</b>	<b>281.5</b>				<b>54.5</b>						<b>336.0</b>		<b>336.0</b>		
Direct FTE	281.5				54.5						336.0		336.0		
Reimbursable FTE	0.0										0.0		0.0		
<b>FINANCIAL RESOURCES</b>															
<b>ADMINISTRATIVE EXPENSES</b>															
Salaries and Benefits	\$37,218	\$675	\$2,235	\$73	\$8,012	\$185	\$472			\$26	\$48,870		\$48,870		
Travel	\$4,505				\$654			\$98			\$5,185		\$5,185		
GSA Rent	\$4,788	(\$600)			\$709					\$4	\$4,995		\$4,995		
Communications & Utilities	\$446									\$1	\$450		\$450		
Printing	\$76										\$77		\$77		
Other Services:															
- Other	\$6,403	(\$75)			\$2,017				(\$109)		\$8,236		\$8,236		
- WCF	\$4,105								(\$131)		\$3,974		\$3,974		
Supplies	\$37										\$37		\$37		
Equipment	\$1,133				\$491					\$16	\$1,640		\$1,640		
<b>Subtotal, Administrative</b>	<b>\$8,711</b>	<b>\$0</b>	<b>\$2,235</b>	<b>\$73</b>	<b>\$11,881</b>	<b>\$185</b>	<b>\$472</b>	<b>\$98</b>	<b>(\$240)</b>	<b>\$47</b>	<b>\$73,462</b>	<b>\$0</b>	<b>\$73,462</b>		
<b>PROGRAMS</b>															
<b>Contract Programs</b>															
Compliance/Pipeline Integrity Management	\$10,530									\$105	\$10,635		\$10,635		
Training, Information, & Community Assist. Services	\$8,417									\$84	\$8,501		\$8,501		
Mapping and Information Systems	\$1,803									\$18	\$1,821		\$1,821		
Implementing the Oil Pollution Act	\$1,514									\$15	\$1,529		\$1,529		
Pipeline Design Review	\$0										\$0		\$2,000		
<b>Subtotal, Contract Programs</b>	<b>\$22,264</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$222</b>	<b>\$22,486</b>	<b>\$14,000</b>	<b>\$36,486</b>		
<b>Research &amp; Development</b>															
<b>Subtotal, Research and Development</b>	<b>\$12,310</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$123</b>	<b>\$12,433</b>	<b>\$0</b>	<b>\$12,433</b>		
<b>Grants</b>															
State Pipeline Safety Grants	\$48,088									\$481	\$48,569		\$48,569		
State One-call Grants	\$1,069									\$11	\$1,080		\$1,080		
State Damage Prevention Grants	\$1,558									\$16	\$1,574		\$1,574		
Information Grants to Communities	\$1,500										\$1,500		\$1,500		
<b>Subtotal, Grants</b>	<b>\$52,215</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$508</b>	<b>\$52,723</b>	<b>\$0</b>	<b>\$52,723</b>		
<b>Subtotal, Programs</b>	<b>\$86,789</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$853</b>	<b>\$87,642</b>	<b>\$14,000</b>	<b>\$101,642</b>		
<b>TOTAL FINANCIAL RESOURCES</b>	<b>\$145,500</b>	<b>\$0</b>	<b>\$2,235</b>	<b>\$73</b>	<b>\$11,881</b>	<b>\$185</b>	<b>\$472</b>	<b>\$98</b>	<b>(\$240)</b>	<b>\$900</b>	<b>\$161,104</b>	<b>\$14,000</b>	<b>\$175,104</b>		

**EXHIBIT II-6**  
**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**Appropriations, Obligation Limitations, and Exempt Obligations**  
**(\$000)**

**Baseline Changes**

<b>HAZARDOUS MATERIALS SAFETY</b>	<b>2015 Enacted</b>	<b>Annualization of 2015 Pay Raises</b>	<b>Annualization of FY 2015 FTE</b>	<b>One Extra Compensable Day</b>	<b>2016 Pay Raises</b>	<b>WCF Increase/Decrease</b>	<b>1.0% Inflation</b>	<b>FY 2016 Baseline Estimate</b>	<b>Program Increases/Decreases</b>	<b>FY 2016 Request</b>
<b>PERSONNEL RESOURCES (FTE)</b>	<b>196.5</b>		<b>6.5</b>					<b>203.0</b>	<b>26.0</b>	<b>229.0</b>
Direct FTE	196.5		6.5					203.0	26.0	229.0
<b>FINANCIAL RESOURCES</b>										
<b>ADMINISTRATIVE EXPENSES</b>										
Salaries and Benefits <sup>1,2</sup>	\$26,251	\$62	\$956	\$104	\$267		\$19	\$27,640	\$3,848	\$31,488
Travel <sup>1,2</sup>	\$1,821		\$78					\$1,918	\$312	\$2,230
GSA Rent <sup>1,2</sup>	\$2,312		\$85		\$48			\$2,445	\$338	\$2,783
Communications & Utilities	\$409						\$4	\$413		\$413
Printing	\$142						\$1	\$143		\$143
Other Services:										
- Other <sup>1,2</sup>	\$1,484		\$241			(\$109)	\$17	\$1,633	\$988	\$2,621
- WCF	\$3,516					\$95		\$3,611		\$3,611
Supplies <sup>2</sup>	\$23							\$23		\$23
Equipment <sup>1,2</sup>	\$190		\$59				\$2	\$251	\$234	\$485
<b>Subtotal, Administrative</b>	<b>\$36,148</b>	<b>\$62</b>	<b>\$1,419</b>	<b>\$104</b>	<b>\$267</b>	<b>(\$14)</b>	<b>\$43</b>	<b>\$38,077</b>	<b>\$5,720</b>	<b>\$43,797</b>
<b>PROGRAMS</b>										
<b>Contract Programs</b>										
Hazmat Information and Analysis <sup>2</sup>	\$2,412						\$24	\$2,436	\$1,980	\$4,416
Investigation and Enforcement <sup>1</sup>	\$1,800						\$18	\$1,818	\$1,100	\$2,918
Outreach, Training & Compliance <sup>1</sup>	\$3,859							\$3,859	\$905	\$4,764
Hazmat Registration Program	\$781						\$8	\$789		\$789
<b>Subtotal, Contract Programs</b>	<b>\$8,852</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50</b>	<b>\$8,902</b>	<b>\$3,985</b>	<b>\$12,887</b>
<b>Research &amp; Development</b>										
<b>Subtotal, Research and Development<sup>1</sup></b>	<b>\$7,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70</b>	<b>\$7,070</b>	<b>\$500</b>	<b>\$7,570</b>
<b>Subtotal, Programs</b>	<b>\$15,852</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$120</b>	<b>\$15,972</b>	<b>\$4,485</b>	<b>\$20,457</b>
<b>TOTAL FINANCIAL RESOURCES</b>	<b>\$52,000</b>	<b>\$62</b>	<b>\$1,419</b>	<b>\$104</b>	<b>\$267</b>	<b>(\$14)</b>	<b>\$163</b>	<b>\$54,049</b>	<b>\$10,205</b>	<b>\$64,254</b>

<sup>1</sup>Supports efforts highlighted in the safe transport of energy products initiatives by expanding existing PHMSA programs and workforce.

<sup>2</sup>The proposed Hazardous Materials Special Permits & Approvals fee would offset existing spending in these lines.

**EXHIBIT II-6**  
**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**Appropriations, Obligation Limitations, and Exempt Obligations**  
**(\$000)**

	Baseline Changes										
	FY 2015 Enacted <sup>2</sup>	Annualization of 2015 Pay Raises	Annualization of FY 2015 FTE	One Extra Compensable Day	2016 Pay Raises	GSA Rent	WCF Increase/Decrease	1.0% Inflation	FY 2016 Baseline Estimate	Program Increases/Decreases	FY 2016 Request <sup>3</sup>
<b>EMERGENCY PREPAREDNESS GRANTS</b>											
<b>PERSONNEL RESOURCES (FTE)</b>	0.0								0.0		0.0
<b>FINANCIAL RESOURCES</b>											
<b>ADMINISTRATIVE EXPENSES</b>											
Other Services:											
- Other	\$1,029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,029	\$81	\$1,110
<b>Subtotal, Administrative</b>	<b>\$1,029</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,029</b>	<b>\$81</b>	<b>\$1,110</b>
<b>PROGRAMS</b>											
<b>Mandatory Programs</b>											
Grants	\$24,330								\$24,330	\$1,915	\$26,245
Technical Assistance	\$139								\$139	\$11	\$150
Emergency Response Guidebook (WCF) <sup>1</sup>	\$579								\$579	\$46	\$625
<b>Subtotal, Mandatory Programs</b>	<b>\$25,048</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,048</b>	<b>\$1,972</b>	<b>\$27,020</b>
<b>Subtotal, Mandatory Budget Authority</b>	<b>\$26,077</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,077</b>	<b>\$2,053</b>	<b>\$28,130</b>
<b>Discretionary Programs</b>											
Training Curriculum Guidelines	\$188								\$188		\$188
<b>Subtotal, Discretionary Budget Authority</b>	<b>\$188</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$188</b>	<b>\$0</b>	<b>\$188</b>
<b>Subtotal, Programs</b>	<b>\$25,236</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,236</b>	<b>\$1,972</b>	<b>\$27,208</b>
<b>TOTAL FINANCIAL RESOURCES</b>	<b>\$26,265</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,265</b>	<b>\$2,053</b>	<b>\$28,318</b>

<sup>1</sup>In FY 2016, OST is cost estimate \$10,444 million for Working Capital Fund (WCF) Services. Of this amount, \$2.4 million is for the printing of the Emergency Response Guidebook (ERG), and of this \$2.4 million, PHMSA has obligated \$1.752 million in previous years at the rate of \$592,930 in 2013, \$580,000 in 2014 and \$579,000 in 2015, resulting in a FY 2016 request by PHMSA of \$8.910 million.

<sup>2</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

<sup>3</sup>The FY 2016 budget request is the obligation limitation level authorized in SAFETEA-LU and reauthorized in MAP-21.

**EXHIBIT II-6**  
**SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
 Appropriations, Obligation Limitations, and Exempt Obligations  
 (\$000)

Baseline Changes											
OPERATIONAL EXPENSES	FY 2015 Enacted	Annualization of 2015 Pay Raises	Annualization of FY 2015 FTE	One Extra Compensable Day	2016 Pay Raises	GSA Rent	WCF Increase/Decrease	1.0% Inflation	FY 2016 Baseline Estimate	Program Increases/Decreases	FY 2016 Request
<b>PERSONNEL RESOURCES (FTE)</b>	<b>70.0</b>								<b>70.0</b>		<b>70.0</b>
Direct FTE	70.0								70.0		70.0
Reimbursable FTE	0.0								0.0		0.0
<b>FINANCIAL RESOURCES</b>											
<b>ADMINISTRATIVE EXPENSES</b>											
Salaries and Benefits	\$10,632	\$26		\$41	\$104				\$10,803		\$10,803
Travel	\$59								\$59		\$59
GSA Rent	\$1,021				\$20				\$1,041		\$1,041
Communications & Utilities	\$59							\$1	\$60		\$60
Printing	\$66							\$1	\$67		\$67
Other Services:											
- Other	\$2,488							\$25	\$2,513		\$2,513
- WCF	\$654								\$654		\$654
Supplies	\$45								\$45		\$45
Equipment	\$8								\$8		\$8
<b>Subtotal, Administrative</b>	<b>\$15,032</b>	<b>\$26</b>	<b>\$0</b>	<b>\$41</b>	<b>\$104</b>	<b>\$20</b>	<b>\$0</b>	<b>\$27</b>	<b>\$15,250</b>	<b>0</b>	<b>\$15,250</b>
<b>PROGRAMS</b>											
Contract Programs											
Information Technology	\$5,693							\$57	\$5,750		\$5,750
<b>Subtotal, Contract Programs</b>	<b>\$5,693</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57</b>	<b>\$5,750</b>	<b>0</b>	<b>\$5,750</b>
<b>TOTAL FINANCIAL RESOURCES</b>	<b>\$20,725</b>	<b>\$26</b>	<b>\$0</b>	<b>\$41</b>	<b>\$104</b>	<b>\$20</b>	<b>\$0</b>	<b>\$84</b>	<b>\$21,000</b>	<b>0</b>	<b>\$21,000</b>

**EXHIBIT II-7**

**WORKING CAPITAL FUND  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
(\$000)**

<u>ACCOUNT NAME</u>	<b>FY 2014<sup>1</sup> ACTUAL</b>	<b>FY 2015<sup>2</sup> ENACTED</b>	<b>FY 2016<sup>3</sup> REQUEST</b>	<b>CHANGE</b>
Pipeline Safety	4,203	4,105	3,974	(131)
Hazardous Materials Safety	3,299	3,516	3,611 <sup>4</sup>	95
Emergency Preparedness Grants	[580]	[579]	2,423 <sup>4</sup>	2,423
Operational Expenses	654	654	654	0
<b>TOTAL</b>	<b>\$8,156</b>	<b>\$8,275</b>	<b>\$10,662</b>	<b>\$2,387</b>

<sup>1</sup> PHMSA's FY 2014 WCF request is \$8.781 million, of which \$8.156 million will be used for FY 2014 WCF expenses and \$625,000 will be used toward the printing of the Emergency Response Guidebook in FY 2016. The Emergency Response Guidebooks are printed once every four years.

<sup>2</sup> PHMSA's FY 2015 WCF request is \$8.900 million, of which \$8.275 million will be used for FY 2015 WCF expenses and \$625,000 will be used toward the printing of the Emergency Response Guidebook in FY 2016. The Emergency Response Guidebooks are printed once every four years.

<sup>3</sup> In FY 2016, OST is cost estimate \$10.444 million for Working Capital Fund (WCF) Services. Of this amount, \$2.4 million is for the printing of the Emergency Response Guidebook (ERG), and of this \$2.4 million, PHMSA has obligated \$1.752 million in previous years at the rate of \$592,930 in 2013, \$580,000 in 2014 and \$579,000 in 2015, resulting in a FY 2016 request by PHMSA of \$8.910 million.

<sup>4</sup> Hazardous Materials Safety & Emergency Preparedness Grants FY 2016 WCF request is subject to change. Impacts of sequestration on funding for printing of the ERG in 2015 and 2016 are unknown.

**EXHIBIT II-8**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
PERSONNEL RESOURCES - SUMMARY  
TOTAL FULL-TIME EQUIVALENTS**

	<b>FY 2014 ACTUAL</b>	<b>FY 2015 ENACTED</b>	<b>FY 2016 REQUEST</b>
<b><u>DIRECT FUNDED BY APPROPRIATION</u></b>			
Pipeline Safety	198	282	336
Hazardous Materials Safety	164	197	229
Operational Expenses	56	70	70
<b>SUBTOTAL, DIRECT FUNDED</b>	<b>418</b>	<b>548</b>	<b>635</b>
<b><u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u></b>			
Operational Expenses	3	0 <sup>1</sup>	0
<b>SUBTOTAL, REIMBURSEMENTS/ALLOCATIONS/OTHER</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>TOTAL FTEs</b>	<b>421</b>	<b>548<sup>2</sup></b>	<b>635</b>

<sup>1</sup> The reimbursable FTEs were moved to the Office of the Secretary in FY 2015

<sup>2</sup> FY 2015 FTEs in the Budget Appendix total 549 due to rounding. FY 2015 enacted FTE for Pipeline Safety are 281.5 and 196.5 for Hazardous Materials for a total of 548.



**EXHIBIT II-9**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
RESOURCE SUMMARY - STAFFING  
TOTAL FULL-TIME PERMANENT POSITIONS**

	<b>FY 2014 ACTUAL</b>	<b>FY 2015 ENACTED</b>	<b>FY 2016 REQUEST</b>
<b><u>DIRECT FUNDED BY APPROPRIATION</u></b>			
Pipeline Safety	227	336	336
Hazardous Materials Safety	190	203	255
Operational Expenses	70	70	70
<b>Subtotal, Direct</b>	<b>487</b>	<b>609</b>	<b>661</b>
<b><u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u></b>			
Operational Expenses	11	0 <sup>1</sup>	0
<b>Subtotal, Reimbursements/Allocations/Other</b>	<b>11</b>	<b>0</b>	<b>0</b>
<b>TOTAL FTPs</b>	<b>498</b>	<b>609</b>	<b>661</b>

<sup>1</sup> The reimbursable positions were moved to the Office of the Secretary in FY 2015

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
RESEARCH AND SPECIAL PROGRAMS**

**PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-0104-0-1-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Obligations by program activity:</b>			
0001 Research and special programs	13	262	0
0900 Total new obligations (object class 25.3)	13	262	0
<b>Budgetary resources:</b>			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	153	262	0
1021 Recoveries of prior year unpaid obligations	122	0	0
1050 Unobligated balance (total)	275	262	0
<b>Budget authority:</b>			
<b>Appropriations, discretionary:</b>			
1101 Appropriation (special or trust fund)	0	0	0
1160 Appropriation, discretionary (total)	0	0	0
1900 Budget authority (total)	0	0	0
1930 Total budgetary resources available	275	262	0
<b>Memorandum (non-add) entries:</b>			
1940 Unobligated balance expiring	0	0	0
1941 Unexpired unobligated balance, end of year	262	0	0
<b>Change in obligated balance:</b>			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	197	68	0
3010 Obligations incurred, unexpired accounts	13	262	0
3020 Outlays (gross)	-21	-329	0
3040 Recoveries of prior year unpaid obligations, unexpired	-122	0	0
3050 Unpaid obligations, end of year	68	0	0

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
RESEARCH AND SPECIAL PROGRAMS  
PROGRAM AND FINANCING**

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**(In thousands of dollars)**

<b>Identification code 69-0104-0-1-407</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>FY 2016 Request</b>
<b>Memorandum (non-add) entries:</b>			
3100 Obligated balance, start of year	197	68	0
3200 Obligated balance, end of year	68	0	0
<b>Budget authority and outlays, net:</b>			
<b>Discretionary:</b>			
4000 Budget authority, gross	0	0	0
4010 Outlays from new discretionary authority	0	0	0
4011 Outlays from discretionary balances	21	329	0
4020 Outlays, gross (total)	<u>21</u>	<u>329</u>	<u>0</u>
4070 Budget authority, net (discretionary)	<u>0</u>	<u>0</u>	<u>0</u>
4080 Outlays, net (discretionary)	<u>21</u>	<u>329</u>	<u>0</u>
4180 Budget authority, net (total)	<u>0</u>	<u>0</u>	<u>0</u>
4190 Outlays, net (total)	<u>21</u>	<u>329</u>	<u>0</u>

**III: Budget Request by  
Appropriation Account  
Exhibits and Narrative  
Justification**



**APPROPRIATIONS LANGUAGE**

**PIPELINE SAFETY**

**(PIPELINE SAFETY FUND)**

**(OIL SPILL LIABILITY TRUST FUND)**

**(PIPELINE SAFETY DESIGN REVIEW FUND)**

For expenses necessary to conduct the functions of the pipeline safety program, for grants-in-aid to carry out a pipeline safety program, as authorized by 49 U.S.C. 60107, and to discharge the pipeline program responsibilities of the Oil Pollution Act of 1990, [\$146,000,000] *\$175,104,000*, of which \$19,500,000 shall be derived from the Oil Spill Liability Trust Fund and shall remain available until September 30, [2017] *2018*; and of which [\$124,500,000] *\$152,104,000* shall be derived from the Pipeline Safety Fund, of which [\$66,309,000] *\$78,942,000* shall remain available until September 30, [2017] *2018*; and of which \$2,000,000, to remain available until expended, shall be derived *as provided in this Act* from the Pipeline Safety Design Review Fund [as authorized in 49 U.S.C. 60117(n): *Provided*, That not less than \$1,058,000 of the funds provided under this heading shall be for the One-Call state grant program].

