



PB Washington Update

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This week was a busy one in Washington DC with Congress back in session, the State of the Union address, the annual TRB meeting and a messy snowstorm. Recent positive developments include several references to transportation investment in the President's State of the Union address, action scheduled next week in the Senate on the FAA authorization bill, and the first of a series of hearings on surface transportation reauthorization in both the House and Senate.

On a less positive note is a proposal by the fiscally conservative Republican Study Committee to drastically cut discretionary federal funding including eliminating funding for a number of transportation programs, and a new estimate released by the Congressional Budget Office that the Highway Trust Fund can only sustain current funding levels through sometime in 2012, not into 2013 as previously estimated.

The next major development will be the release of the Administration's FY'12 budget request which is scheduled to occur on February 14. The White House has announced that the budget will be accompanied by an outline of the Administration's proposal for a six-year surface transportation authorization bill and at that time or soon thereafter they may release actual bill language.

Other dates to note include the March 4 expiration of the current FY'11 Continuing Resolution (CR) which funds federal programs at the lower FY'10 funding levels in the absence of passage of any stand-alone FY'11 agency appropriations bills, as well as the March 4 expiration of the latest short-term extension of SAFETEA-LU. Action on continuations of funding for appropriation and authorization bills is likely to be linked to the desire of Republican House members to achieve significant budget cuts.

State of the Union

President Obama made several references to infrastructure investment and to transportation, particularly to high speed rail in his State of the Union address on Tuesday evening. He made comments in support of a National Infrastructure Bank, private sector investment, math and science education and technology development, including high tech cars. However, he also called for a five-year freeze on federal discretionary funding and vowed to veto any bill that comes to him with earmarks which may be a cause for concern depending on how the Administration defines earmarks.

House Transportation & Infrastructure Committee Chairman John Mica (R-FL) made the following statement in response:



"After the Administration derailed a major six-year transportation bill in 2009, it is encouraging that they are now on board with getting infrastructure projects and jobs moving again. However, just another proposal to spend more of the taxpayers' money, when we have billions of dollars sitting idle tied up in government red tape, will never get our economic car out of the ditch. We've got to do more with less to improve our infrastructure in a fiscally responsible manner."

Here is a [link](#) to a White House Fact Sheet which provides some additional details on the President's proposals, including infrastructure investment. It does not indicate where the additional transportation funding might come from.

Surface Transportation Reauthorization

There have been a number of developments in the past several days on SAFETEA-LU reauthorization. Both House T&I Committee Chair John Mica (R-FL) and Senate Environment & Public Works Committee Chair Barbara Boxer (D-CA) held hearings on the subject and reiterated their intention to move a bill this year with the goal of passing a bill by early fall. Both indicated strong support for a six-year bill rather than a shorter two or three-year bill; however without a new revenue source that will mean reduced funding levels and potentially program terminations.

Chairman John Mica (R-FL) held a field hearing yesterday in New York City on the subject of high-speed rail, specifically high-speed rail in the Northeast Corridor (NEC) with the participation of over a dozen members of the committee. PB had several people in attendance. This was the first of a series of "listening sessions" the Chairman plans to hold during the next month on issues related to surface transportation reauthorization. In general, Mica was highly critical of Amtrak and the FRA/US DOT process for selecting the recipients of the federal HSR ARRA stimulus funds. He believes the funds were spread too thinly, not enough went to the NEC and the process was not sufficiently transparent. Mica supports P3s and private sector involvement and is concerned about the length of time it takes to complete EISs.

Here is a [link](#) to Mica's statement, background on the hearing and the testimony of the witnesses, which included New York City Mayor Michael Bloomberg and former Pennsylvania Governor Ed Rendell.

Additional House T&I local "listening sessions" are tentatively scheduled for:

- February 14th - West Virginia
- February 17th - Philadelphia area
- February 18th - Upstate New York (Rochester)



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- February 19-20 - Ohio (Columbus), Indiana (Indianapolis) and Illinois (likely Chicago area)
- February 21-23 - Oregon (Portland), Washington (Vancouver), California (Fresno and LA)
- February 24-26 - TBD – possibly Memphis, Oklahoma City and South Florida

The focus of this week's Senate EPW hearing was on "Transportation's Role in Supporting Our Economy and Job Creation". Here is a [link](#) to the members' statements and the witness testimony. Senator Boxer argued against transportation spending cuts.