*(Department of Transportation Appropriations Act, 2015)*

**EXHIBIT III-1**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
PIPELINE SAFETY  
Summary by Program Activity  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

	<b><u>FY 2014 ACTUAL<sup>1</sup></u></b>	<b><u>FY 2015 ENACTED<sup>2</sup></u></b>	<b><u>FY 2016 REQUEST</u></b>	<b><u>CHANGE FY 2015- FY 2016</u></b>
Operations	\$ 64,210	\$ 80,975	\$ 109,948	\$ 28,973
Research and Development	12,188	12,310	12,433	123
Grants	42,189	52,215	52,723	508
<hr/>				
<b>TOTAL</b>	<b>\$ 118,587</b>	<b>\$ 145,500</b>	<b>\$ 175,104</b>	<b>\$ 29,604</b>
<b>FTEs</b>				
Direct Funded	198.0	281.5	336.0	54.5

<sup>1</sup>As described in OMB's 7-Day After Report for the Consolidated Appropriations Act of 2014 (P.L. 113-76), CBO scores the Act with \$2 million in discretionary collections from the Pipeline Design Safety Review fee, while OMB assumes no collections. The 2014 President's Budget, as amended by a budget amendment transmitted on May 17, 2013 (House Document No. 113-31), requested that this fee be enacted as a discretionary receipt pursuant to the administrative provision proposed in appropriations language. P.L. 113-76 instead allows for the collection of the fee as a mandatory receipt pursuant to the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90). Because the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, appropriations language will continue to be sought that permits discretionary collections.

<sup>2</sup>The 2015 President's Budget, as submitted on March 4, 2014, requested that the Pipeline Design Review fee be enacted as a discretionary receipt pursuant to the administrative provision proposed in appropriations language. P.L. 113-235 instead allows for the collection of the fee as a mandatory receipt pursuant to the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90). The Administration would like to use the fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, appropriations language will continue to be sought that permits discretionary collections.

### **Program and Performance Statement**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for the Department's Pipeline Safety program. PHMSA provides safety oversight of the nation's 2.6 million miles of gas and hazardous liquid pipelines, which are owned and operated by private industry. PHMSA and its state pipeline safety partners use a data-driven process to address the risks pipelines pose to the public and the environment. This includes data analysis, damage prevention, education and training, enforcement of regulations and standards, research and development, grants for states' pipeline safety programs and emergency planning for response to accidents.



**EXHIBIT III-1a**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

**Summary Analysis of Change from FY 2015 to FY 2016**

**Appropriations, Obligation Limitations, and Exempt Obligations**

(\$000)

<b><u>Pipeline Safety</u></b>	<b>Change from FY 2015 to FY 2016 \$000</b>	<b>Change from FY 2015 to FY 2016 FTE</b>
<b>FY 2015 Enacted<sup>1</sup></b>	<b>\$145,500</b>	<b>281.5</b>
 <b>Administrative Adjustments to Base:</b>		
Adjustment to Base (Salaries & Benefits)	\$2,235	0.0
Annualization of 2015 Pay Raise	73	0.0
Annualization of FY 2015 FTE	11,881	54.5
One Extra Compensable Day	185	0.0
2016 Pay Raise of 1.3%	472	0.0
GSA Rent	98	0.0
Working Capital Fund	(240)	0.0
Non-pay Inflation of 1%	900	0.0
<b>Subtotal, Adjustments to Base</b>	<b>\$15,604</b>	<b>54.5</b>
 <b>New or Expanded Programs</b>		
1. National Pipeline Information Exchange	\$12,000	0.0
2. Pipeline Safety Design Review Fund	2,000	0.0
<b>Subtotal, New or Expanded Programs</b>	<b>\$14,000</b>	<b>0.0</b>
 <b>FY 2016 Request<sup>1</sup></b>	 <b>\$175,104</b>	 <b>336.0</b>

<sup>1</sup> Reflects \$1.5 million transferred from Operational Expenses to Information Grants to Communities.

## EXHIBIT III-2

### PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION PIPELINE SAFETY

#### ANNUAL PERFORMANCE RESULTS AND TARGETS

The Office of Pipeline Safety integrates performance results into its budget request to demonstrate alignment with the Department of Transportation’s Strategic Plan. The Office of Pipeline Safety tracks the following DOT performance measures to demonstrate program results.

#### **DOT Goal/Outcome: Safety**

<b>Reduction in injuries and fatalities:</b> Number of pipeline incidents involving death or major injury	2012	2013	2014	2015	2016
Target Range	30-42	29-41	28-39	26-36	24-33
Actual	31	26	29 <sup>1</sup>		

#### **DOT Goal/Outcome: Environmental Sustainability**

<b>Reduction in pollution:</b> Hazardous liquid pipeline spills with environmental impacts.	2012	2013	2014	2015	2016 <sup>2</sup>
Target Range	80-99	88-111	85-107	83-104	n/a
Actual	123	120	146 <sup>1</sup>		

<sup>1</sup>Preliminary - Number subject to change due to time span between actual occurrence and final verification of details.

<sup>2</sup>The FY 2016 Performance Plan is being revised to phase out this performance measure and replace it with an alternative pipeline environmental performance measure, “Major hazardous liquid spills.” FY 2016 will be the first year that the new measure is implemented. The target range is to be determined. PHMSA is working with OST to consider alternative methodologies for setting targets for the new performance measure.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
PIPELINE SAFETY**

**UNAVAILABLE COLLECTIONS**

(In thousands of dollars)

<b>Identification code 69-5172-0-2-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<b><u>Actual</u></b>	<b><u>Enacted</u></b>	<b><u>Request</u></b>
01.00 Balance, start of year	\$42,404	\$42,404	\$42,404
01.90 Adjustments	0	0	0
01.99 Balance, start of year, total	42,404	42,404	42,404
Receipts and offsetting receipts:			
02.60 Pipeline Safety Fund	100,256	124,500	152,104
02.61 Pipeline Safety Design Review Fund	0	0	2,000
02.90 Adjustments			
02.99 Total receipts	100,256	124,500	154,104
<hr/>			
04.00 Total: Balances and receipts	142,660	166,904	196,508
Appropriations:			
05.00 Pipeline Safety [021-50-5172-0-1101]	-100,256	-124,500	-154,104
05.00 Pipeline Safety [021-50-5172-0-1120]			
05.01 Pipeline Safety [021-50-5172-0-1132]	0	0	0
05.90 Adjustments	0	0	0
05.99 Total Appropriations (-)	-100,256	-124,500	-154,104
<hr/>			
06.10 Unobligated balance returned to receipts	0	0	0
<hr/>			
07.99 Balance, end of year	\$42,404	\$42,404	\$42,404

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
PIPELINE SAFETY  
PROGRAM AND FINANCING  
(In thousands of dollars)**

Identification code 69-5172-0-2-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Obligations by program activity:</b>			
0001 Operations	60,949	98,939	109,948
0002 Research and development	10,449	17,569	12,433
0003 Grants	52,482	52,271	52,723
0799 Total direct program	123,880	168,779	175,104
0801 Reimbursable program	6	2,700	2,700
0900 Total new obligations	123,885	171,479	177,804
<b>Budgetary resources:</b>			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	19,554	22,452	0
1012 Unobligated balance transfers between expired and unexpired acc	27	0	0
1021 Recoveries of prior year unpaid obligations	8,340	0	0
1050 Unobligated balance (total)	27,921	22,452	0
<b>Budget authority:</b>			
<b>Appropriations, discretionary:</b>			
1101 Appropriation (special or trust fund)	99,153	124,500	154,104
1120 Appropriation transferred to other accts (69-1400)	-639	0	0
1121 Appropriation transferred from other accts (69-1400)	1,500	1,500	1,500
1160 Appropriation, discretionary (total)	100,014	126,000	155,604
1700 Collected	16,731	23,027	22,200
1701 Change in uncollected payments, Federal sources	1,871	0	0
1750 Spending auth from offsetting collections, disc (total)	18,601	23,027	22,200
1900 Budget authority (total)	118,615	149,027	177,804
1930 Total budgetary resources available	146,536	171,479	177,804
<b>Memorandum (non-add) entries:</b>			
1940 Unobligated balance expiring	-199	0	0
1941 Unexpired unobligated balance, end of year	22,452	0	0

**DEPARTMENT OF TRANSPORTATION**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**  
**PIPELINE SAFETY**  
**PROGRAM AND FINANCING**  
(In thousands of dollars)

Identification code 69-5172-0-2-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Change in obligated balance:</b>			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	85,982	91,395	111,950
3010 Obligations incurred, unexpired accounts	123,885	171,479	177,804
3011 Obligations incurred, expired accounts	2,724	0	0
3020 Outlays (gross)	-109,404	-150,924	-170,371
3040 Recoveries of prior year unpaid obligations, unexpired	-8,340	0	0
3041 Recoveries of prior year unpaid obligations, expired	-3,452	0	0
3050 Unpaid obligations, end of year	91,395	111,950	119,383
<b>Uncollected payments:</b>			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	-12,766	-14,632	-14,632
3070 Change in uncollected pymts, Fed sources, unexpired	-1,871	0	0
3071 Change in uncollected pymts, Fed sources, expired	5	0	0
3090 Uncollected pymts, Fed sources, end of year	-14,632	-14,632	-14,632
<b>Memorandum (non-add) entries:</b>			
3100 Obligated balance, start of year	73,215	76,763	97,318
3200 Obligated balance, end of year	76,763	97,318	104,751
<b>Budget authority and outlays, net:</b>			
<b>Discretionary:</b>			
4000 Budget authority, gross	118,615	149,027	177,804
4010 Outlays from new discretionary authority	40,730	73,995	88,501
4011 Outlays from discretionary balances	68,674	76,929	81,870
4020 Outlays, gross (total)	109,404	150,924	170,371
<b>Offsets against gross budget authority and outlays:</b>			
<b>Offsetting collections (collected) from:</b>			
4030 Federal sources	-16,709	-23,027	-22,200
4033 Non-Federal sources	-70	0	0
4040 Offsets against gross budget auth and outlays (total)	-16,778	-23,027	-22,200

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
PIPELINE SAFETY  
PROGRAM AND FINANCING  
(In thousands of dollars)**

<b>Identification code 69-5172-0-2-407</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>FY 2016 Request</b>
<b>Additional offsets against gross budget authority only:</b>			
4050 Change in uncollected pymts, Fed sources, unexpired	-1,871	0	0
4051 Offsetting collections credited to expired accounts	5	0	0
4060 Additional offsets against budget authority only (total)	-1,866	0	0
4070 Budget authority, net (discretionary)	100,014	126,000	155,604
4080 Outlays, net (discretionary)	92,625	127,897	148,171
4180 Budget authority, net (total)	100,014	126,000	155,604
4190 Outlays, net (total)	92,625	127,897	148,171

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
PIPELINE SAFETY**

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

<b>Identification code 69-5172-0-2-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$21,463	\$28,553	\$37,349
11.3 Other than full-time permanent	183	233	391
11.5 Other personnel compensation	215	291	440
11.9 Total personnel compensation	21,860	29,077	38,179
12.1 Civilian personnel benefits	6,540	8,141	10,691
13.1 Benefits to former personnel	151	0	0
21.0 Travel and transportation of persons	2,586	4,505	5,211
23.1 Rental payments to GSA	3,063	4,788	4,995
23.2 Rental payments to others	27	0	0
23.3 Communications, utilities, and miscellaneous charges	550	556	562
24.0 Printing and reproduction	191	193	195
25.1 Advisory and assistance services	12,057	22,147	20,520
25.2 Other services	337	1,407	1,421
25.3 Other purchases of goods and services from government ac	4,950	13,894	13,635
25.4 Operation and maintenance of facilities	7	0	0
25.5 Research and development contracts	10,449	17,569	12,433
25.7 Operation and maintenance of equipment	7,773	12,918	12,717
26.0 Supplies and materials	125	180	182
31.0 Equipment	529	1,133	1,640
41.0 Grants, subsidies, and contributions	52,679	52,271	52,723
42.0 Insurance Claims & Indemnities	6	0	0
Subtotal, Direct obligations	\$123,880	\$168,779	\$175,104
99.0 Subtotal, Reimbursable obligations	6	2,700	2,700
99.9 Total new obligations	\$123,886	\$171,479	\$177,804

**EMPLOYMENT SUMMARY**

<b>Identification code 69-5172-0-2-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
10.01 Direct civilian full-time equivalent employment	198.2	281.5	336

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HISTORY OF APPROPRIATIONS**

**Pipeline Safety**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2007	\$56,925,000	\$60,065,297 <sup>1/</sup>
2008	\$55,770,000	\$61,018,000
2009	\$74,481,000	\$75,481,000 <sup>2/</sup>
2010	\$87,334,000 <sup>2/</sup>	\$87,334,000 <sup>2/</sup>
2011	\$93,206,000 <sup>2/</sup>	\$88,836,000 <sup>1/, 2/ &amp; 3/</sup>
2012	\$99,354,000 <sup>2/</sup>	\$91,679,000 <sup>2/</sup>
2013	\$155,500,000 <sup>2/</sup>	\$86,884,000 <sup>1,2/ &amp; 5/</sup>
2014	\$133,000,000 <sup>4/</sup>	\$100,014,000 <sup>4/</sup>
2015	\$136,500,000 <sup>4/</sup>	\$126,000,000 <sup>4/</sup>
2016	\$155,604,000 <sup>4/ &amp; 6/</sup>	

- 1/ Reflects the funding levels provided by a full-year continuing resolution.
- 2/ Reflects the inclusion of \$1.0 million in General Funds for Information Grants to Communities.
- 3/ Reflects reduction of \$215,838 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).
- 4/ Reflects the inclusion of \$1.5 million in General Funds for Information Grants to Communities.
- 5/ Reflects reductions from sequestration (Sec. 1113 of Division B of P.L. 113-6).
- 6/ Reflects the inclusion of \$2.0 million Design Review Fund.



## Detailed Justification for the Pipeline Safety Program

**FY 2016 Request – \$175.1 million**

### What Is The Request And What Funds Are Currently Spent on the Program?

**FY 2016 – Pipeline Safety Budget Request<sup>1</sup>**  
**(\$000)**

Program Activity	FY 2014 Actual <sup>2</sup>	FY 2015 Enacted <sup>3</sup>	FY 2016 Request	Difference From FY 2015 Enacted
Administrative Expenses	\$45,138	\$58,711	\$73,462	\$14,751
Programs	19,072	22,264	36,486	14,222
Research and Development	12,188	12,310	12,433	123
Grants	42,189	52,215	52,723	508
<b>Total</b>	<b>\$118,587</b>	<b>\$145,500</b>	<b>\$175,104</b>	<b>\$29,604</b>

<sup>1</sup>The funds shown above include funding through the Oil Spill Liability Trust Fund.

<sup>2</sup>The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) established a new fee for companies engaged in the design, permitting, and construction of new pipeline projects. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

<sup>3</sup>As with FY 2014, the Consolidated and Further Continuing Appropriations Act of 2015 provided the authority to retain fees collected in FY 2015 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language.

The Pipeline Safety program operates using funding from various sources as described in the Section II Tables II-1, II-2 & II-4. These funding sources are used to administer the pipeline safety program with funding that has 1-year, 3-year or no-year availability. The table below shows a breakdown of the requested funding for FY 2016 by period of availability. Pipeline Safety requests to use \$78,942,000 of the \$152,104,000 from the Pipeline Safety Fund for a period of availability of three years. In addition, this table shows the use of funds by funding source to arrive at a request of \$175,104,000 for FY 2016. With the exception of the general fund transfer of \$1,500,000 from the Operational Expenses account, all other sources of funding are user fees.

\$ thousands	Funding Sources (FY 16 Budget)				
	Pipeline Safety Fund	Oil Spill Liability Trust Fund	Transfer from Operational Expenses	Pipeline Design Review Fee	Total
<b>No-year availability</b>					
Program	-	-	-	2,000	2,000
<b>No-year availability Total</b>	-	-	-	<b>2,000</b>	<b>2,000</b>
<b>3-year availability</b>					
Administrative Expenses	-	736	-	-	736
Program	22,136	11,914	-	-	34,050
R&D	10,260	2,173	-	-	12,433
Grants	46,546	4,677	-	-	51,223
<b>3-year availability Total</b>	<b>78,942</b>	<b>19,500</b>	-	-	<b>98,442</b>
<b>1-year availability</b>					
Administrative Expenses	72,726	-	-	-	72,726
Program	436	-	-	-	436
Grants	-	-	1,500	-	1,500
<b>1-year availability Total</b>	<b>73,162</b>	-	<b>1,500</b>	-	<b>74,662</b>
<b>Total Request</b>					<b>175,104</b>

In FY 2016, PHMSA requests budget authority of \$175.1 million for Pipeline Safety, an increase of \$29.6 million above the FY 2015 enacted amount of \$145.5 million.

### **What is this Program and Why is it Necessary?**

#### **Overview**

PHMSA's comprehensive, nationwide Pipeline Safety program is committed to protecting people and the environment while reducing the risks inherent in the transportation of hazardous materials by pipeline. It oversees an energy transportation network of 2.6 million miles of pipelines. That's enough to circle the Earth about 100 times. These pipelines are owned and operated by approximately 3,000 companies, large and small. PHMSA's Pipeline Safety program accomplishes its mission by identifying and evaluating risks; developing and enforcing standards for design, construction, operations and maintenance of pipelines carrying natural gas or hazardous liquids; investigating pipeline incidents and taking action to prevent recurrence; educating operators and the public; conducting research on promising technologies; providing grants to states in support of their pipeline safety programs; and reviewing oil spill response plans, with a special focus on protecting unusually sensitive areas.

The Office of Pipeline Safety is comprised of staff at headquarters in Washington, D.C. and five regional field offices (West Trenton, NJ; Atlanta, GA; Kansas City, MO; Houston, TX; and Lakewood, CO) and a national training center in Oklahoma City, OK. Field office staff conducts inspections, investigations, outreach, and work on the ground with state partners. PHMSA's Pipeline Safety program supports the development, implementation and regulation of national pipeline safety standards at the state and federal levels, resulting in a consistent application of safety regulations throughout the natural gas and hazardous liquid pipeline industry. Fewer pipeline-related deaths and injuries occur when companies operate their facilities in compliance with federal and state safety requirements.

It is PHMSA and the state pipeline safety partners' responsibility to assure compliance, and when noncompliance is found, to take strong, effective enforcement action. Most state pipeline safety partners work collaboratively with PHMSA in ensuring that pipelines within their borders meet or exceed applicable federal regulatory standards. States conduct approximately 80 percent of inspections of pipelines under federal authority, and a few states serve as agents of the Secretary of Transportation in inspecting facilities of pipelines that cross state lines.

Working with teams of federal, state, local environmental and emergency response agencies and company representatives, PHMSA participates in operator planned, scenario-based tabletop drills, spill control equipment deployment exercises and in-area response drills sponsored by the U.S. Coast Guard.

As a regulatory agency with broad jurisdiction, PHMSA protects people and the environment from the risks of hazardous materials transportation. PHMSA's nationwide Pipeline Safety program, in particular, ensures the protection of the public and the environment from the risks inherent in the transportation of hazardous materials by pipeline.

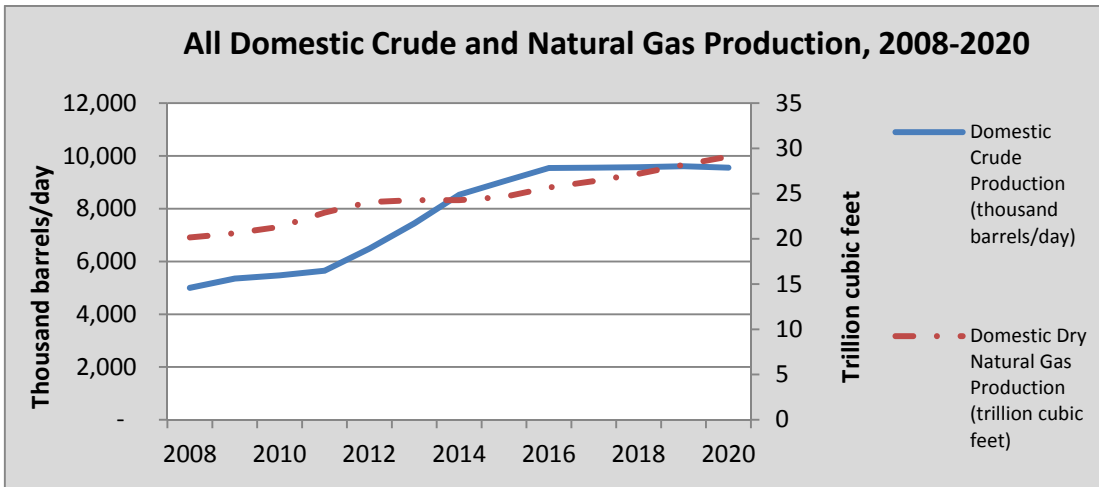
The national pipeline network is becoming increasingly vulnerable due to factors such as age, increased mileage, hazmat volumes transported, vulnerable pipeline materials, new transport products, and proximity of population to pipelines.

The United States has seen an increase in two commodities that have historically predominately been transported by pipelines: oil and natural gas. The growth in crude oil production is primarily due to continued development of tight oil resources, mostly in the Bakken, Eagle Ford, and Permian Basin formations,<sup>2</sup> Domestic production of crude oil has grown steadily since 2008, increasing by approximately 49 percent. From 2014-2020, production is projected to grow 12 percent. By 2019, domestic crude oil production is projected to approach the historical high achieved in 1970 of 9.6 million barrels per day. While greater shares of the barrels from new sources are currently transported by rail, pipelines are the more likely long-term transportation solution. Similarly, domestic natural gas production has grown by 20 percent from 2008-2013, led by the increased development of shale gas. From 2014-2020, production is projected to grow another 20 percent.<sup>3</sup> The graph below charts the rise.

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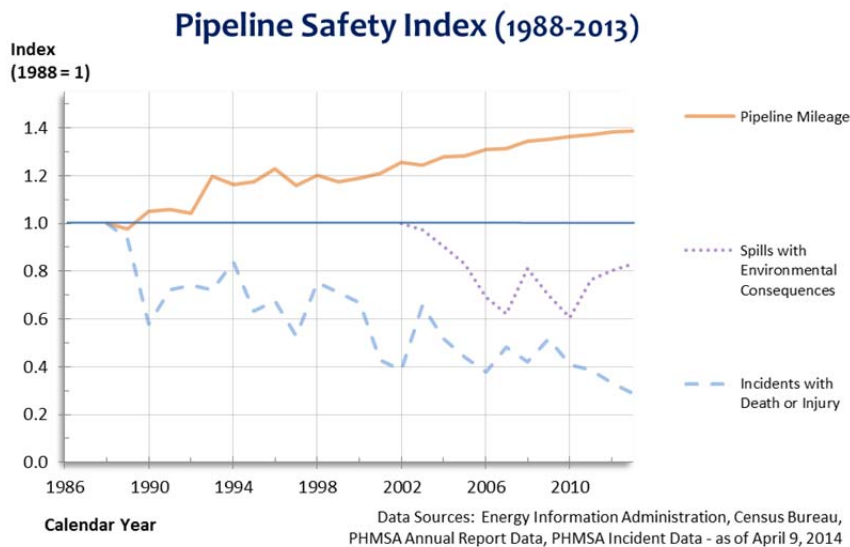
<sup>2</sup> Sources of this information: EIA. Annual Energy Outlook 2014. Table 11 Petroleum and Other Liquids Supply and Disposition, EIA. Crude Oil Production data, EIA. Annual Energy Outlook 2014 Early Release. p.1, EIA. Annual Energy Outlook 2013. p. 81.

<sup>3</sup> Sources of this information: EIA. Annual Energy Outlook 2014. Table 13 Natural Gas Supply, Disposition, and Prices, EIA. Natural Gas Gross Withdrawals and Production data, EIA. Annual Energy Outlook 2013. p. 78.



PHMSA’s Pipeline Safety program accomplishes its mission by educating and enforcing safety regulations. It conducts risk assessments, performs data analyses, conducts safety inspections and investigations and makes grants to support state pipeline safety programs, outreach, training and research.

PHMSA and its regulated community have reduced the number of pipeline incidents with death or major injury to below 40 since 2010, which is lower than the 10-year average. Moreover, the number of spill incidents with environmental consequences has also decreased since 2002. The graph below uses an index value to illustrate continuous improvements have occurred while pipeline mileage has grown since 1988.



The primary funding source for Pipeline Safety is user fees, but the program also draws from the Oil Spill Liability Trust Fund and from the General Fund for Information Grants to Communities.

With the FY 2016 President’s Budget, PHMSA will continue to strengthen the quality and quantity of its data, ensure quality training of pipeline safety inspectors and keep leveraging its resources to deliver a cost-effective program with an impressive safety record.

The following items will contribute to ongoing progress resulting from the President’s FY 2015 Budget request:

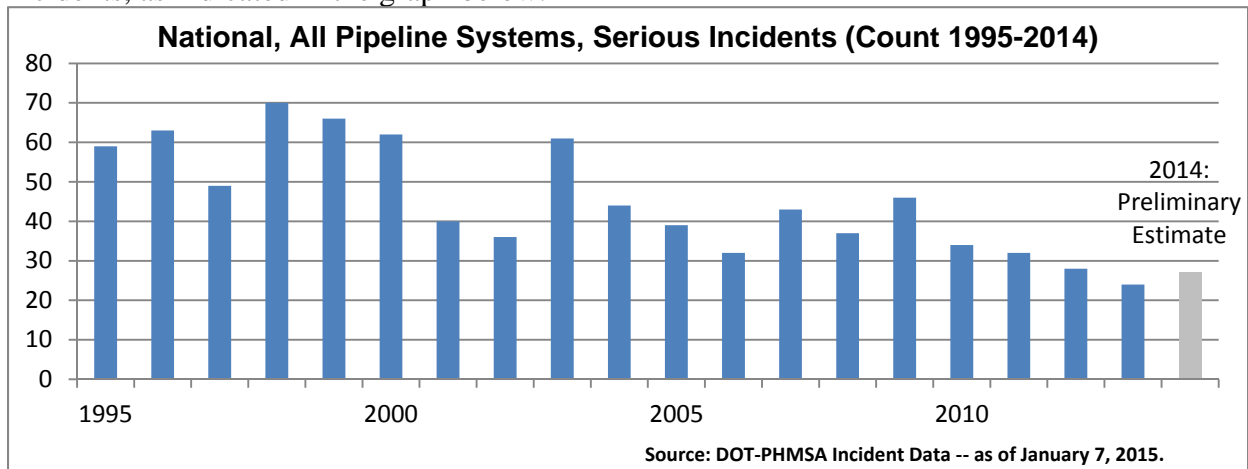
- Continue the Pipeline Safety Reform (PSR) initiative through improvement of integrity management oversight and implementing revised regulations based on a decade of lessons learned. Integrity management was first implemented for liquid and gas pipelines in 2002 and 2004, respectively.
- Increased funding for Pipeline Safety Inspection & Enforcement (I&E) staff and program support personnel to provide more robust oversight to the pipeline system.
- Expanding the Accident Investigation Team to review all pipeline accidents not covered by the NTSB. In FY 2015, PHMSA’s Accident Investigation Team will have completed specialized root cause training and should increase on-site investigations by 20 percent.
- Reviews of detailed studies on safety valves, leak detection, implications of expanding “high consequence area” definitions, risk of gathering lines, cast iron pipe replacement and implications of current exemptions from excavation damage prevention laws. In FY 2015, PHMSA will implement many of the findings from these studies.
- Implement new standards for state damage prevention programs to qualify for Federal grants, including effective enforcement by the states and participation by all underground facility operators and excavators. PHMSA continues to work toward effective state enforcement of one-call laws.

### **Why Do We Want/Need To Fund The Program At The Requested Level?**

While most pipeline infrastructure in the United States is owned by the private sector or local utilities, PHMSA’s safety regulations require the infrastructure to be regularly assessed and in good condition. Strong safety programs keep the economy moving by getting products to market, while simultaneously reducing risks and raising the quality of life in and around communities.

PHMSA’s successes arise from proactive engagement to anticipate and prevent small problems from becoming large ones. For example, PHMSA inspectors have prevented major incidents by closely monitoring how pipeline operators address aging pipelines, corrosion control, seam and coatings failures, and further ordering repairs to address these weaknesses when necessary. PHMSA’s oversight has also led to the discovery of poor quality steel, cracks in plastic pipe, and integrity issues with pipe seam welds.

As a result, such a preemptive approach fosters the long-term decline in the number of serious incidents, as indicated in the graph below.



Keeping in mind the lessons learned from recent tragic incidents, PHMSA redoubled its efforts to apply the best technologies and investigative techniques to prevent future tragedies. PHMSA is proposing numerous changes to the federal pipeline safety regulations to address lessons learned, including rupture detection, valve location and confirmation of maximum operating pressures.

PHMSA is providing increased transparency for many aspects of pipeline safety enforcement. Communities can log onto the PHMSA website<sup>4</sup> and review enforcement actions. PHMSA has also significantly upgraded its incident data availability and accuracy and is improving its “Stakeholder Communications” website.<sup>5</sup> This transparency not only increases public and stakeholder awareness and involvement, it incentivizes improved operator performance. Public advocacy groups often use PHMSA-provided data to communicate their concerns about safety issues and demonstrate a need for increasing oversight vigilance.

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) increased civil penalties as follows: the maximum penalty for violating pipeline safety standards increased from \$100,000 to \$200,000 for a single violation, and from \$1,000,000 to \$2,000,000 for a series of violations. PHMSA intends to ensure operator accountability through strong, effective enforcement. Due to such efforts, proposed civil penalties for pipeline owner/operators totaled approximately \$5.7 million in 2014. These penalties are paid directly to Treasury and do not fund PHMSA.

The FY 2016 budget request builds on the progress made from the FY 2014 and FY 2015 enacted budgets.

The Pipeline Safety program budget request in FY 2016 includes budget authority of \$175.1 million. This includes:

- \$152.1 million from Pipeline Safety Fund (derived from Pipeline Safety User Fees);
- \$2.0 million from Design Review Fund (offset by Pipeline Safety Design Review Fees);
- \$19.5 million from Oil Spill Liability Trust Fund; and
- \$1.5 million from transferred from the General Fund to support Information Grants to Communities.

## **BASE FUNDING**

### **Administrative Expenses: \$73,462,000**

PHMSA’s FY 2016 request includes \$73.5 million for administrative expenses supporting 336 FTEs, including salaries and benefits, travel, training, supplies, equipment including personal protection equipment and uniforms for all inspectors.

### **Programs: \$36,486,000**

Pipeline Safety’s programs are designed to enhance the integrity of the safety mission, with activities ranging from collecting and analyzing data to improving safety standards; ensuring and managing pipeline integrity; training Federal Inspection and Enforcement staff; and collaborating with the U.S. Coast Guard’s efforts in issuing emergency notifications when a pipeline incident

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<sup>4</sup> <http://www.phmsa.dot.gov/pipeline/enforcement>

<sup>5</sup> <http://primis.phmsa.dot.gov/comm/>

occurs. Programs assist operators in facilitating permitting processes, increase stakeholder communications, and support damage prevention efforts. Contractors also focus on IT efforts to do away with “stovepiped” databases; researching opportunities such as stronger pipeline integrity for alternative fuels; and using geospatial capabilities to monitor pipelines on a mapping system.

**Research and Development (R&D): \$12,433,000**

Pipeline Safety’s Research and Development (R&D) program conducts and supports research to aid regulatory and enforcement activities and to provide the technical and analytical foundation necessary for planning, evaluating and improving the Pipeline Safety program. The Pipeline Safety R&D Strategic Plan seeks to employ a collaborative approach with the stakeholders identified in Section 12(d)(2) of the Pipeline Safety Improvement Act of 2002 (P.L. 107-355) to address mutual pipeline challenges facing PHMSA and its regulated community. It embraces transparency through web site posting of all program activities with the aim of removing technical and regulatory barriers.

PHMSA sponsors R&D projects focused on providing near-term solutions that will improve the safety, reduce environmental impact, and enhance the reliability of the nation’s pipeline transportation system. PHMSA remains focused on technology development for detecting liquid and gas leaks, preventing excavation damage to pipelines, expanding the capability of new robotic inspection tools for difficult to inspect pipelines, and conducting material testing for cured-in-place liners to rehabilitate cast iron pipelines. Continued investment in these areas supports recommendations by Congress, the National Transportation Safety Board and directly addresses various root causes from several tragic pipeline incidents.

**Pipeline Safety Grant Programs: \$52,723,000**

PHMSA provides grants to support its state pipeline safety partners’ inspection and enforcement activities, which, in turn, strengthen the safety of pipelines in American communities. More can be done to further broaden access to data, particularly with the trove already available as well as unnecessarily siloed and uncollected information. PHMSA actively seeks avenues to move from focusing on after-the-fact enforcement toward preventive action and analysis using interactive maps, seamless information sharing, and by adopting uniform standards covering the wealth of untapped data on the nation’s pipelines. The types of Pipeline Safety grants are discussed in detail below:

*State Pipeline Safety Grants, \$48.6 million*

PHMSA is authorized to reimburse a state agency up to 80 percent of the agency's cost of carrying out its pipeline safety program, including the cost of personnel and equipment. Actual federal reimbursement depends upon the availability of appropriated funds and the performance of a state's pipeline safety program as determined by PHMSA's annual Program Evaluation and Progress Report. The Program Evaluation considers a state's performance in achieving established goals for pipeline safety programs set by PHMSA. The Program Evaluation includes an on-site review of the state’s inspection, compliance, accident investigation, training and excavation damage prevention records and activities. PHMSA also provides grants in support of preventing excavation damage to underground facilities, which is a leading cause of pipeline incidents.

*State One-Call Grant, \$1.1 million*

These grants assist state agencies in promoting damage prevention, related compliance activities, training and public education. Each state that has a certification or agreement with PHMSA may request up to \$45,000 to do pipeline safety inspections. The grants also can be used to procure one-call center computers and equipment and otherwise support state efforts to promote 811 “Call Before You Dig” outreach programs.



*State Damage Prevention Grants, \$1.6 million*

PHMSA is authorized to award grants to fund improvements in comprehensive state programs to prevent damage to underground pipelines. Any state authority (or municipality with respect to intrastate gas transportation) that is or will be responsible for preventing damage to underground pipeline facilities is eligible as long as 1) the state participates in the oversight of pipeline transportation subject to an annual certification or has an agreement in effect with PHMSA, and 2) is designated by the state’s governor, in writing, as the eligible recipient of the grant funding.

*Information Grants to Communities (also known as Technical Assistance Grants), \$1.5 million*

These grants enable community entities and/or groups of individuals to obtain funding for technical assistance in the form of engineering or other scientific analysis of pipeline safety issues and help promote public participation in official proceedings. Funds are distributed directly to these entities.

The narrative below provides detailed information on increases requested by PHMSA for FY 2016, such as, adjustments to the base and new funding requests.

***FY 2016 Adjustments to Base: \$15,604,000***

PHMSA’s FY 2016 adjustments to base includes a one-time salaries and benefits adjustment of \$2.235 million to fully fund current FTEs, \$73,000 for annualization of the 2015 pay raise at 1.0 percent, \$11.881 million for annualization of FY 2015 FTEs, \$185,000 for one extra compensable day in 2016, \$240,000 decrease in the Working Capital Fund, \$472,000 for 2016 pay raise at 1.3 percent, \$98,000 for GSA rent increase and \$900,000 for non-pay inflation at 1 percent.

***FY 2016 Total Program Changes, \$14,000,000***

The following program changes were identified to reduce the likelihood and consequences of incidents, enhance the capability of first responders, harness new and innovative technology, and promote economic growth:

***National Pipeline Information Exchange, \$12,000,000***

In FY 2016, PHMSA proposes \$12.0 million for the National Pipeline Information Exchange (NPIX). Of the 2.6 million miles of pipeline within the United States, PHMSA inspects 20 percent. States monitor the remaining 80 percent. The information the states gather through inspections is neither shared between states nor with PHMSA. Moreover, state systems were not designed to collaboratively share the results of their findings. Linking state and federal inspection, enforcement, and geospatial data, and providing a consolidated national view of all pipeline data, is



a vital component in identifying current and emerging risks that drive improved safety performance.

NPIX offers a means to mitigate the information gap through a secure, online system capable of collecting and sharing a growing universe of data about pipeline locations and inspections. The geospatial data collected by NPIX can be visualized by the National Pipeline Mapping System and other mapping tools in order to provide a 360 degree, visual representation of pipelines, incidents, inspections and other related data. More importantly, it allows federal, state, and other engaged partners to quickly and collaboratively identify unsafe conditions to avoid environmental damage and disasters in and around our communities.

After conducting an initial assessment of the information received from seven pilot states, PHMSA determined there is a sufficient amount of commonality between state and PHMSA data to make NPIX a realistic and achievable project that will provide critical insight to identify which pipelines pose a higher risk of failure. If funded in FY 2016, NPIX will expand to 25 states. NPIX will collect geospatial data on the location and maintenance history of the pipelines maintained by the participating states, and will also establish common standards for the sharing of pipeline inspection and enforcement data. This includes standardizing taxonomies for data; establishing data quality attributes and metrics for monitoring and reporting; creating metadata to support analytical interpretation; and ensuring data transparency between PHMSA and its state partners.

NPIX offers several advantages over the lack of data access found today. It facilitates better communication between individual state systems that operate in isolation. NPIX allows for the sharing of best practices and common inspection and enforcement findings, gradually improving efficiency at both the state and national level. NPIX's infrastructure would allow states without modern and secure inspection management systems to use NPIX as their primary data repository. Other states would have the flexibility to leverage their own systems while automatically transmitting data to NPIX. PHMSA requests \$4.5 million in FY 2016 to build the infrastructure necessary for this system.

The remaining \$7.5 million requested (an estimated \$300 thousand per state based on the 25 states expected to be integrated in the first year of the program) will be used for state integration, training, technology transfer and contract costs. Specifically, PHMSA will provide training for the states on proper use of NPIX to collect and access inspection and enforcement data. Also, the requested funds will be used to assist in the integration of existing data into the NPIX infrastructure. As data is gathered, the program will make improvements based upon feedback from the first 25 states. Over time, vastly improved real-time data collection will better inform both PHMSA and states on pipeline conditions both nationwide and locally as well as enhance the material integrity of pipelines by more quickly pinpointing their vulnerabilities. Rigorous data analysis will enable PHMSA and its state partners to transition from tactical to strategic decision-making by leveraging an increasingly complete view of the nation's aging pipeline infrastructure.

### ***Design Review Fund, \$2,000,000***

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) authorizes PHMSA to recover from companies the costs of conducting pipeline facility design reviews of projects with design and construction costs totaling over \$2.5 billion, or when projects use new or novel technologies or design. The legislation allowed for the collection of the fee as a mandatory receipt with the spending subject to appropriations. No fees have been collected to date pursuant to this authority. The Consolidated Appropriations Act of 2014 provided the authority to retain fees

collected in FY 2014 pursuant to P.L. 112-90. However, since the Administration would like to use these fees as an offset for discretionary spending and therefore does not wish to collect them as a mandatory receipt, the Administration proposes collection of this fee pursuant to appropriations language. PHMSA is responsible for reviewing the design of pipeline facilities for code compliance including material specifications, material manufacturing and documentation.

### **What benefits will be provided to the American Public through this request?**

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With 2.6 million miles of pipelines crossing nearly every state and thousands of communities, millions of Americans rely on their safe operation. PHMSA oversees pipelines to ensure uninterrupted service and to protect against the potential for chaos and tragedy when a community experiences a pipeline leak, rupture or explosion.