In a series of informal sessions with transportation lobbyists this week, Chairman Mica laid out his priorities for reauthorization:

- Stabilize the Highway Trust Fund (HTF) by spending only what is available in the HTF
- Close any funding gaps by rescinding unspent and unobligated monies from the ARRA stimulus program and possibly from unspent earmarks from ISTEA and TEA-21
- Expand federal innovative financing opportunities through TIFIA, RRIF, and other bonding programs
- Streamline the project approval process to reduce the cost of projects

Mica continues to insist on drafting a six-year bill even though there is not sufficient funding for a robust long-term program. Such a bill will therefore require funding cuts and program terminations. On the other hand, some in the industry, including AASHTO, recommend doing a two or three-year bill which would provide some stability to the program but not lock in lower funding levels while the economy is still recovering. House Speaker John Boehner, while not specifically referring to the surface transportation program, recently said he opposes multi-year bills because of the lack of annual scrutiny and oversight. Mica indicated his goal is to get a basic bill out of the House as quickly as possible and then focus on sorting out the details when they go to conference with the Senate version of the bill. The Senate is not constrained by new budget rules agreed to in the House.

Republican Study Committee Proposal

Last week the fiscally conservative Republican Study Conference (RSC) released a proposal – the Spending Reduction Act of 2011 - to cut federal spending by over \$2 trillion over the next ten years. At least 165 Republican members of the House, including virtually all the new freshman members, belong to the RSC. The proposal holds FY'11 non-security discretionary spending to FY'08 levels, for a savings of \$80B in FY'11 (despite the fact that only a little over six month remain in FY'11). The more than 100 specific program reductions or eliminations include terminating federal funding for Amtrak, the high-speed rail program, the FTA New Starts program and the \$150M authorized funding for DC's WMATA transit system. In FY'12 through FY'21, the proposal would hold non-defense discretionary funding to FY'06 levels. The RSC would also repeal the Davis-Bacon prevailing wage requirement.



The proposal has not yet been endorsed by the House Republican leadership and even if such funding levels were to pass the House, as part of the FY'12 appropriations process, it is not likely the Senate would agree to such drastic cuts nor would the President likely sign such a bill. But, it is the first shot over the bow and needs to be taken seriously. Here is a [link](#) to a summary of the proposal.

FAA Reauthorization

Senate Majority Leader Harry Reid (D-NV) intends to bring up the long-stalled FAA authorization bill next week on the Senate floor. The current short-term extension of the program expires on March 31. In the past session of Congress, the House and Senate both completed action on FAA bills and a conference to resolve the differences in the two bills had made significant progress before the session ended. One of the major sticking points – a House Democratic provision related to a labor union issue involving Fed Ex – is no longer relevant now that the Republicans control the House. However, another key issue has not been resolved – whether to increase the Passenger Facility Charge (PFC) which is used to fund airport construction.

Other News

- Both the House Republicans and Democrats have finalized their committee assignments and subcommittee leadership. Here is a [link](#) to the full House Transportation & Infrastructure Committee roster, a [link](#) to the Republican subcommittee chairs and members and a [link](#) to the Democratic subcommittee information. The Committee has been reduced in size from 75 members down to 59 members – 33 Republicans and 26 Democrats. Rep. Nick Rahall (D-WV) has replaced former Member Jim Oberstar as the senior Democrat on the full committee. There are no new Democratic members on the committee and, in fact, the two most junior members were forced to drop off given the reduced size of the committee.

On the Republican side, there are 20 new members of the committee – 19 freshmen and 1 sophomore. Two freshmen were given subcommittee chairmanships and all of the somewhat ceremonial vice chair positions were given to freshmen. Many of the freshmen have never held public office before, have no experience in the transportation industry and were elected on a platform of extreme fiscal conservatism. Many are also from very rural districts. This will require PB and the industry to work hard to quickly educate these members on the value and importance of infrastructure and transportation investment.

- On January 19 US DOT released a [Federal Register notice](#) soliciting applications for TIFIA financing. Applications are due by February 18 for credit assistance under the Transportation Infrastructure Finance & Innovation Act (TIFIA) program. TIFIA



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provides loans, lines of credit and loan guarantees to public and private surface transportation projects of national and regional significance.

- Additional information on federal legislation and regulations can be found on the PB Transportation Update webpage at www.PBTransportationUpdate.com
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