The Pipeline Safety Program has identified the following top risk factors for pipeline accidents and failures:

1. **Aging pipelines** – The safety issue facing everyone concerns the very real risks posed by breakdowns in aging pipelines. Much of the nation’s pipeline infrastructure was built during the post-World War II boom years. About one-third of the nation’s natural gas and hazardous liquid pipelines are over 50 years old. Some were installed as far back as the 1880s, and many are of an unknown vintage. Many more pipelines will approach a half-century of service in short order. While age itself is not a determining factor in the integrity and safety of a pipeline, certain materials degrade over time and require additional monitoring, rehabilitation, repair, or replacement.
2. **Vulnerable pipeline material** – Some pipelines were manufactured using methods or materials that have been shown to be problematic and require special integrity testing and monitoring.
3. **Substantial growth in new pipeline infrastructure transporting newly identified energy sources (e.g., shale gas, crude oil) to consumers** – The pipeline infrastructure is rapidly expanding with the development of energy resources like the Marcellus shale and the Bakken formation and the need for increased transportation of natural gas and hazardous liquids to consumers.
4. **Population in proximity to pipelines** – Pipelines are typically located away from population centers when initially built. Over time with population expansion, many pipelines are now located in the middle of communities and business districts. Proximity to population areas increases the risk of pipeline damage and failure because of the corresponding increase in excavation near pipelines.

A related challenge examines the materials from which pipelines are made. Yesterday’s technology is no match for today’s advances in the science that makes better pipelines. Even so, many construction projects under PHMSA’s purview require close regulatory oversight. Despite PHMSA’s work with trade associations and the standard-setting community, poor quality steel continues to make its way into the Nation’s pipeline network. PHMSA engineers invest significant time and effort evaluating proposed and newly constructed pipeline projects, as well as providing guidance to the industry as a whole.

The Department's April 2011 Call to Action challenged pipeline operators to step up and repair, rehabilitate or replace high risk pipelines. The industry has responded with several major replacement and rehabilitation projects, but much more needs to be done. Cast iron pipe lies beneath some of the country's oldest and largest urban environments, where pipeline replacement is most difficult and expensive when combined with complexities of digging up streets and avoiding other underground utility lines. Roughly 50 percent of cast iron pipelines carrying natural gas are underground in Massachusetts, New Jersey, New York and Pennsylvania. Some operating cast iron pipelines are over 120 years old. Repairing, rehabilitating or replacing these high risk pipelines is a costly burden on consumers who, through state rate-setting protocols, will ultimately pay for the improved safety.

PHMSA inspectors have responded to help identify problematic federally regulated pipelines, as yearly inspection totals have progressively increased over the past decade. PHMSA has directed considerable resources toward accident investigation and applying lessons learned across the industry. PHMSA's research and development efforts have led to technology advancements that help identify and mitigate complex failure mechanisms before pipelines fail. Preventing pipeline incidents due to material weaknesses goes hand in hand with PHMSA's promotion of damage prevention activities. A nonprofit entity paid for the nationwide 811 "Call Before You Dig" logo to be worn on California Chrome's jockey's pants in the Triple Crown races. This allowed the campaign to continue to raise public awareness and combat unintended excavation damage, a leading cause of harm to pipelines.



California Chrome's jockey reminds everyone to "Call Before You Dig" Copyright © 2014 Common Ground Alliance, All rights reserved.

PHMSA is working with the industry to modernize infrastructure and apply technology to detect vulnerabilities earlier to avoid otherwise unforeseen disasters. PHMSA is taking a hard look at the causes and characteristics of pipeline failures to identify means to prevent future incidents. As an example, traditional internal inspection devices are limited to larger diameter pipelines with long, smooth bends, but the PHMSA R&D program has helped develop technology that will allow small diameter pipelines with sharp turns to be internally inspected for defects. This and other similar technology will increase the percentage of pipelines that can be internally inspected. This means more defects can be identified for repair before they cause pipeline failure. Through training as well as effective damage awareness and prevention programs, PHMSA's unique ability to engage all stakeholders to take responsibility toward improving safety is the linchpin to continued pipeline reliability. With the anticipated increase in transportation of products such as shale oil and gas, PHMSA will continue its regulatory and enforcement roles to help prevent accidents and sustain safety. As a result, PHMSA will keep raising the bar on pipeline safety, working with private industry to ensure compliance with critical rules that protect people and the environment from potential dangers and developing new regulations that will ensure safety but allow private companies to increase their efficiencies and deliver their products and services to the American public.

**Trust Fund Share of  
Pipeline Safety**

## **TRUST FUND SHARE OF PIPELINE SAFETY**

### **(OIL SPILL LIABILITY TRUST FUND)**

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to minimize oil spills into water and environmentally sensitive areas. Funding from the Oil Spill Liability Trust Fund contributes to some of Pipeline Safety's expenses and is included in the Pipeline Safety request. This section is simply provided as additional information about the fund. Funding from the Oil Spill Liability Trust Fund is accounted for by an expenditure transfer from which obligations are made and tracked separately from other Pipeline Safety funds.

## EXHIBIT III-1

### PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION TRUST FUND SHARE OF PIPELINE SAFETY<sup>1</sup>

#### Summary by Program Activity Appropriations, Obligation Limitations, and Exempt Obligations (\$000)

	<b><u>FY 2014 ACTUAL</u></b>	<b><u>FY 2015 ENACTED</u></b>	<b><u>FY 2016 REQUEST</u></b>	<b>CHANGE FROM FY 2015 <u>ENACTED</u></b>
Operations	\$11,723	\$12,650	\$12,650	\$0
Research and Development	2,173	2,173	2,173	0
Grants	4,677	4,677	4,677	0
<b>TOTAL</b>	<b>\$18,573</b>	<b>\$19,500</b>	<b>\$19,500</b>	<b>\$0</b>

<sup>1</sup>The Oil Spill Liability Trust Fund is used by the Office of Pipeline Safety as part of its overall budget.

#### **Program and Performance Statement**

The Oil Pollution Act of 1990 requires the preparation of spill response plans by operators that store, handle, or transport oil to minimize the environmental impact of oil spills and to improve public and private sector response. The Pipeline and Hazardous Materials Safety Administration (PHMSA) reviews response plans submitted by operators of onshore oil pipelines to ensure the plans comply with PHMSA regulations. These plans also must be regularly updated by the operator and submitted for subsequent review by PHMSA. PHMSA also seeks to improve oil spill preparedness and response through data analysis, spill monitoring, mapping pipelines in areas unusually sensitive to environmental damage, and advanced technologies to detect and prevent leaks from hazardous liquid pipelines. These and related activities are funded in part by the Oil Spill Liability Trust Fund.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
TRUST FUND SHARE OF PIPELINE SAFETY  
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-8121-0-7-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Obligations by program activity:</b>			
0001 Trust fund share of pipeline safety	18,573	19,500	19,500
0900 Total new obligations (object class 94.0)	18,573	19,500	19,500
<b>Budgetary resources:</b>			
<b>Budget authority:</b>			
<b>Appropriations, discretionary:</b>			
1101 Appropriation (special or trust fund)	19,507	19,500	19,500
1102 Appropriation (previously unavailable)	-934	0	0
1160 Appropriation, discretionary (total)	18,573	19,500	19,500
1900 Budget authority (total)	18,573	19,500	19,500
1930 Total budgetary resources available	18,573	19,500	19,500
<b>Memorandum (non-add) entries:</b>			
1940 Unobligated balance expiring	0	0	0
1941 Unexpired unobligated balance, end of year	0	0	0
<b>Change in obligated balance:</b>			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	12,711	14,577	13,749
3010 Obligations incurred, unexpired accounts	18,573	19,500	19,500
3020 Outlays (gross)	-16,702	-20,327	-19,831
3041 Recoveries of prior year unpaid obligations, expired	-5	0	0
3050 Unpaid obligations, end of year	14,577	13,749	13,418

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
TRUST FUND SHARE OF PIPELINE SAFETY  
PROGRAM AND FINANCING  
(In thousands of dollars)**

Identification code 69-8121-0-7-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Memorandum (non-add) entries:</b>			
3100 Obligated balance, start of year	12,711	14,577	13,749
3200 Obligated balance, end of year	14,577	13,749	13,418
<b>Budget authority and outlays, net:</b>			
<b>Discretionary:</b>			
4000 Budget authority, gross	18,573	19,500	19,500
4010 Outlays from new discretionary authority	7,191	9,555	9,555
4011 Outlays from discretionary balances	9,511	10,772	10,276
4020 Outlays, gross (total)	16,702	20,327	19,831
4070 Budget authority, net (discretionary)	18,573	19,500	19,500
4080 Outlays, net (discretionary)	16,702	20,327	19,831
4180 Budget authority, net (total)	18,573	19,500	19,500
4190 Outlays, net (total)	16,702	20,327	19,831



**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HISTORY OF APPROPRIATIONS**

**Trust Fund Share of Pipeline Safety  
(Oil Spill Liability Trust Fund)**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2007	\$18,810,000	\$14,850,000 <sup>1/</sup>
2008	\$18,810,000	\$14,850,000
2009	\$18,810,000	\$18,810,000
2010	\$18,905,000	\$18,905,000
2011	\$18,905,000 <sup>1/</sup>	\$18,867,000 <sup>2/</sup>
2012	\$21,510,000	\$18,573,000
2013	\$21,510,000	\$17,602,000 <sup>3/</sup>
2014	\$18,573,000	\$18,573,000
2015	\$19,500,000	\$19,500,000
2016	\$19,500,000	

1/ Reflects the funding levels provided by a full-year continuing resolution

2/ Reflects reduction of \$37,810 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10)

3/ Reflects reductions from sequestration (Sec. 1113 of Division B of P.L. 113-6)

**Detailed Justification for the Trust Fund Share of Pipeline Safety**

**FY 2016 Request – \$19.5 million<sup>1</sup>  
(Included in the Pipeline Safety Account)  
(\$000)**

<b>Program Activity</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>FY 2016 Request</b>	<b>Change From FY 2015 President's Enacted</b>
Administrative Expenses	\$300	\$736	\$736	\$0
Program	11,423	11,914	11,914	0
Research and Development	2,173	2,173	2,173	0
Grants	4,677	4,677	4,677	0
<b>Total</b>	<b>\$18,573</b>	<b>\$19,500</b>	<b>\$19,500</b>	<b>\$0</b>

<sup>1</sup>Funds shown above are already included in the Pipeline Safety Program's total funding.

**Overview:**

The Oil Spill Liability Trust Fund was created by the U.S. Congress to help fund efforts designed to prevent, remove, and mitigate damage from oil spills into water and environmentally sensitive areas. As part of PHMSA's Pipeline Safety program, this fund contributes to the following expenses: salary, benefits, and administrative expenses; integrity management; compliance inspection and enforcement; emergency preparedness; training, competency standards, and qualifications for community awareness and protection; State Pipeline Safety Grants; and research and development. Each of these programs is, at least in part, designed to ensure that energy transported by pipeline is done in a safe and environmentally friendly manner.

More on the Oil Spill Liability Trust Fund can be found in Pipeline Safety's narrative tab.

# **Hazardous Materials Safety**

## APPROPRIATIONS LANGUAGE

### HAZARDOUS MATERIALS SAFETY

#### *(HAZARDOUS MATERIALS APPROVALS AND PERMITS FUND)*

For expenses necessary to discharge the hazardous materials safety functions of the Pipeline and Hazardous Materials Safety Administration, [\$52,000,000] \$64,254,000, of which [\$7,000,000] \$7,570,000 shall remain available until September 30, [2017] 2018: Provided, That up to \$800,000 in fees collected under 49 U.S.C. 5108(g) shall be deposited in the general fund of the Treasury as offsetting receipts: Provided further, That there may be credited to this appropriation, to be available until expended, funds received from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training, for reports publication and dissemination, and for travel expenses incurred in performance of hazardous materials exemptions and approvals functions. *(Department of Transportation Appropriations Act, 2015)*

*Contingent upon the enactment of multi-year surface transportation authorization legislation, amounts collected from special permits and approval fees shall be credited to a Hazardous Materials Approvals and Permits Fund as offsetting receipts: Provided, That such offsetting receipts (estimated to be \$12,000,000 in fiscal year 2016) shall be available until expended for necessary expenses of such Fund: Provided further, That the total amount appropriated under this heading from the general fund for fiscal year 2016 shall be reduced as such offsetting fees are received so as to result in a final total fiscal year 2016 appropriation estimated at not more than \$52,254,000.*

**EXHIBIT III-1**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY**

**Summary by Program Activity  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

	<b><u>FY 2014 ACTUAL</u></b>	<b><u>FY 2015 ENACTED</u></b>	<b><u>FY 2016 REQUEST</u></b>	<b><u>CHANGE FY 2015- FY 2016</u></b>
Operations	\$ 42,700	\$ 45,000	\$ 56,684	\$ 11,684
Research and Development	2,300	7,000	7,570	570
<hr/>				
<b>TOTAL</b>	<b>\$ 45,000</b>	<b>\$ 52,000</b>	<b>\$ 64,254</b>	<b>\$ 12,254</b>
<b>FTEs</b>				
Direct Funded	164.2	196.5	229.0	32.5

**Program and Performance Statement**

The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for advancing the safe transportation of hazardous materials, based on a comprehensive risk management program to ensure that resources are effectively applied to minimize fatalities and injuries, mitigate the consequences of incidents that occur, and enhance safety. The program carries out its mission based on a foundation of five C's: Classifying hazardous materials to ensure they are packaged and handled safely during transportation; Containing hazardous materials properly in accordance with the Hazardous Materials Regulations; Communicating to transportation workers and emergency responders regarding the hazards of materials being transported; ensuring Compliance with the Hazardous Materials Regulations by enforcing safety standards, investigating incidents/failures and educating stakeholders; and Crisis Management to mitigate the consequences of incidents through grant and outreach programs.

**EXHIBIT III-1a**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
Summary Analysis of Change from FY 2015 to FY 2016  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

	<b>Change from FY 2015 to FY 2016 \$000</b>	<b>Change from FY 2015 to FY 2016 FTE</b>
<b><u>HAZARDOUS MATERIALS SAFETY</u></b>		
<b>FY 2015 Enacted Budget</b>	<b>\$52,000</b>	<b>196.5</b>
<b>Administrative Adjustments to Base:</b>		
Annualization of 2015 Pay Raise	\$62	0.0
Annualization of FY 2015 FTE	1,419	6.5
One Extra Compensable Day	104	0.0
FY 2016 Pay Raise	267	0.0
GSA Rent	48	0.0
Working Capital Fund	(14)	0.0
Non-pay Inflation	163	0.0
<b>Subtotal, Adjustments to Base</b>	<b>\$2,049</b>	<b>6.5</b>
<b>New or Expanded Programs</b>		
1. Expansion of Existing Programs Including Safe Transport of Energy Products, 40 FTP	\$6,905	20.0
<i>a. Inspection &amp; Enforcement (I&amp;E Staff), 26 FTP</i>	<i>[2,860]</i>	<i>[13.0]</i>
<i>b. Regulatory Support Staff, 3 FTP</i>	<i>[330]</i>	<i>[1.5]</i>
<i>c. Economic &amp; Policy Analysts, 4FTP</i>	<i>[440]</i>	<i>[2.0]</i>
<i>d. Chemists/Engineers, 5 FTP</i>	<i>[550]</i>	<i>[2.5]</i>
<i>e. Transportation Specialists, 2 FTP</i>	<i>[220]</i>	<i>[1.0]</i>
<i>f. Outreach, Training and Compliance</i>	<i>[905]</i>	<i>[0.0]</i>
<i>g. Investigation &amp; Enforcement: Contracts, Testing &amp; Safety Equipment</i>	<i>[1,100]</i>	<i>[0.0]</i>
<i>h. Research and Development</i>	<i>[500]</i>	<i>[0.0]</i>
2. Risk Management Framework, 12 FTP	\$3,300	6.0
<i>a. Statistician, 2 FTP</i>	<i>[220]</i>	<i>[1.0]</i>
<i>b. Program Analyst, 2 FTP</i>	<i>[220]</i>	<i>[1.0]</i>
<i>c. International Inspectors, 4 FTP</i>	<i>[440]</i>	<i>[2.0]</i>
<i>d. Accident Incident Investigators, 2 FTP</i>	<i>[220]</i>	<i>[1.0]</i>
<i>e. Investigative Analysts, 2 FTP</i>	<i>[220]</i>	<i>[1.0]</i>
<i>f. Hazmat Information &amp; Analysis</i>	<i>[1,980]</i>	<i>[0.0]</i>
<b>Subtotal, New or Expanded Programs</b>	<b>\$10,205</b>	<b>26.0</b>
<b>FY 2016 Request</b>	<b>\$64,254</b>	<b>229.0</b>

## EXHIBIT III-2

### PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION HAZARDOUS MATERIALS SAFETY AND EMERGENCY PREPAREDNESS GRANTS

#### ANNUAL PERFORMANCE RESULTS AND TARGETS

PHMSA integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. PHMSA tracks the following DOT performance measures to demonstrate program results:

##### DOT Goal/Outcome: Safety

<b>Reduction in injuries and fatalities: Number of hazardous materials incidents involving death or major injury</b>	2012	2013	2014	2015	2016
Target Range	22-34	21-33	20-32	20-31	20-31
Actual	32	25	19 <sup>1</sup>		

<sup>1</sup>Preliminary - Number subject to change due to time span between actual occurrence and final verification of details.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY  
UNAVAILABLE COLLECTIONS**

(In thousands of dollars)

<b>Identification code 69-1401-0-1-407</b>	<b>FY 2014 <u>Actual</u></b>	<b>FY 2015 <u>Enacted</u></b>	<b>FY 2016 <u>Request</u></b>
01.99 Balance, start of year, total	0	0	0
Receipts and offsetting receipts:			
02.60 Hazardous Materials Special Permits & Approvals User Fee	0	0	12,000
02.99 Total receipts	0	0	12,000
04.00 Total: Balances and receipts	0	0	12,000
Appropriations:			
05.00 Hazardous Materials [TBD]	0	0	-12,000
05.99 Total Appropriations (-)	0	0	-12,000
07.99 Balance, end of year	\$0	\$0	\$0



**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY  
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-1401-0-1-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Obligations by program activity:</b>			
0001 Operations	42,667	45,598	56,684
0002 Research and development	1,635	10,926	7,670
0799 Total direct program	44,303	56,524	64,354
0801 Reimbursable program	657	3,200	3,200
0900 Total new obligations	44,960	59,724	67,554
<b>Budgetary resources:</b>			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	3,552	4,524	0
1012 Unobligated balance transfers btwn expired & unexpired acc	48	0	0
1021 Recoveries of prior year unpaid obligations	18	0	0
1050 Unobligated balance (total)	3,618	4,524	0
<b>Budget authority:</b>			
<b>Appropriations, discretionary:</b>			
1100 Appropriation	45,000	52,000	52,354
1101 Appropriation (special or trust fund)	0	0	12,000
1160 Appropriation, discretionary (total)	45,000	52,000	64,354
1700 Collected	823	3,200	3,200
1701 Change in uncollected payments, Federal sources	200	0	0
1750 Spending auth from offsetting collections, disc - (total)	1,023	3,200	3,200
1900 Budget authority (total)	46,023	55,200	67,554
1930 Total budgetary resources available	49,641	59,724	67,554
<b>Memorandum (non-add) entries:</b>			
1940 Unobligated balance expiring	-157	0	0
1941 Unexpired unobligated balance, end of year	4,524	0	0
<b>Change in obligated balance:</b>			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	11,866	13,577	17,062
3010 Obligations incurred, unexpired accounts	44,960	59,724	67,554
3011 Obligations incurred, expired accounts	2,773	0	0
3020 Outlays (gross)	-42,931	-56,239	-63,601
3040 Recoveries of prior year unpaid obligations, unexpired	-18	0	0
3041 Recoveries of prior year unpaid obligations, expired	-3,073	0	0
3050 Unpaid obligations, end of year	13,577	17,062	21,016

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY  
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-1401-0-1-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Uncollected payments:</b>			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	-310	-422	-422
3070 Change in uncollected pymts, Fed sources, unexpired	-200	0	0
3071 Change in uncollected pymts, Fed sources, expired	88	0	0
3090 Uncollected pymts, Fed sources, end of year	-422	-422	-422
<b>Memorandum (non-add) entries:</b>			
3100 Obligated balance, start of year	11,556	13,155	16,640
3200 Obligated balance, end of year	13,155	16,640	20,593
<b>Budget authority and outlays, net:</b>			
<b>Discretionary:</b>			
4000 Budget authority, gross	46,023	55,200	67,554
4010 Outlays from new discretionary authority	33,075	38,560	46,961
4011 Outlays from discretionary balances	9,856	17,679	16,640
4020 Outlays, gross (total)	42,931	56,239	63,601
<b>Offsets against gross budget authority and outlays:</b>			
<b>Offsetting collections (collected) from:</b>			
4030 Federal sources	-1,235	-3,200	-3,200
4033 Non-Federal sources	-717	0	0
4040 Offsets against gross budget authority and outlays (total)	-1,953	-3,200	-3,200
<b>Additional offsets against gross budget authority only:</b>			
4050 Change in uncollected pymts, Fed sources, unexpired	-200	0	0
4051 Offsetting collections credited to expired accounts	88	0	0
4060 Additional offsets against budget authority only (total)	-112	0	0
4070 Budget authority, net (discretionary)	45,000	52,000	64,354
4080 Outlays, net (discretionary)	40,978	53,039	60,401
4180 Budget authority, net (total)	45,000	52,000	64,354
4190 Outlays, net (total)	40,978	53,039	60,401

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS SAFETY**

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

<b>Identification code 69-1401-0-1-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$16,801	\$19,772	\$23,621
11.3 Other than full-time permanent	406	468	621
11.5 Other personnel compensation	234	269	358
11.9 Total personnel compensation	17,441	20,509	24,600
12.1 Civilian personnel benefits	4,967	5,742	6,888
13.1 Benefits to former personnel	176	0	0
21.0 Travel and transportation of persons	1,546	1,821	2,230
23.1 Rental payments to GSA	1,840	2,312	2,783
23.3 Communications, utilities, and misc charges	313	409	413
24.0 Printing and reproduction	381	142	143
25.1 Advisory and assistance services	5,356	6,507	8,272
25.2 Other services	458	300	347
25.3 Other purchases of goods & services from govt accts	4,044	6,701	6,768
25.5 Research and development contracts	1,545	10,926	7,670
25.7 Operation and maintenance of equipment	5,638	580	2,566
26.0 Supplies and materials	381	385	689
31.0 Equipment	190	190	985
42.0 Insurance claims and indemnities	25	0	0
Subtotal, Direct obligations	\$44,303	\$56,524	\$64,354
99.0 Subtotal, Reimbursable obligations	657	3,200	3,200
99.9 Total new obligations	\$44,960	\$59,724	\$67,554

**EMPLOYMENT SUMMARY**

<b>Identification code 69-1401-0-1-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
10.01 Direct civilian full-time equivalent employment	164.2	196.5	229.0

**PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION  
HISTORY OF APPROPRIATIONS**

**Hazardous Materials Safety**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2007	\$27,225,000	\$26,723,000 <sup>1/</sup>
2008	\$27,003,000	\$28,000,000
2009	\$28,000,000	\$32,000,000
2010	\$35,500,000	\$37,994,000
2011	\$40,434,000 <sup>1/</sup>	\$39,020,000 <sup>1/ &amp; 2/</sup>
2012	\$50,089,000	\$42,338,000
2013	\$50,673,000	\$40,123,000 <sup>1/ &amp; 3/</sup>
2014	\$51,801,000	\$45,000,000
2015	\$52,000,000	\$52,000,000
2016	\$64,254,000	

1/ Reflects the funding levels provided by a full-year continuing resolution.

2/ Reflects reduction of \$78,196 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

3/ Reflects sequestered amount (Sec. 1113 of Division B of P.L. 113-6).

## Detailed Justification for Hazardous Materials Safety

FY 2016 Request – \$64.3 million

### What Is The Request And What Funds Are Currently Spent on the Program?

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#### FY 2016 – Hazardous Materials Safety Budget Request (\$000)

Program Activity	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request	Change From FY 2015 Enacted
Administrative Expenses	\$34,209	\$36,148	\$43,797	\$7,649
Programs	8,491	8,852	12,887	4,035
Research and Development	2,300	7,000	7,570	570
<b>Total</b>	<b>\$45,000</b>	<b>\$52,000</b>	<b>\$64,254</b>	<b>\$12,254</b>

### What is this Program and Why is it Necessary?

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#### Overview

Hazardous materials (hazmat) are essential to the economy and lifestyle of all Americans. Gasoline, diesel, natural gas and propane fuel automobiles, as well as heat and cool homes and workplaces. Fertilizers, pesticides, compressed gases, basic chemicals and explosives are used in farming, medical applications, and in manufacturing, mining and other industrial processes. According to the 2007 Commodity Flow Survey conducted by the Bureau of Transportation Statistics and the U.S. Census Bureau, more than 2.2 billion tons of regulated hazmat — including explosive, poisonous, corrosive, flammable and radioactive materials — is transported in this country each year.<sup>1</sup> These materials fuel the energy that supports the American economy and way of life. Varieties of chemicals purify water, fertilize crops, create medicines, and are part of the manufacture of clothing that Americans rely on as part of a basic standard of living.

More than 6.1 million tons of hazmat, valued at about \$4 billion, is moved 886 million miles on the nation's interconnected transportation network<sup>2</sup> each day. The movement of these chemicals and energy products pose some inherent risk to the public, the environment and property. These shipments frequently move near homes and businesses and environmentally sensitive areas where the consequences of an incident could be loss of life and/or serious damage to natural resources and habitats.

PHMSA's Office of Hazardous Materials Safety (OHMS) oversees the safe transport of hazmat by air, rail, highway and water. OHMS supports the development, implementation and regulation of

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<sup>1</sup>[https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/special\\_reports\\_and\\_issue\\_briefs/special\\_report/2011\\_01\\_26/pdf/entire.pdf](https://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/special_reports_and_issue_briefs/special_report/2011_01_26/pdf/entire.pdf)

<sup>2</sup>[http://www.bts.gov/publications/commodity\\_flow\\_survey/](http://www.bts.gov/publications/commodity_flow_survey/)

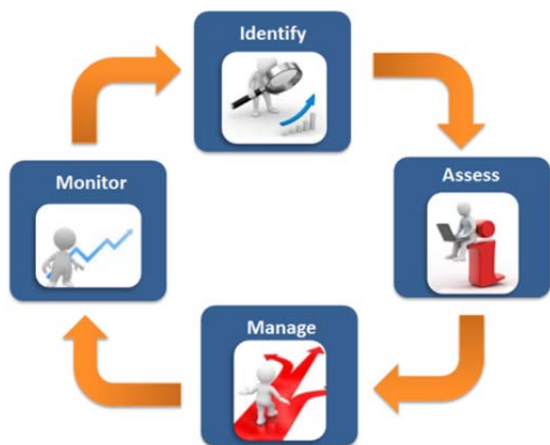
national hazardous materials safety standards at the state and federal levels, resulting in a consistent application of safety regulations throughout the hazmat industry. OHMS frames implementation of its mission around principles commonly referred to as the “five C’s”:

1. Classifying hazardous materials to ensure they are packaged and handled safely during transportation;
2. Containing hazardous materials properly in accordance with the Hazardous Materials Regulations;
3. Communicating to transportation workers and emergency responders regarding the hazards of materials being transported;
4. Ensuring Compliance with the Hazardous Materials Regulations by enforcing safety standards, investigating incidents/failures and educating stakeholders; and
5. Crisis Management to mitigate the consequences of incidents through grant and outreach programs.

The OHMS is comprised of staff at headquarters in Washington, DC and five regional field offices (West Trenton, NJ; Ontario, CA; Atlanta, GA; Houston, TX; and Des Plaines, IL). Staff stationed at headquarters review regulations, develop policy, manage all OHMS programs, and coordinate education and outreach. Field staff conduct inspections, investigations, outreach, and work on-the-ground with state partners.

PHMSA’s Strategic Plan (2012-2016) specifically notes “changes in risk exposure” and “understanding and targeting risk” as two of the organization’s key challenges over the next 5-10 years. To confront these changes and emerging safety risks, the FY 2016 Budget is focused on program priorities to enhance its risk management capabilities, strengthen its investigation teams, implement a more rigorous research and development curriculum, and reform its grants program.

#### PHMSA's Office of Hazardous Materials Safety Risk Management Framework



In order to accomplish its goals, a Risk Management Framework (RMF) has been developed to identify, assess, manage and monitor risks in hazmat transportation. Using data, investigation teams, economic analysis techniques and research and development tools, the program works to identify potential hazmat transportation risks and the best risk mitigation strategies. This methodology supports defensible risk-informed strategic planning, programming, budgeting, resource allocation, and outcome performance management and metrics.

The RMF is foundational to the hazmat program and is focused on enhancing risk management capabilities across the program. Through this tool,

PHMSA can target risks more effectively to:

- Drive organizational resources towards the highest safety risks;
- Identify the critical points where we might address risk, including environmental risks;
- Ensure our programs (grants, outreach, and regulatory) are having the intended effect; and
- Institute factors and weights to prioritize rulemaking and compliance efforts.

The RMF also helps PHMSA prioritize its resources and inspections. With an inspection rate projected at 2,000 per year, a high risk entity can expect to see a PHMSA inspector once every six

years. Parties on the larger elevated risk list of 84,000 entities can expect a PHMSA inspection once every 42 years - essentially once over the business life of that company.

The FY 2016 RMF priorities are broken out into the following categories:

- Root Cause and Data Analysis – A method that attempts to trace the chain of failures and why the failures occurred in the first place
- Research and Development
- Hazmat Data Model
- Risk Mitigation: Preparedness and Response
- Hazard Abatement Authority and
- Grants Reform.

Data accuracy and reliability have been noted as ongoing concerns for the hazardous materials safety program. To meet these challenges, the organization has undertaken a number of initiatives, including implementing data quality improvement plans to ensure that accurate and reliable data is used to guide the program and measure progress. PHMSA also has assessed preliminary needs for incident data and methodologies for evaluating risk.

With the FY 2016 President's Budget, PHMSA will use funds and the RMF to tackle new emerging threats resulting from energy product transport by rail, air, water, and over our nation's highways (crude oil, liquefied natural gas, etc.); strengthen the quality of its information through technology-driven integration of data systems; ensure quality training of hazardous materials safety investigators; improve its regulatory processes; continue working on minimizing the special permits backlog; and reform its Emergency Preparedness Grants program.

The following accomplishments increase the likelihood of the safe movement of hazardous materials and were made possible by funding from both the FY 2014 and 2015 enacted budgets:

- National Transportation Safety Board (NTSB) Recommendations - PHMSA successfully implemented a revised standard operating procedure and other improvements which have resulted in the closure of 15 NTSB recommendations from October 1, 2012 through September 30, 2014. The successful closure of these recommendations required close coordination with other administrations, including the Federal Rail Administration (FRA), Federal Aviation Administration (FAA), Federal Motor Carrier Safety Administration (FMCSA), the Environmental Protection Agency (EPA), and Occupational Safety and Health Administration (OSHA). It is due to this collaboration that PHMSA achieved such positive results. For example, publishing a safety advisory guidance document on the heating of hazardous material in rail tank cars for unloading or transloading, which was a coordinated effort with our modal partners (FRA) and departmental partners (EPA and OSHA).

Moving Ahead for Progress in the 21st Century Act (MAP-21) Implementation - MAP-21 required PHMSA to conduct an assessment surrounding data related to incidents involving hazardous materials in transport. Upon completion of the assessment, PHMSA was required to develop an action plan for improving data collection, analysis, reporting and use, including revising its database as appropriate. PHMSA reported its findings to Congress on September 3, 2013. Implementation of the action plan is part of PHMSA's program goals from 2014-2016. To date, MAP-21 accomplishments include:

- Published a final rule removing minimum civil penalty and increasing maximum civil penalties (HM-258), April 17, 2013.
  - Published a final rule addressing actions to be taken if a person fails to pay a civil penalty (HM-258A), August 7, 2014.
  - Assisted GAO in completing its audit regarding the incident data and regulatory analysis for the wetlines (HM-213D) rulemaking, “Hazardous Materials: Safety Requirements for External Product Piping on Cargo Tanks Transporting Flammable Liquids,” September 2013.
  - Published a final rule addressing safe and expeditious resumption of transportation, out-of-service procedures for a package, inspector training and proper closure of packagings (HM-258B), October 2, 2013.
  - Defining the Hazardous Materials Automated Cargo Communication for Efficient and Safe Shipment (HM-ACCESS) pilot test – a program that tests the feasibility of using paperless hazmat communication systems (e-systems) to convey the shipping information required under 49 CFR 172, Subpart C.
  - Developed and implemented uniform hazardous material inspectors and investigators (HMI2) training performance standards for all personnel conducting hazmat inspections or investigations. The training curriculum is made up of six “Core Competencies.” These competencies in the hazardous material inspector and investigator community ensure that personnel make proper corrective or penalty action recommendations and confirm the completeness of the investigations. These standards also set best practices for future investigation and inspection-dependent organizations.
- Special Permits and Approvals - Since 2008, PHMSA has incorporated 115 Special Permits into the Hazardous Materials Regulations and completed the review of 1,177 Special Permits. In FY 2014, PHMSA incorporated 15 Special Permits, 18 Competent Authority Approvals, 50 Fireworks Approvals, and the review of 10 United Nations papers.
  - Outreach and Compliance - An ongoing effort to strengthen compliance, outreach and promote safety and awareness is underway. In FY 2014, the OHMS successfully held three multimodal workshops, 32 workshops and presentations on the *Emergency Response Guidebook*, and conducted over 34 one-day hazmat workshops with its Hazardous Materials Safety Assistance Team, attracting 2,889 participants. In addition, as part of the alternative compliance program - Systems Integrity Safety Program (SISP) - the hazardous materials safety division closed five SISP agreements and established various new compliance agreements that use a system safety approach to address significant safety issues.

To increase stakeholder accessibility and keep the public up-to-date on the latest training, PHMSA regularly updates and makes available free web-based training modules covering both hazmat transportation and security awareness.

- Policy Analysis Protocols - PHMSA conducted several efforts to improve its policy and regulatory activities. The agency created and implemented Policy Analysis Protocols, which use enhanced processes, data and tools to better define current and new policies. While individual circumstances may occasionally require flexibility, the Policy Analysis Protocols set the groundwork for a sound approach to achieve safety that may result in a variety of actions including outreach, training, inspections, investigations and rulemakings.



PHMSA will use FY 2016 funding to further progress on the following FY 2015 accomplishments:

- Continue addressing emerging threats as they arise especially those pertaining to crude oil and other energy products;
- Strengthening paperless hazard communications with HM-ACCESS pilots in three regions;
- Enhancing emergency responder training with more outreach to our grants program;
- Improving data collection, analysis and reporting;
- Promoting uniform performance standards for training hazmat inspectors and investigators;
- Promoting transparency in special permit procedures and evaluations;
- Supporting efforts to convert well-established special permits into regulations of general applicability; and
- Evaluating and finalizing actions regarding wetlines safety.

### **Why Do We Want/Need To Fund The Program At The Requested Level?**

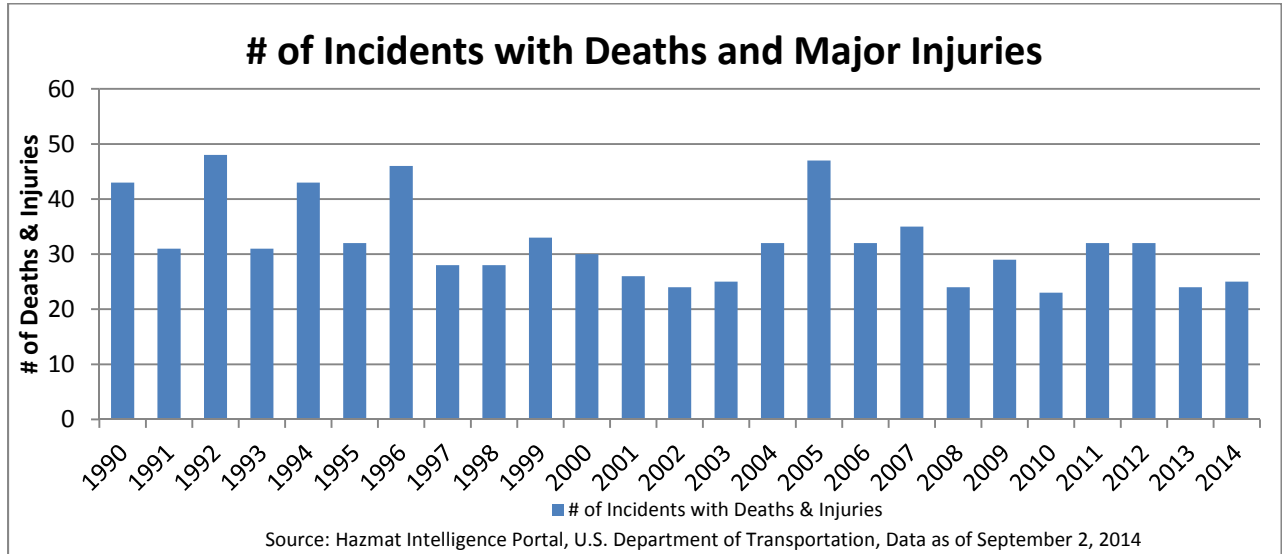
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PHMSA's safety regulations and oversight support the economy by getting products to market safely, while simultaneously making communities safer and more livable. An effective transportation safety program requires continuous evaluation, revitalization and updating to address modern risks. PHMSA's success is measured in the following two ways.

First, PHMSA takes the necessary steps to immediately address risks through rulemakings or collaboration with other Federal or state entities as soon as they occur or are foreseen. Risks such as the dangers regarding wetlines on flammable hazmat carrying cargo tanks, lithium batteries transported by air, improper or careless classification of packaging, improper disposal of fireworks, and the emergence of crude oil and liquefied natural gas transport are just a few significant safety issues that the OHMS is actively pursuing and researching to mitigate. These are also issues that mostly stemmed from situations where an incident occurred and PHMSA reacted. The RMF has been structured to redefine the Hazardous Materials Safety program to be a more proactive safety tool than a reactive safety aid.

Second, PHMSA's outcome goals closely monitor our mission through Key Performance Indicators (KPIs). The Hazmat program has selected a variety of KPIs based on its mission, outcomes, and operational goals. The primary KPI for PHMSA's Hazmat program is reducing the number of incidents involving a death or injury.

As depicted in the chart below, the number of total death and major injury incidents has been declining steadily. Since 1990 these tragedies have declined an average of four percent every three years over the long term (1990-2014). During the same period, though, most measures of risk exposure – such as freight shipments, hazmat ton-miles, and, more recently, a surge in oil shipments on rail cars -- have risen.



Additional Hazmat KPIs and dashboards are available to PHMSA stakeholders through the Hazmat Intelligence Portal as well as through PHMSA’s Quarterly Management Reviews. These have proven to be successful in reviewing goal-driven performance, for both operational outputs and outcomes. PHMSA uses regularly scheduled reviews as an effective way for the agency’s senior leaders to identify performance gaps and revise strategies as part of a systematic planning process.

Keeping in mind the lessons learned from recent incidents, PHMSA is increasing its efforts to apply the best technologies, regulatory processes and investigative techniques to address existing and emerging risks in a timely and effective manner.

**FY 2016 Budget Request**

The Hazardous Materials Safety program’s budget request in FY 2016 totals \$64.3 million. This request reflects an increase of \$12.3 million from the FY 2015 enacted budget. Of that amount, \$2.0 million is for adjustments to the base; \$6.9 million furthers staff and program cost increases for the expansion of existing programs including the safe transport of energy products initiative; and \$3.3 million for the Risk Management Framework staff and program costs.

The FY 2016 request includes a proposal, which is contingent upon the enactment of the GROW AMERICA Act proposal, for a new fee to offset existing and recurring costs associated with PHMSA’s Special Permits and Approvals (SP&A) program. The application fee helps generate enough revenue to conduct the work in an efficient manner to avoid backlogs similar to 2009, as identified by the Inspector General. Prior to this, applications were free. An appropriately structured fee would encourage applicants to be invested in their request and, therefore, to provide more complete and better developed applications. The fee ensures that the program receives more serious applicants. The fee helps offset costs, including necessary expenses within the program for inspections, travel, IT support for the operations and maintenance of approval systems, support for

evaluating certain submitted designs, and conducting fitness reviews for applicants. The fee is estimated based on the volume of permit approvals and a pricing model that approximates the cost to the government for completing these special permit approvals. Accordingly, this fee is proposed as an offsetting receipt that if collected can be used to offset (not augment) the Hazardous Materials Approvals and Permits Fund. Similarly, if the fee is not collected, PHMSA will still incur the full cost of running their special permit approvals program and will expend funding from the general fund appropriation.

### **BASE FUNDING**

#### **Administrative Expenses: \$43,797,000**

Of this FY 2016 request, \$43.8 million is for administrative expenses, supporting 229.0 FTEs including their salaries, benefits and other administrative expenses such as travel, training, supplies, equipment - including personal protection equipment- and uniforms for all investigators.

#### **Programs: \$12,887,000**

The Office of Hazardous Materials Safety's programs are designed to propel its mission forward through multiple activities including monitoring SP&A applications, verifying incident reports, and measuring day-to-day performance via the Hazmat Information System. Tasks also consist of analyzing incidents involving transportation of hazmat; developing educational tools for outreach and training; and supporting the U.S. Coast Guard's efforts in issuing emergency notifications when a hazmat incident occurs. Moreover, hazmat programs help reduce "stove piped" databases through a one-stop multimodal Hazmat Intelligence Portal, and ensure collected registration fees support the grants to states and American Indian tribes for emergency response planning and training.

#### **Research and Development (R&D): \$7,570,000**

In addition, Hazardous Materials Safety's R&D program directs applied research for the purpose of minimizing risks associated with multimodal transportation. It analyzes these risks to better understand the contributing factors and to minimize potential impacts, and uses those results to focus research efforts on areas that inform and guide potential future changes in regulations, industry safety practices, alternative opportunities for training development, and global intermodal transport efficiency demands for hazmat. We intend to continue to implement strategies outlined in its 2012-2017 R&D Strategic Plan and initiatives supporting the safe transport of energy products.

For FY 2016, PHMSA is requesting \$7.6 million for research and development (R&D). As part of the total R&D request, funding includes \$4.1 million for other hazmat research including emerging technologies and special risk analysis and \$3.5 million from the base for projects that focus on the safe transport of energy products, including LNG. LNG production in the U.S. is on the rise. LNG typically contains more than 90 percent methane along with small amounts of ethane, propane, butane, some heavier alkanes and nitrogen – all highly flammable and explosive chemicals. One of the risks of LNG is a rapid phase transition explosion, which occurs when cold LNG comes into contact with water. PHMSA is working closely with FRA to ensure safety measures for such energy products, and while doing so, to avoid any overlap of responsibility and duplication of projects.

#### ***FY 2016 Adjustments to Base: \$2,049,000***

PHMSA's FY 2016 adjustments to base include \$62,000 for annualization of the FY 2015 pay raise, \$1.419 million for the annualization of FY 2015 FTEs, \$267,000 for 2016 pay raise at 1.3 percent, \$104,000 for one extra compensable day in 2016, \$14,000 decrease in the Working Capital Fund, \$48,000 for General Services Administration rent increase and \$163,000 for non-pay

inflation at one percent.

***Expansion of Existing Programs Including Safe Transport of Energy Products, \$6,905,000 and 20.0 FTE/ 40 FTP***

As noted above, PHMSA is responsible for all hazardous materials transported in the United States. According to the most recent Commodity Flow Survey conducted by the Bureau of Transportation Statistics and the U.S. Census Bureau, more than 2.2 billion tons of regulated hazmat — including explosive, poisonous, corrosive, flammable and radioactive materials — is transported in this country each year. Historically, the percentage of domestically produced energy products (i.e. crude oil and natural gas) have been transported by pipelines and confined to specific corridors. However, as of 2014, approximately 85 percent of the flammable liquids transported by rail are comprised of crude oil, ethanol and petrochemicals or petroleum refinery products.

PHMSA has an annual goal of completing at least 1,900 hazmat inspections, which assumes approximately 35 inspections per inspector per year. Hazardous Materials Safety inspectors have accomplished this goal at an average of 1,915 inspections of regulated facilities each year. Unfortunately, PHMSA conducted only 1,549 hazmat inspections nationwide in 2014 due to increased oversight and testing of crude oil transportation and implemented actions for new energy products in the Bakken region and other areas. PHMSA conducted 152 unique inspections and 170 visits to 14 rail loading facilities in North Dakota to collect crude oil samples through June 30, 2014. These inspections were particularly time consuming as the facilities are in remote locations covering a wide swath of territory. Inspectors and staff from across all five PHMSA regional offices have been called on to support these efforts. Outside of North Dakota, inspectors have been required to visit rail loading/unloading facilities to collect 40 crude oil samples in Texas, Wyoming, Colorado, Indiana, Utah and California.

In addition to the number of inspections, PHMSA also saw an increased regulatory workload in FY 2013 and 2014. PHMSA has been and is actively working with the Federal Railroad Administration and Transport Canada to address National Transportation Safety Board’s (NTSB) and the Transportation Safety Board’s (TSB) joint recommendations (issued on January 23, 2014),<sup>3</sup> resulting in the following progress:

	<b>FY 2013</b>	<b>FY 2014</b>
<b>PHMSA Inspectors (FTE)</b>	<b>50</b>	<b>53</b>
PHMSA total inspections	1,882	1,549
<i>Regular Inspections and Enforcement</i>	1,882	1,227
<i>Operation Safe Delivery inspections</i>	0	322*

*\*Includes 152 unique inspections and 170 visits to 14 rail loading facilities in North Dakota to collect crude oil samples through June 30, 2014.*

- On January 24, 2014, FRA published a final rule that prescribes specific requirements for effective rail inspection frequencies, rail flaw remedial actions, minimum operator qualifications and requirements for rail inspection records.
- On August 1, 2014, PHMSA and FRA published a notice of proposed rulemaking (NPRM) — “Hazardous Materials: Enhanced Tank Car Standards and Operational Controls for High-Hazard Flammable Trains”- that proposed amendments to tank car specifications and operational controls for trains carrying large volumes of flammable liquids. PHMSA and FRA are vigorously working to finalize the proposals into a final rule.

<sup>3</sup> <http://www.gpo.gov/fdsys/pkg/FR-2013-11-05/pdf/2013-26402.pdf>

- On August 1, 2014, PHMSA and FRA published an Advanced Notice of Proposed Rulemaking (ANPRM) that sought comment on potential revisions to its regulations that would expand the applicability of comprehensive oil spill response plans to high-hazard flammable trains (HHFTs) based on thresholds of crude oil that apply to an entire train.
- On August 9, 2014, FRA published an NPRM that proposed amendments to strengthen the requirements relating to the securement of unattended equipment.

PHMSA requests additional resources to address and be proactive in existing hazardous materials programs. This increase will equip PHMSA to better address inspection, enforcement and rulemakings for all hazardous materials. This request acknowledges the strain put on staffing, including inspection, enforcement and regulatory, from the increase in energy products and other emerging hazmat risks.







PHMSA's Risk Management Framework calls for inspections that must be deferred due to insufficient inspectors, enforcement and regulatory staff. In addition, external program evaluations, such as those conducted by the Government Accountability Office and the National Transportation Safety Board have identified several areas for improvement and a need for additional resources. For staffing, \$4.4 million is requested to fund 20.0 FTE/40 FTP in Administrative Expenses, fulfilling the following roles:

- *Inspection and Enforcement (13.0 FTE/ 26 FTP):* PHMSA's inspectors are experts in their fields and essential in completing inspections of facilities that manufacture, mark and sell packages used to transport hazmat, as well as, facilities and carriers who offer, distribute and transport hazmat. Additional inspectors provided in FY 2016 will allow PHMSA to continue regular hazardous materials inspection activities while also addressing the safe transport of energy products and preparing for emerging risks.
- *Regulatory Support Staff (1.5 FTE/ 3 FTP):* Hazardous materials pose a high risk to the nation, and part of addressing this risk, is ensuring rulemakings are in place to regulate manufacturing and design of containment and testing methods.
- *Economic and policy analysts (2.0 FTE/ 4 FTP):* Performance measures assist in keeping the program on top of its mission. Such positions are dedicated to the technical and analytical aspects of how well the program is doing at keeping people safe. Data is received through many different mediums and then filtered and organized in order to produce statistics and results that can be used to track PHMSA's safety standards in a quantifiable manner. The Hazardous Materials Safety program gathers plenty of data but does not have enough staff to filter and organize the information. Staff are being requested to meet this demand.
- *Chemists/Engineers (2.5 FTE/ 5 FTP):* New designs and the integrity of a package are carefully reviewed by subject matter experts, who can identify what will trigger or change a chemical from harmless to harmful.
- *Transportation Specialists (1.0 FTE/ 2 FTP):* Transportation specialists are immediate field support for inspectors assessing shippers or carriers. They are knowledgeable on the work conducted out in the field as well as proficient with administrative duties and responsibilities that are program specific.

Program costs include:

- **\$800,000** will be used for **Testing and Safety Equipment** in order to take preventive actions towards train derailments and accidents involving the release of flammable liquids and the resulting fires that have occurred with increasing frequency, including those recent incidents in North Dakota, Quebec and Alabama.
- **\$905,000** for **Outreach, Training and Compliance** to enhance the safe transport of flammable liquids by ensuring shippers and carriers are taking all the required precautions to transport these liquids safely.
- **\$500,000** for **Advanced Package Integrity Research**. This research project will partially fund (\$250,000) research to develop inspection methods for manufacturing analysis and requalification of composite packaging (portable tanks, tubes and cylinders) and fully fund (\$250,000) an evaluation of packaging integrity, relevant devices, filling procedures (e.g., training, certification) and filling equipment (e.g., scale) specific to filling and transporting LNG/propane.

In the Expansion of Existing Programs Including Safe Transport of Energy Products, PHMSA and FRA leverage their respective expertise and access to ensure the rapidly increasing transport of petroleum products by rail. The table below shows how each will inspect and monitor shipments from production points to market when rail is the mode of delivery.

Responsibilities		Pipeline and Hazardous Materials Safety Administration	Federal Railroad Administration
<b>Classification</b>		Inspect for classification and characterization (including sampling for verification)	Audit classification and characterization
<b>Package Manufacturing</b>		Inspect non-bulk packages and portable tank manufacturers, portable tank requalifiers, and designated approval agencies	Audit tank car facilities (manufacturing, retrofit, repair, and inspection)
<b>Loading Fuel onto Rail Car</b>		Inspect suppliers, offerors, and carriers, including all non-bulk and bulk packagings in all applicable modes of transportation for proper shipment preparation	Inspect offerors and carriers of tank cars for proper shipment preparation
<b>Rail Transport</b>		<i>not applicable</i>	Inspect track, signal and train control, rolling stock mechanical elements, grade crossing, operating practices
<b>In the event of An Accident</b>		Investigate from a hazardous materials system approach to include, but not limited to, offerors' and carriers' responsibilities, commodity compatibility with the packaging, and emergency response	Investigate from a rail safety systems approach to include, but not limited to, track integrity, tank car
<b>Unloading Fuel from Rail Car</b>		Inspect concurrent with other hazardous material transportation activities at the same facility	Inspect offerors and carriers of tank cars for proper shipment preparation

PHMSA's request for funding in FY 2016 under the Expansion of Existing Programs Including Safe Transport of Energy Products not only foresees future issues needed to support the NTSB-TSB recommendations but also addresses issues such as emerging Liquefied Natural Gas transportation risks.

***Risk Management Framework (Phase 2 of Implementation), \$3,300,000 including 6.0 FTE/ 12 FTP***

PHMSA also requires funding for RMF to help respond to recommendations and mandates by the Government Accountability Office (GAO) and the NTSB concerning data and risk management. For example, in 2013, the GAO questioned PHMSA's regulatory analyses methodology and found that the agency needs to improve how it collects and analyzes incident data. Internal program evaluations, such as those conducted for MAP-21, have also identified significant program gaps. These gaps present the need for PHMSA to improve the effectiveness of the

Hazardous Materials Emergency Preparedness (HMEP) Grants program and facilitate the movement of essential hazmat during national emergencies or disasters. In addition, part of PHMSA's mission is to indirectly protect the environment from hazmat harm amid the vast growing hazardous materials industry. With new emerging technologies and the increased volume of hazardous materials transport, PHMSA needs resources to fully comply with National Environmental Policy Act (NEPA) requirements.

In order to improve the effectiveness of the HMEP Grants program, PHMSA needs to ensure grantee oversight and compliance with the 2012 Office of the Inspector General recommendations. This includes performing numerous desk audits, risk assessments and an increased budget to conduct at least six site visits per year. These site visits are dedicated to visiting HMEP grantees who present the highest level of risk based on the grant program's new risk assessment tool. In addition, the program must comply with new MAP-21 requirements to obtain and report on additional information from grantees. Collecting and assessing this new information will significantly reduce the amount of time that current staff members have to manage grantees and process reimbursement requests.

With funding in FY 2016, PHMSA will be able to address areas where performance needs to improve in Phase 2 of the RMF, focusing on GAO and industry group concerns regarding rulemakings, policy and enforcement actions that rely on the agency's incident data and risk management methodology.

Funding received for RMF will be used to acquire contractor support for the development of an RMF model that predicts emerging risks building on commodity flow and data components started in FY 2015. The model will be accessible to the end user through an online interface. Funding will also purchase hardware, software and tools necessary for implementation and development of the RMF. The model would initially be developed with contractor assistance and then enhanced and maintained by PHMSA analysts and IT professionals.

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### **What benefits will be provided to the American Public through this request?**

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The Hazardous Materials Safety program is responsible for ensuring the safe and virtually uninterrupted flow of hazmat across the United States. To ensure the safety of the American public, PHMSA must continue to address the challenges of shipping hazardous materials. New products surrounded by novel packaging and unfamiliar ports of origin raise the premium for safety.

PHMSA's request facilitates its ability to proactively address risks raised by the discovery of new energy sources, technology and shipping methods. With the newly emerging rail and crude transport risks and the hundreds of risks that hazardous materials shippers and carriers face each day, PHMSA must direct program resources to the highest priority risks in order to continue reducing potential deaths, injuries and environmental damages.



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**Emergency  
Preparedness Grants**

## APPROPRIATIONS LANGUAGE

### EMERGENCY PREPAREDNESS GRANTS

#### (EMERGENCY PREPAREDNESS FUND)

For necessary expenses to carryout 49 U.S.C. 5128(b), \$188,000, to be derived from the Emergency Preparedness Fund, to remain available until September 30, [2016] 2017: *Provided*, That notwithstanding the fiscal year limitation specified in 49 U.S.C. 5116, not more than \$28,318,000 shall be made available for obligation in fiscal year [2015] 2016 from amounts made available by 49 U.S.C. 5116(i), and 5128(b) and (c): *Provided further*, That notwithstanding 49 U.S.C. 5116(i)(4), not more than 4 percent of the amounts made available from this account shall be available to pay administrative costs: *Provided further*, That none of the funds made available by 49 U.S.C. 5116(i), 5128(b), or 5128(c) shall be made available for obligation by individuals other than the Secretary of Transportation, or his or her designee: [*Provided further*, That notwithstanding 49 U.S.C. 5128(b) and (c) and the current year obligation limitation, prior year recoveries recognized in the current year shall be available to develop a hazardous materials response training curriculum for emergency responders, including response activities for the transportation of crude oil, ethanol and other flammable liquids by rail, consistent with National Fire Protection Association standards, and to make such training available through an electronic format: *Provided further*, That the prior year recoveries made available under this heading shall also be available to carry out 49 U.S.C. 5116(b) and (j).] (*Department of Transportation Appropriations Act, 2015.*)

**EXHIBIT III-1**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
EMERGENCY PREPAREDNESS GRANTS**

**Summary by Program Activity  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

	<b>FY 2014 <u>ACTUAL</u><sup>1</sup></b>	<b>FY 2015 <u>ENACTED</u><sup>2</sup></b>	<b>FY 2016 <u>REQUEST</u></b>	<b>CHANGE FY 2015- FY 2016</b>
Operations	\$ 1,422	\$ 1,935	\$ 2,073	\$ 138
Grants	24,871	24,329	26,245	1,916
<b>TOTAL</b>	<b>\$ 26,293</b>	<b>\$ 26,265</b>	<b>\$ 28,318</b>	<b>\$ 2,053</b>
<b>FTEs</b>				
Direct				
Funded	0.0	0.0	0.0	0.0

<sup>1</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

<sup>2</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

**Program and Performance Statement**

Federal hazardous materials law (49 U.S.C. 5101 et seq.) established a national registration program for shippers and carriers of hazardous materials in 1992. The law also established collection of fees from registrants. These fees finance emergency preparedness planning and training grants; development of training curriculum guidelines for emergency responders and technical assistance to states, political subdivisions, and American Indian tribes; publication and distribution of the *Emergency Response Guidebook*; and administrative costs for operating the program.

**EXHIBIT III-1a**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

**Summary Analysis of Change from FY 2015 to FY 2016**

**Appropriations, Obligation Limitations, and Exempt Obligations**

**(\$000)**

	<b>Change from FY 2015 to FY 2016 \$000</b>	<b>Change from FY 2015 to FY 2016 FTE</b>
<b><u>EMERGENCY PREPAREDNESS GRANTS</u></b>		
<b>FY 2015 Enacted Budget</b>	<b>\$26,265</b>	<b>0.0</b>
<b>New or Expanded Programs</b>		
1. Sequestration	\$2,053	0.0
<b>Subtotal, New or Expanded Programs</b>	<b>\$2,053</b>	<b>0.0</b>
<b>FY 2016 Request</b>	<b>\$28,318</b>	<b>0.0</b>

## **EXHIBIT III-2**

### **PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION EMERGENCY PREPAREDNESS GRANTS**

#### **ANNUAL PERFORMANCE RESULTS AND TARGETS**

PHMSA integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. The measures for this program are intertwined with the Hazardous Materials Safety program goals and measures. See Exhibit III-2 under the Hazardous Materials Safety section.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS  
SPECIAL AND TRUST FUND RECEIPTS**

(In thousands of dollars)

Identification code 69-5282-0-2-407	FY 2014 <u>Actual</u>	FY 2015 <u>Enacted</u>	FY 2016 <u>Request</u>
Unexpended balance, start of year			
01.00 Balance, start of year	\$14,709	\$16,369	\$16,369
01.99 Balance, start of year, total	14,709	16,369	16,369
Receipts and offsetting receipts:			
02.20 Emergency preparedness fund (offsetting prop. receipts)	23,445	26,265	28,318
02.99 Total receipts	23,445	26,265	28,318
04.00 Total: Balances and collections	38,154	42,634	44,687
Appropriations:			
05.00 Emergency Preparedness Grants [021-50-5282-0-1201]	-24,888	-28,130	-28,130
05.01 Emergency Preparedness Grants [021-50-5282-0-1203]	-4,132	0	0
05.02 Emergency Preparedness Grants [021-50-5282-0-1232]	2,025	2,053	0
05.90 Adjustments	5,022	-188	-188
05.99 Total Appropriations (-)	-21,973	-26,265	-28,318
06.10 Unobligated balance returned to receipts	188	0	0
07.99 Balance, end of year	\$16,369	\$16,369	\$16,369

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS**

**PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-5282-0-2-407	FY 2014	FY 2015	FY 2016
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
<b>OBLIGATIONS BY PROGRAM ACTIVITY:</b>			
0001 Operations	1,411	1,935	2,073
0002 Emergency Preparedness Grants	20,230	20,209	21,800
0003 Competitive Training Grants	3,712	3,194	3,445
0004 Supplemental Training Grants	928	927	1,000
0900 Total new obligations	26,282	26,265	28,318
<b>BUDGETARY RESOURCES:</b>			
<b>Unobligated Balance</b>			
1000 Unobligated balance, brought forward, October 1	224	188	188
1021 Recoveries of prior year unpaid obligations	4,283	2,000	0
1031 Refunds & recoveries temp precluded from obligation	-5,325	0	0
1050 Unobligated balance (total)	-818	2,188	188
<b>Budget Authority:</b>			
<b>Appropriation (Discretionary):</b>			
1101 Appropriation (special or trust fund)	197	188	188
1102 Appropriation (previously unavailable)	-9		
1134 Appropriations precluded from obligation	0	-188	-188
1160 Appropriation (total) (discretionary)	188	0	0
<b>Appropriation (Mandatory):</b>			
1201 Appropriation (special fund)	24,888	28,130	28,130
1203 Appropriation (previously unavailable)	4,132	0	0
1232 Appropriations temporarily reduced	-2,025	-2,053	0
1234 Appropriations precluded from obligation	105	0	0
1260 Appropriation (total) (mandatory)	27,100	26,077	28,130
1900 Total budget authority	27,288	26,077	28,130
1930 Total budgetary resources available	26,470	28,265	28,318
1941 Unexpired unobligated balance, end of year	188	188	188
1950 Other balances withdrawn (special and trust funds)	188	188	188
1952 Expired unobligated balances carried forward, soy	385	197	196
1953 Expired unobligated balances carried forward, eoy	197	196	0
1954 Unobligated balance canceling (special and trust funds)	188	0	0



**PROGRAM AND FINANCING Cont'd**

Identification code 69-5282-0-2-407	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
<b>CHANGE IN OBLIGATED BALANCE:</b>			
<b>Unpaid obligations:</b>			
3000 Unpaid obligations brought forward, October 1	42,967	43,026	35,068
3010 Obligations incurred, unexpired accounts	26,282	26,265	28,318
3020 Outlays (gross)	-21,940	-32,222	-34,839
3040 Recoveries of prior year unpaid obligations, unexpired accts	-4,283	-2,000	0
<hr/>			
3050 Unpaid obligations, end of year	43,026	35,068	28,547
3100 Obligated balance, start of year	42,967	43,026	35,068
3200 Obligated balance, end of year	43,026	35,068	28,547
<b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>			
<b>Gross budget authority (discretionary):</b>			
4000 Budget authority, gross	188	0	0
<b>Gross outlays (discretionary):</b>			
4010 Outlays from new authority	0	70	70
4011 Outlays from balances	147	50	53
<hr/>			
4020 Outlays, gross (total) (discretionary)	147	119	122
4070 Budget authority, net (discretionary)	188	0	0
4080 Outlays, net (discretionary)	147	119	122
<b>Gross budget authority (mandatory):</b>			
4090 Budget authority, gross	27,100	26,077	28,130
<b>Gross outlays (mandatory):</b>			
4100 Outlays from new authority	617	9,579	9,579
4101 Outlays from balances	21,176	22,524	25,138
<hr/>			
4110 Outlays, gross (total) (mandatory)	21,793	32,102	34,717
4160 Budget authority, net (mandatory)	27,100	26,077	28,130
4170 Outlays, net (mandatory)	21,793	32,102	34,717
<b>Budget authority and outlays, net (total):</b>			
4180 Budget authority, net (total)	27,288	26,077	28,130
4190 Outlays, net (total)	21,940	32,222	34,839

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HAZARDOUS MATERIALS EMERGENCY PREPAREDNESS GRANTS**

**OBJECT CLASSIFICATION**

(In thousands of dollars)

<b>Identification code 69-5282-0-2-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
Direct Obligations:			
24.0 Printing and reproduction	\$0	\$579	\$625
25.1 Advisory and assistance services	358	357	385
25.2 Other services	178	188	188
25.3 Other purchases of goods and services from government accc	684	634	684
25.7 Operation and maintenance of equipment	191	177	191
41.0 Grants, subsidies, and contributions	24,870	24,329	26,245
99.9 Total new obligations	\$26,282	\$26,265	\$28,318

**PIPELINE AND HAZAROUS MATERIALS SAFETY ADMINISTRATION  
HISTORY OF APPROPRIATIONS**

**Emergency Preparedness Grants  
(Obligation Limitation)**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2007	\$28,328,000	\$14,298,000
2008	\$28,318,000	\$28,318,000
2009	\$28,318,000	\$28,318,000
2010	\$28,318,000	\$28,318,000
2011	\$28,318,000	\$28,318,000
2012	\$28,318,000	\$28,318,000
2013	\$28,318,000	\$26,865,000 <sup>1/</sup>
2014	\$28,318,000	\$26,293,000 <sup>2/</sup>
2015	\$28,318,000	\$26,265,000 <sup>3/</sup>
2016	\$28,318,000	

1/ Reflects actual funding levels after a 0.2% across-the-board cut on the \$188,000 discretionary portion pursuant to P.L. 113-6. Also reflects a reduction of both the mandatory and discretionary funding pursuant to the FY 2013 Sequester Order dated March 1, 2013.

2/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

3/ Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

## Detailed Justification for Hazardous Materials Emergency Preparedness Grants

FY 2016 Request – \$28.3 million

### What Is The Request And What Funds Are Currently Spent on the Program?

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#### FY 2016 – Hazardous Materials Emergency Preparedness Grants Budget Request (\$000)

Program Activity	FY 2014 Actual <sup>1</sup>	FY 2015 Enacted <sup>2</sup>	FY 2016 Request <sup>3</sup>	Change From FY 2015 Enacted
Operations	\$1,422	\$1,935	\$ 2,073	\$138
Grants	24,871	24,330	26,245	1,916
<b>Total</b>	<b>\$26,293</b>	<b>\$26,265</b>	<b>\$28,318</b>	<b>\$2,053</b>

<sup>1</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2014, May 20, 2013.

<sup>2</sup>Reflects sequester of Emergency Preparedness Grants pursuant to the OMB Sequestration, Preview Report to the President and Congress for Fiscal Year 2015, March 10, 2014.

<sup>3</sup>The FY 2016 budget request is the obligation limitation level authorized in SAFETEA-LU and reauthorized in MAP-21.

### What Is this Program and Why Is it Necessary?

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#### History

In 2005, the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) increased the authorization of the program from \$14.3 million to \$28.3 million per year. The Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) reauthorized the \$28.3 million level in 2012. Besides distributing several kinds of grants, the Hazardous Materials Emergency Preparedness (HMEP) program expends a much smaller slice of its funds on related emergency preparedness activities. All of these items are outlined in the request below.

The HMEP Grants program makes up the fifth “C” of the Hazardous Materials Safety program’s mission efforts. The first four C’s (1) Classify, (2) Contain, (3) Communicate and (4) Compliance efforts are carried out through the Hazardous Materials Safety program. Crisis Management completes the fifth “C” of this mission statement and ensures that PHMSA provides assistance to public sector employees through training and planning grants to states, territories and American Indian tribes for emergency response.

For FY 2016, PHMSA’s administrative costs will allow the HMEP Grants program to automate and streamline all administrative processes for the grant program including pre-award and post-award functions, grant application submissions, award notices, program/budget amendments, extension requests, grantee monitoring reports, reimbursement requests and quarterly and final close-out reports. Through this automation, state and local

first responders will benefit from more timely notification and disbursement of awards, improved reporting and transparency on grant transactions, clearer project and contract information, proposed and actual unit goals, beneficiary information and performance measures.

## Overview

The HMEP Grants program is funded by registration fees which are collected from offerors and transporters of certain quantities and types of hazardous materials, including hazardous waste. These fees fund training and planning grants, monitoring and technical assistance, curriculum development and administrative costs. More than 99 percent of the \$28.318 million for the Emergency Preparedness Grants program is mandatory spending.

There are also funds from this account that are not grant-specific. These activities help the HMEP Grants program carry out its mission through a guidebook for emergency response personnel, training curricula and any oversight or technical assistance support that the states, tribes or territories may require. These three activities are discussed in further detail below.

### *Emergency Response Guidebook (ERG), \$625,000*

About every four years, PHMSA develops, publishes and distributes an updated version of its *ERG*. The *ERG* is developed jointly by the U.S. Department of Transportation, Transport Canada, and the Secretariat of Communications and Transportation of Mexico for use by first responders. It is a guide for initial actions to be taken to protect first responders and the general public during hazardous materials incidents (see <http://www.phmsa.dot.gov/hazmat/library/erg>). This guidebook is also widely used by the transportation industry and is internationally recognized.



Hazardous materials workers and the public can rely on the variety of signs communicating hazards succinctly as well as the *Emergency Response Guidebook* to determine the best ways to respond to particular kinds of incidents.

### *Training Curriculum Development, \$188,000*

Federal hazardous materials law requires the Secretary of Transportation to develop and periodically update a curriculum for training public sector emergency response and preparedness teams.

### *Oversight and Technical Assistance, \$150,000*

Federal hazardous materials law requires the Department to provide technical assistance to a state, its political subdivisions or American Indian tribes for carrying out emergency response training and planning for incidents involving hazardous materials.

HMEP is necessary because it is the only federal grant program designed for planning and training for transportation-related hazmat incidents. In many instances, the only training and planning funds that local responders receive, especially in smaller cities and rural locales, are HMEP funds. Statistics indicate that responders are being trained to higher competency levels, which further enhances their abilities to respond safely and effectively to hazardous materials incidents.

Of the more than 1.1 million firefighters in the nation, more than 800,000 are volunteers subject to the unpredictability and inevitability of attrition. This situation means there is a constant need to train new recruits.

In addition, the HMEP Grants program supports state, local and tribal hazardous materials training initiatives through the publication of *Guidelines for Response, Planning and Prevention Training for Incidents Involving Hazardous Materials and Weapons of Mass Destruction*. These guidelines have been developed by a team of response organizations from a cross-section of professional associations involved in hazardous materials. This national safety program minimizes the risks to life and property by preparing and training communities to respond to incidents.

Finally, more than 13 million copies of the *ERG* have been published and distributed since 1993 without any cost to the emergency response community. The *ERG* is the primary resource for the Nation's first responders. It is globally recognized and has been translated by other nations into more than a dozen languages. In January 2013, PHMSA released the *ERG2012* mobile smartphone application. The application allows first responders to access the *ERG* straight from these portable devices. There is also a video posted on PHMSA's website where anyone with Internet access can learn how to use the *ERG*.<sup>1</sup>

### **Why Do We Want/Need To Fund The Program At The Requested Level?**

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The HMEP Grants program requires \$28.3 million to prepare for emergency response operations and services. The program leverages federal resources with local, state and private assets to support the nation's first responders. Out of the \$28.3 million, a sequestration of \$2 million is anticipated. The funds are broken out according to the duties noted below:

#### **Operations: \$2,073,000 (\$1,935,000 Sequestered)**

The Operations amount of nearly \$2.1 million includes the 4 percent administrative expenses awarded in the FY 2015 enacted budget. This amount covers grant-related travel, site visits and production of training materials. Funding also supports several systems that accept applications and reports from 70 grantees: Grants.gov, PHMSA Grants Portal, Hazardous Materials Intelligence Portal (HIP) and SharePoint. The costs for oversight and technical assistance, the publication of the *ERG* and the Training Curriculum Guidelines are also included in this total.

#### **Grants: \$26,245,000 (\$24,330,000 Sequestered)**

Since 1993, the Hazardous Materials Emergency Preparedness (HMEP) Grants program, as mandated by 49 U.S.C. 5101 et seq., has provided federal financial and technical assistance to states, territories and American Indian tribes to "develop, improve, and carry out emergency plans" within the National Response System and the Emergency Planning and Community Right-To-Know Act of 1986 (EPCRA, Title III), 42 U.S.C. 11001 et seq.

Details on the various types of grants are below:

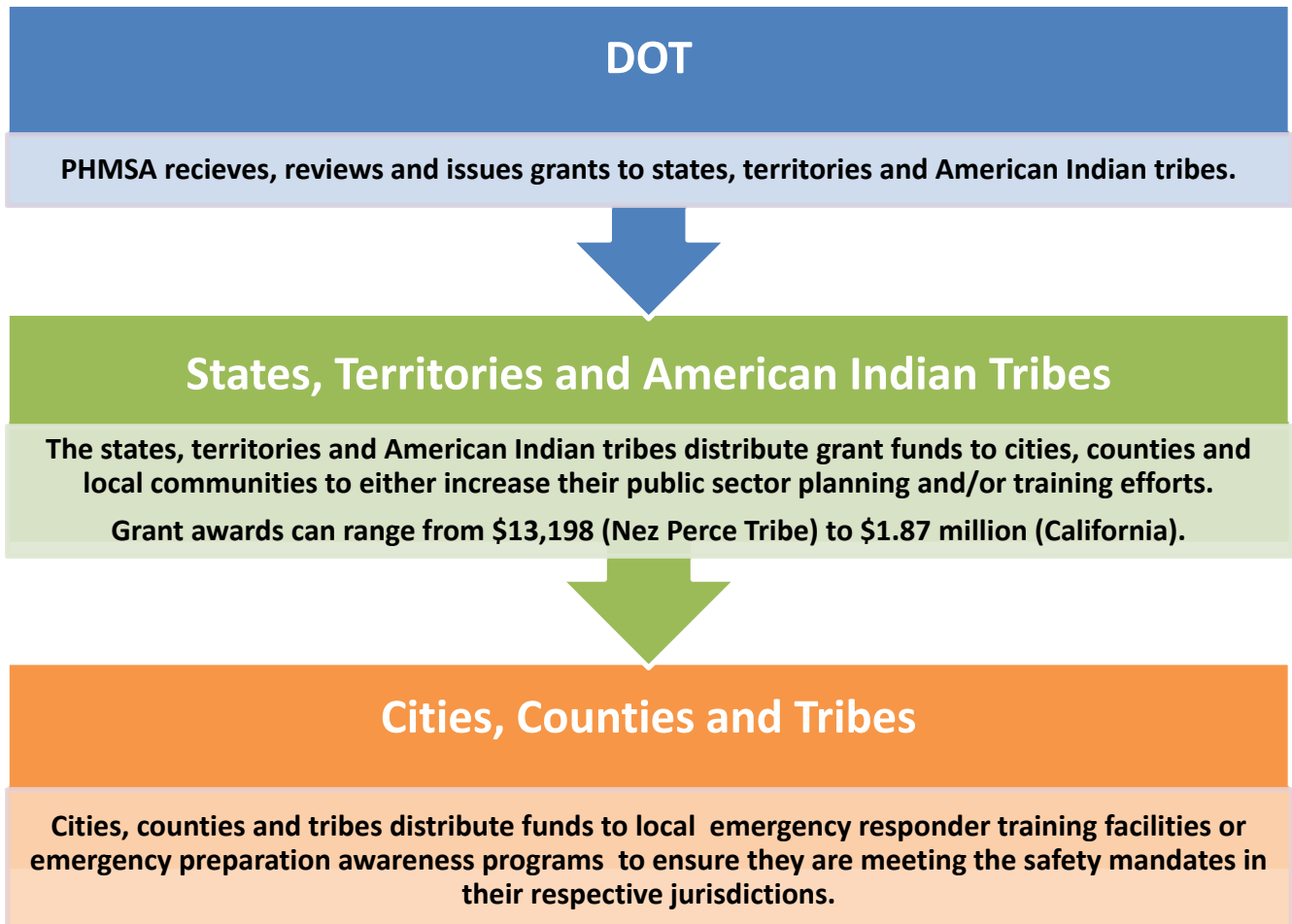
*Hazardous Materials Emergency Preparedness (HMEP) Grants, \$21.8 million*  
The \$21.8 million for training and planning grants is distributed among states via

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<sup>1</sup> <http://phmsa.dot.gov/hazmat/library/erg>

a formula that factors in the state's size, number of highway miles and number of chemical facilities. Grant recipients must be in compliance with Title VI of the 1964 Civil Rights Act to ensure a fair distribution of federal funding. In FY 2016, the HMEP Grants program will dedicate its efforts to ensure grantees are, in fact, abiding by these laws as well as making sure grantees are appropriately using funds. An HMEP grant allows states flexibility in implementing training and planning programs that address differing needs for each location based on demographics, emergency response capabilities, commodity flow studies and hazard analysis. Governors in each state, or their counterparts within territories or tribes, designate an agency to receive the HMEP grant funds.

The distribution of HMEP Grants is outlined in the graphic below.



*Hazardous Materials Instructor Training (HMIT) Grants, \$3.4 million*

The HMIT Grants program provides funding to train hazmat employees to become instructors and develop tools to extend the reach of hazardous materials training. PHMSA started awarding HMIT Grants in the 2008-2009 grant cycle. The program is open to non-profit hazmat employee organizations with expertise in training hazmat employees.

Trainers developed from this grant program are familiar with their workplaces and the hazards they encounter. This training enables them to pass along hazmat knowledge gained to their colleagues and employers to ensure their workplaces are safely handling hazmat.

*Supplemental Public Sector Training Grants, \$1 million*

These grants help increase the number and availability of hazardous materials training instructors. The grants are made exclusively to national nonprofit fire service organizations. For example, PHMSA has provided grants to the International Association of Fire Fighters to conduct “train the trainer” sessions throughout the nation.

This program ensures hazmat awareness and operations training are available in convenient, cost-effective locations by allowing graduating instructors to train new, local instructors and responders, while also guaranteeing continuity and efficiency.

**Prior Year Recoveries** - The FY 2015 appropriations act provided PHMSA with the ability to use prior year recoveries of obligations cancelled in the current year originating from previous appropriations. This condition occurs when a grantee does not use all of their award, leaving an unexpended balance. PHMSA is making programmatic changes that will reduce the likelihood and amount of these recoveries. Accordingly, this provision is not requested in FY 2016.

***FY 2016 Total Program Changes: \$2,053,000***

In FY 2015, the program’s budget authority was reduced from \$28.3 million to \$26.3 million due to the Presidential Sequestration Order, dated March 10, 2014.

***Sequestration, \$2,053,000***

Sequestration reduces budget authority which would otherwise be available from special fund revenue. This unavailable special fund revenue remains in the receipt account. Our state and local partners need this funding to develop important first responder safety programming. Since the program’s funding comes from registration user fees, sequestration does not provide a reduction in the general fund spending intended. Instead the sequestered amount sits unused in the special fund. The FY 2016 Request adds this sequestration amount back as a program increase.

The following results are expected from the FY 2015 enacted appropriations and will help PHMSA achieve its FY 2015 anticipated goals:

- Through its FY 2015 Emergency and Preparedness Information to Communities initiative, PHMSA will increase outreach to raise tribal awareness of the grant program and tailor training curriculum to meet their unique needs. As a result, PHMSA anticipates that more tribes will apply for and use these funds for emergency preparedness.
- In FY 2015, HMEP plans to increase grant oversight to ensure fair distribution among grant recipients and use financial oversight to implement a clearer methodology for tracking grant funds.
- In FY 2015, HMEP will implement new technological capabilities to gather more data for tracking performance outcomes and measures with the grants program.
- In FY 2016, the EP Grants program plans to increase the *ERG*’s capabilities. PHMSA will develop an interactive *ERG* application by developing recognition software for identifying a hazmat or potentially a mapping software that is capable of displaying an isolation area or perimeter that needs to be closed off to the public when an incident occurs.



- In FY 2016, the grants program also plans to finalize and distribute the HMEP Training Curriculum.
- In FY 2016, the Hazardous Materials Safety Grants Management program will also modernize and implement a new HMEP Grants formula.

**What benefits will be provided to the American Public through this request?**

Hazardous materials transportation-related deaths, major injuries and significant damages are low, attributed in part to today's first responders' ability to protect the public from harmful effects in the aftermath of an incident. Almost 3 million emergency responders and nearly 3,000 hazardous materials emergency response instructors have been trained with HMEP grant funds. Close to 60,000 emergency plans have been updated since the inception of the program in 1993, reinforcing unprecedented community preparedness. State programs are paired with HMEP funds in conducting training and planning activities. Emergency response employees and hazardous materials transportation and shipping workers benefit from HMEP-trained instructors providing job-specific training. The *ERG*, published every four years, is present in almost every emergency response vehicle in the United States. It is the recognized authority in safe response practices.

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## Operational Expenses

## **APPROPRIATIONS LANGUAGE**

### **OPERATIONAL EXPENSES**

#### **(INCLUDING TRANSFER OF FUNDS)**

For necessary operational expenses of the Pipeline and Hazardous Materials Safety Administration, [\$22,225,000] \$22,500,000, *Provided*, that \$1,500,000 shall be transferred to Pipeline Safety" in order to fund Pipeline Safety Information Grants to Communities" as authorized under section 60130 of title 49, United States Code.

*(Department of Transportation Appropriations Act, 2015)*

**EXHIBIT III-1**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OPERATIONAL EXPENSES  
Summary by Program Activity  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)**

	<b><u>FY 2014 ACTUAL</u></b>	<b><u>FY 2015 ENACTED</u></b>	<b><u>FY 2016 REQUEST</u></b>	<b><u>CHANGE FY 2015- FY2016</u></b>
Operations/ Contract Programs	\$20,154	\$20,725	\$21,000	\$275
<b>TOTAL</b>	<b>\$20,154</b>	<b>\$20,725</b>	<b>\$21,000</b>	<b>\$275</b>
<b>FTEs</b>				
Direct Funded	55.8	70.0	70.0	0.0
Reimbursable	2.4	0.0	0.0	0.0

**Program and Performance Statement**

The success of the Pipeline and Hazardous Materials Safety Administration (PHMSA) safety programs depends on the performance of support organizations that empower the program offices to meet their safety mandate. PHMSA's support organizations include the Administrator, Deputy Administrator, Assistant Administrator/Chief Safety Officer, Chief Counsel, Governmental, International and Public Affairs, Associate Administrator for Administration/Chief Financial Officer, Information Technology Services, Administrative Services, Budget and Finance, Contracts and Procurement, Human Resources and Civil Rights.

EXHIBIT III-1a

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
Summary Analysis of Change from FY 2015 to FY 2016  
Appropriations, Obligation Limitations, and Exempt Obligations  
(\$000)

	Change from FY 2015 to FY 2016 \$000	Change from FY 2015 to FY 2016 FTE
<b><u>OPERATIONAL EXPENSES</u></b>		
<b>FY 2015 Enacted</b>	<b>\$20,725</b>	<b>70.0</b>
<b>Administrative Adjustments to Base:</b>		
Annualization of 2015 Pay Raise	\$26	0.0
One Extra Compensable Day	41	0.0
2016 Pay Raise	104	0.0
GSA Rent	20	0.0
Non-pay Inflation	84	0.0
<b>Subtotal, Adjustments to Base</b>	<b>\$275</b>	<b>0.0</b>
<b>FY 2016 Request</b>	<b>\$21,000</b>	<b>70.0</b>

## **EXHIBIT III-2**

### **PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION OPERATIONAL EXPENSES**

#### **ANNUAL PERFORMANCE RESULTS AND TARGETS**

The Operational Expenses account supports PHMSA's programs to deliver the best possible results. It actively reinforces the Secretary's safety goal to improve public health and safety by reducing transportation-related fatalities and injuries.

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OPERATIONAL EXPENSES**

**OBJECT CLASSIFICATION AND PERSONNEL SUMMARY**

(In thousands of dollars)

<b>Identification code 69-1400-0-1-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	\$6,195	\$7,693	\$7,822
11.3 Other than full-time permanent	400	502	505
11.5 Other personnel compensation	90	111	113
11.9 Total personnel compensation	6,684	8,306	\$8,440
12.1 Civilian personnel benefits	1,853	2,326	2,363
13.1 Benefits to former personnel	176	0	0
21.0 Travel and transportation of persons	53	57	57
23.1 Rental payments to GSA	1,278	1,021	1,031
23.3 Communications, utilities, and miscellaneous charges	155	157	159
24.0 Printing and reproduction	42	42	42
25.1 Advisory and assistance services	2,128	2,149	2,170
25.2 Other services	170	189	191
25.3 Other purchases of goods and services from government accounts	1,076	820	828
25.7 Operation and maintenance of equipment	5,969	5,523	5,578
26.0 Supplies and materials	70	24	24
31.0 Equipment	443	111	116
42.0 Insurance claims and indemnities	2	0	0
Subtotal, Direct obligations	\$20,099	\$20,725	\$21,000
99.0 Subtotal, Reimbursable obligations	234	0	0
99.9 Total new obligations	\$20,333	\$20,725	\$21,000

**EMPLOYMENT SUMMARY**

<b>Identification code 69-1400-0-1-407</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
	<u><b>Actual</b></u>	<u><b>Enacted</b></u>	<u><b>Request</b></u>
10.01 Direct civilian full-time equivalent employment	55.8	70.0	70.0
20.01 Reimbursable civilian full-time equivalent employment	2.4	0.0	0.0



**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OPERATIONAL EXPENSES  
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-1400-0-1-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Obligations by program activity:</b>			
0001 Operations	20,099	20,725	21,000
0799 Total direct program	20,099	20,725	21,000
0801 Reimbursable program	234	0	0
0900 Total new obligations	20,333	20,725	21,000
<b>Budgetary resources:</b>			
Unobligated balance:			
1012 Unobligated balance transfers between expired \$ unexpired accts	31	0	0
1050 Unobligated balance (total)	31	0	0
<b>Budget authority:</b>			
<b>Appropriations, discretionary:</b>			
1100 Appropriation	21,015	22,225	22,500
1120 Appropriation transferred to other accounts (69-5172)	-1,500	-1,500	-1,500
1121 Appropriation transferred from other accounts (69-5172)	639	0	0
1160 Appropriation, discretionary (total)	20,154	20,725	21,000
1700 Collected	239	0	0
1750 Spending auth from offsetting collections, disc - (total)	239	0	0
1900 Budget authority (total)	20,393	20,725	21,000
1930 Total budgetary resources available	20,424	20,725	21,000
<b>Memorandum (non-add) entries:</b>			
1940 Unobligated balance expiring	-91	0	0
<b>Change in obligated balance:</b>			
Unpaid obligations:			
3000 Unpaid obligations, brought forward, Oct 1	7,176	8,415	6,752
3010 Obligations incurred, unexpired accounts	20,333	20,725	21,000
3011 Obligations incurred, expired accounts	1,356	0	0
3020 Outlays (gross)	-19,123	-22,388	-20,912
3041 Recoveries of prior year unpaid obligations, expired	-1,327	0	0
3050 Unpaid obligations, end of year	8,415	6,752	6,840

**DEPARTMENT OF TRANSPORTATION  
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
OPERATIONAL EXPENSES  
PROGRAM AND FINANCING**

(In thousands of dollars)

Identification code 69-1400-0-1-407	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
<b>Uncollected payments:</b>			
3060 Uncollected pymts, Fed sources, brought forward, Oct 1	101	-120	-120
3071 Change in uncollected pymts, Fed sources, expired	-221	0	0
3090 Uncollected pymts, Fed sources, end of year	-120	-120	-120
<b>Memorandum (non-add) entries:</b>			
3100 Obligated balance, start of year	7,277	8,295	6,632
3200 Obligated balance, end of year	8,295	6,632	6,720
<b>Budget authority and outlays, net:</b>			
<b>Discretionary:</b>			
4000 Budget authority, gross	20,393	20,725	21,000
4010 Outlays from new discretionary authority	13,543	14,093	14,280
4011 Outlays from discretionary balances	5,580	8,295	6,632
4020 Outlays, gross (total)	19,123	22,388	20,912
<b>Offsets against gross budget authority and outlays:</b>			
<b>Offsetting collections (collected) from:</b>			
4030 Federal sources	-568	0	0
4033 Non-Federal sources	255	0	0
4040 Offsets against gross budget authority and outlays (total)	-313	0	0
<b>Additional offsets against gross budget authority only:</b>			
4051 Offsetting collections credited to expired accounts	-221	0	0
4060 Additional offsets against budget authority only (total)	-221	0	0
4070 Budget authority, net (discretionary)	20,154	20,725	21,000
4080 Outlays, net (discretionary)	18,810	22,388	20,912
4180 Budget authority, net (total)	20,154	20,725	21,000
4190 Outlays, net (total)	18,810	22,388	20,912

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
HISTORY OF APPROPRIATIONS**

**Operational Expenses**

<u>YEAR</u>	<u>REQUEST</u>	<u>ENACTED</u>
2007	\$17,721,000	\$18,031,000 <sup>1/</sup>
2008	\$18,130,000	\$18,130,000
2009	\$18,130,000 <sup>2/</sup>	\$18,130,000 <sup>2/</sup>
2010	\$18,968,000 <sup>2/</sup>	\$20,132,000 <sup>2/</sup>
2011	\$21,383,000 <sup>2/</sup>	\$20,455,000 <sup>1/, 2/ &amp; 3/</sup>
2012	\$21,158,000 <sup>2/</sup>	\$20,360,000 <sup>2/</sup>
2013	\$20,047,000 <sup>2/</sup>	\$19,295,000 <sup>2/, 3/ &amp; 4/</sup>
2014	\$20,154,000 <sup>5/</sup>	\$20,154,000 <sup>5/</sup>
2015	\$20,725,000 <sup>5/</sup>	\$20,725,000 <sup>5/</sup>
2016	\$21,000,000 <sup>5/</sup>	

1/ Reflects the funding levels provided by a full-year continuing resolution.

2/ Reflects the exclusion of \$1,000,000 to be transferred to Pipeline Safety for the Information Grants to Communities program.

3/ Reflects reduction of \$40,992 for a 0.2% across-the-board cut (Sec. 1119 of Division B of P.L. 112-10).

4/ Reflects reductions from sequestration (Sec. 1113 of Division B of P.L. 113-6).

5/ Reflects the exclusion of \$1,500,000 to be transferred to Pipeline Safety for the Information Grants to Communities program.

## Detailed Justification for the Operational Expenses Program

FY 2016 Request – \$21.0 million

### What Is The Request And What Funds Are Currently Spent on the Program?

#### FY 2016 – Operational Expenses – Budget Request (\$000)

<b>Program Activity</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>FY 2016 Request</b>	<b>Difference From FY 2015 Enacted</b>
Administrative Expenses	\$14,885	\$15,032	\$15,250	\$218
Programs	\$5,269	\$5,693	\$5,750	\$57
<b>Total</b>	<b>\$20,154</b>	<b>\$20,725</b>	<b>\$21,000</b>	<b>\$275</b>

### What is this Program and Why is it Necessary?

#### Overview:

The Pipeline and Hazardous Materials Safety Administration's (PHMSA) Operational Expenses account supports the administrative offices discussed below so that the pipeline safety and hazardous materials safety programs can focus on their safety missions.

#### Offices/Functions

*PHMSA Leadership* – The Administrator directs all aspects of PHMSA's programs nationwide that protect against the risks to life and property inherent in the commercial transportation of hazardous materials. The Administrator advises the Secretary of Transportation on all PHMSA-related matters and establishes and leads the development of action plans to accomplish PHMSA's mission. The Deputy Administrator assists the Administrator in carrying out the agency's broad portfolio of responsibilities.

*Safety Oversight and Evaluation* – The Office of the Chief Safety Officer establishes PHMSA-wide safety and security policies, objectives, and priorities and evaluates risk and program performance to help improve the pipeline and hazardous materials safety programs.

*The Office of the Chief Counsel* – The Chief Counsel serves as the principal legal officer and advisor for PHMSA. This office is responsible for legal oversight of the pipeline and hazardous materials safety programs. It provides services such as drafting proposed legislation and rulemakings, drafting or reviewing all regulatory actions, reviewing procurement and grant actions, and managing the ethics and financial disclosure programs. The Chief Counsel's office also prosecutes pipeline and hazardous materials safety violations.

*The Office of Governmental, International, and Public Affairs* promotes public and government understanding of PHMSA programs, activities, policies, and strategies through a variety of

mediums including social media. This office also coordinates all PHMSA international activities to ensure consistency with departmental international initiatives.

*The Office of Civil Rights* administers and ensures PHMSA's implementation of civil rights and equal employment opportunities precepts and initiatives. It also sponsors training for managers, supervisors, and employees on such subjects as leadership, conflict management, Equal Employment Opportunity, diversity management and harassment prevention.

*Office of Administration and Finance/Chief Financial Officer* directs and coordinates management programs and support services for PHMSA. This office works closely with PHMSA's program offices to ensure agency budgetary and financial goals are met. This office also increases the performance of the agency's safety programs through the following divisions:

- *Information Resources Management Services* – The Chief Information Officer's division supports PHMSA's goals and objectives through Information Technology (IT). PHMSA's Office of the CIO (OCIO) provides policy, IT strategic planning, investment oversight, Enterprise Architecture, privacy and security services, project management, and vital infrastructure and application development support services.
- *Human Resources Management* – PHMSA's Human Resources (HR) Division contributes to strategic human capital and workforce planning, recruiting and leadership succession planning. HR actively collaborates with other program offices and operational divisions to achieve a high performing workforce consisting of a core of Federal employees.
- *Acquisition Services* – The Acquisitions Services Division performs contract research to find the best values and services for the agency. Through transparency and procurement reform, staff works to avoid improper fund or service use, uphold contract law and prevent abuse in the agency. The Acquisitions team strives to close out completed contracts and orders, reviews all service contracts, coordinates re-compete when due, and safeguards that inherently governmental functions are not being performed by contractors. Furthermore, the division works to improve on how PHMSA spends taxpayer funds through the management of existing contracts. The Acquisitions Services Division receives training year-round to keep staff current with acquisition laws.
- *Budget and Finance* – PHMSA's Budget and Finance Division works closely with the program offices to ensure budgetary and financial goals are met. Major functions of this office include budget formulation, execution, and justification as well as monitoring current year financial activities such as financial statements, financial and managerial internal controls, and audits.
- *Administrative Services* – The Administrative Services Division addresses all real property issues, including space design at headquarters and regional buildings, construction support, and asset management such as fleet services and records management. This office is also responsible for coordinating internal policies for the agency and directing building safety drills.

In FY 2015, the Acquisition Services Division strengthened internal controls in the area of acquisition/assistance processing by completing a Procurement Management Review (review of

active contractual documents to include contracts, orders, grants, cooperative agreements and other transaction agreements for consistency, proper format and compliance with rules, regulations and guidance). The Human Resources Division completed full implementation and integration of automation tools within the Federal Personnel Payroll Systems, Workforce Transformation Tracking System, Training Management System, and security systems to streamline hiring.

### **Why Do We Want/Need To Fund The Program At The Requested Level?**

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The FY 2016 President's Budget requests \$21.0 million for Operational Expenses, an increase of \$275 thousand from the FY 2015 enacted budget. The FY 2016 Operational Expenses' budget request provides regulatory, acquisitions, human resources, financial, public relations, and information technology support for the following priorities:

- Linking state and federal inspection, enforcement, and geospatial data to provide a consolidated view of all pipeline data across the U.S.;
- Right sizing the inspection and enforcement workforce to address the increasing number of hazardous materials being shipped;
- Procuring equipment and experts to support data analysis and identify future risks, allowing PHMSA to push organizational resources towards the biggest priorities and potential risks; and
- Improving safety standards and providing better rulemaking support for the transport of hazardous materials.

#### **Administrative Expenses: \$15,250,000**

Of the overall request, \$15.3 million is for administrative expenses supporting 70 FTEs including salaries and benefits, travel, training, supplies and equipment.

#### **Programs: \$5,750,000**

Programs within the Operational Expenses account oversee administrative functions that assist both the Pipeline Safety and Hazardous Materials Safety programs in their day-to-day activities. Acquiring space for personnel, setting up desks for staff, processing payroll, budgeting, and acquisitions are among the duties operational programs fulfill. The Information Resources Management and Information Technology Infrastructure programs allow the agency to obtain licenses, maintain equipment, carry out operations within the Office of the Chief of Information Officer but also contribute to all the existing PHMSA IT projects as well as the government-wide E-Government initiative.

#### ***FY 2016 Adjustments to Base: \$275,000***

PHMSA's FY 2016 adjustments to base includes \$26,000 for the annualization of FY 2015 pay raise, \$104,000 for 2016 pay raise at 1.3 percent, \$41,000 for one extra compensable day in 2016, \$20,000 for GSA rent increase and \$84,000 for non-pay inflation at 1.0 percent. There is no adjustment to the base for the Operational Expenses portion of the Working Capital fund, as it will remain the same as the FY 2015 enacted level.

PHMSA's Operational Expenses request focuses on the following items, which contribute to ongoing progress resulting from PHMSA's FY 2015 request:

- The Acquisition Services Division intends to continue strengthening internal controls by performing purchase cardholder file reviews, requiring annual unauthorized commitments training, and reviewing Contracting Officer Representatives contract files.

- Migration to the Departmental Procurement Platform will integrate procurement and financial business capabilities to better comply with departmental and federal efficiency requirements.
- Development, production and communication of an employee handbook with reference and process material for all PHMSA employees including information on security procedures, IT tools and guidance, emergency procedures, and other helpful information. HR will lead this collaborative effort among all the divisions of the Office of Administration. PHMSA plans to introduce the handbook as an electronic document via the internal SharePoint site.
- The PHMSA Grant Programs Standardization Services project will work with a contractor to conduct an audit that recommends ways in which PHMSA can conduct its grants-related business in a more efficient and effective manner.

With the FY 2016 Budget, PHMSA will be able to propel its operational team forward to bring about better program support and improved oversight.

### **What benefits will be provided to the American Public through this request?**

PHMSA's programs receive clear communications about how to carry out daily operations including, but not limited to, administrative and acquisitions services, internal controls, travel authorizations, human resource issues such as benefits, retirement, payroll etc., information technology operations, budgetary transactions, and safety performance data. Results from analysis of safety performance data from a corporate perspective drive improvements in PHMSA-wide safety programs and priorities. In addition, this program ensures the overall agency is aware of any new administration efforts, departmental or agency policies, and agency safety goals.

In summary, the Operational Expenses account provides the program offices with the oversight and support services for all PHMSA program areas.

# Administrative Provisions



**ADMINISTRATIVE PROVISIONS**  
**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION**

*SEC. 1. Paragraph (3) of section 60117(n) of title 49, United States Code, is amended—*  
*(1) in subparagraph (C) by striking “, in amounts specified in appropriations Acts,”; and*  
*(2) by inserting a new subparagraph (D), as follows—*

*“(D) Availability.-Funds under this subsection may be collected and shall be available only to the extent provided in appropriations Acts.”.*

**FY 2016 Language Justification:**

**Sec. 1** The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (P.L. 112-90) established a new fee for companies engaged in the design, permitting, and construction of new pipeline projects. This proposed language clarifies that these fees are discretionary spending rather than a mandatory receipt

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## **IV : Research, Development and Technology**

**BUDGET AUTHORITY**

**(In thousands of dollars)**

**EXHIBIT IV-1**

**PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION  
RESEARCH, DEVELOPMENT, AND TECHNOLOGY (RD&T)**

	<b>FY 2014 Actual</b>	<b>FY 2015 Enacted</b>	<b>FY 2016 Request</b>	<b>FY 2016 Applied</b>	<b>FY 2016 Development</b>
<b>A. Pipeline Safety</b>	<b>\$13,551</b>	<b>\$13,673</b>	<b>\$13,796</b>	<b>\$0</b>	<b>\$13,796</b>
1. Pipeline Safety	12,188	12,310	12,433	0	12,433
2. Administrative Expenses <sup>1</sup>	1,363	1,363	1,363	0	1,363
<b>B. Hazardous Materials Safety</b>	<b>\$2,846</b>	<b>\$7,546</b>	<b>\$8,216</b>	<b>\$8,216</b>	<b>\$0</b>
1. Hazardous Materials Safety	2,300	7,000	7,670	7,670	0
2. Administrative Expenses <sup>1</sup>	546	546	546	546	0
<b>TOTAL PHMSA</b>	<b>\$16,397</b>	<b>\$21,219</b>	<b>\$22,012</b>	<b>\$8,216</b>	<b>\$13,796</b>

<sup>1</sup>The administrative costs displayed here are in addition to the R&D program funds.