



PB Washington Update

PREPARED BY CATHY CONNOR
MANAGER OF GOVERNMENT AFFAIRS



February 9, 2011

Things are heating up in Congress in anticipation of the release of the Administration's FY'12 Budget Request next Monday, February 14. In addition, the House has started work on completing the still unresolved FY'11 funding bills, while the Senate is currently debating the long overdue FAA reauthorization bill.

FY'11 Appropriations

Before Congress can begin work on the FY'12 federal agency funding bills, it needs to complete the FY'11 appropriations process. Currently the government is being funded under a temporary Continuing Resolution (CR) which funds most programs at the FY'10 levels. The most recent CR expires on March 4. An additional short term CR will likely be necessary before Congress is able complete action on a longer bill or resolution, one that will likely run through the rest of the fiscal year.

House Budget Committee Chairman Paul Ryan (R-WI) has indicated he wants to cut the Administration's requested funding levels for non-defense discretionary spending for the remaining seven months of FY'11 by at least \$60B which would bring the funding levels down to FY'08 levels. Last week the House Appropriations Committee announced the FY'11 allocations for each agency subcommittee. Here is a [link](#) to the allocation table.

The allocation for the combined Transportation and ~~HUD~~ subcommittee would take the biggest hit with a 17% cut from the enacted FY'10 levels. While it is possible that the subcommittee will opt to take a large portion of the cuts from HUD's housing programs, it is still a serious concern for transportation programs. Highway programs and transit formula grants may be somewhat protected because they are governed by obligation limitations, but transit New Starts, high speed rail and other appropriated DOT programs are more vulnerable. It is possible that the appropriators will try to use rescissions of current and past contract authority in order to avoid direct cuts to critical programs such as FAA air traffic control.

House Republicans plan to bring the FY'11 funding bill to the floor next week where some fiscal conservatives plan to offer amendments to make even deeper cuts. The Senate Budget and Appropriations Committees have not yet released their FY'11 funding allocations. The Senate levels are not expected to be as severely cut as in the House.



FY'12 Budget Request

In anticipation of the February 14 release of the Administration's FY'12 budget request, various senior leaders at US DOT will be traveling around the country this week during so-called "Build Week" to showcase various transportation investment projects. In addition to Tuesday's visit to Raleigh, other stops include Daytona Beach, Florida; Cleveland, Ohio; Wichita, Kansas; Dayton, Ohio and Fort Pierce, Florida. Here is a [link](#) to a press release which includes more detailed information about dates, projects and US DOT participants.

Administration High Speed Rail Announcement

Yesterday at a press conference in Philadelphia, Vice President Joe Biden and US DOT Secretary Ray LaHood gave a sneak preview of one key element of their FY'12 DOT budget request. They announced a major new high speed rail initiative featuring \$53B in funding over the next six years including a request for \$8B in the Administration's FY'12 budget which will be made public on February 14. It is not clear where the offsets to pay for these new programs would come from, given the President's pledge in the State of the Union address to freeze the total domestic discretionary budget for the next five years.

The Administration's high speed rail proposal includes funding for the existing intercity rail system/Amtrak. The FRA passenger rail program would be consolidated into two programs - network development and system preservation and renewal. Each will be recommended to receive \$4B in FY'12. It would appear from the limited information currently available that much of, or all, of Amtrak's capital funding would come from these new programs. All funding requests are subject to congressional approval in the annual appropriations process and it is unlikely this proposal will find much support in Congress, particularly in the House. Here is a [link](#) to the White House Press Release.

House T&I Committee Chairman John Mica issued a disparaging response which criticizes the Administration's lack of transparency in selecting the original ARRA stimulus rail projects, its inability to attract private investment and its lack of concentration on investment in the Northeast Corridor (NEC). Here is a [link](#) to Mica's statement.

FAA Reauthorization

The FAA reauthorization bill is currently being debated on the Senate floor, having bypassed committee consideration. The bill, S. 223, is the same bill that the Senate passed 93 to 0 during the last session of Congress. The new bill is expected to authorize FAA programs, including the Airport Improvement Program (AIP) and Passenger Facility Charges (PFCs), for two years. Because the FAA bill is the first bill to be debated this session it has been turned into a legislative vehicle for numerous unrelated amendments, such as the Section 1099



healthcare tax reporting requirement, and as a result has been under debate for six days already. A vote on final passage will likely occur next week.

The Senate Finance Committee, which must pass the critical tax and financing title of the bill, acted yesterday to approve its part of the bill. The Senate bill does not include an increase in PFCs. Complicating the matter is the requirement that all tax measures must originate in the House, meaning the text of the Senate bill will have to be inserted into a House numbered bill once the House passes its version of the bill.

In the House, T&I Committee Chairman Mica has indicated that the FAA bill is his first priority. He held hearings yesterday and today with the FAA Administrator and aviation stakeholder groups and may introduce the House version of the bill as early as this week. Here are links to background memos on the two hearings ([FAA Administrator](#); [Stakeholders](#)) as well as the witness testimony.

House T&I Listening Sessions

Chairman Mica of the House Transportation & Infrastructure Committee will be holding a series of field hearings and listening sessions around the country over the next month. Following a session last week in New York City on the Northeast Corridor and high speed rail, the next session will be held in Beckley, West Virginia on February 14 in the district of Ranking Democrat Rep. Nick Rahall (D-WV).

Most of the other hearings will take place during a marathon stretch over the President's Day congressional recess beginning on February 18 in such cities as Philadelphia, Scranton, Rochester, Columbus, Indianapolis, Chicago Metro area, Portland, Vancouver, Fresno, Los Angeles (with Senator Barbara Boxer), Oklahoma City, and Memphis. Details have not been released yet about dates or specific locations and times. The hearings are open to the public, but the opportunity to testify is by invitation only.

Other News

- In the Tuesday February 8 Federal Register FTA published a partial year FY'11 Apportionment and Allocation notice. Here is a [link](#) to the information from the FTA website. Note: some of the tables in the actual Federal Register notice are incorrect. The notice apportions approximately \$3B in funds for the Formula, Bus and Bus Facilities, JARC, New Freedom, AA and other formula programs through March 4. A supplemental notice apportioning the remainder of the FY'11 funds will be published once Congress appropriates funds for the rest of the fiscal year.



PB Washington Update

PREPARED BY CATHY CONNOR
MANAGER OF GOVERNMENT AFFAIRS



- At a meeting on Monday at the US Chamber of Commerce as part of an effort to develop a better relationship with corporate America, President Obama made the following remarks about infrastructure investment:

"We also have a responsibility as a nation to provide our people and our businesses with the fastest, most reliable way to move goods and information. The costs to business from the outdated and inadequate infrastructure we currently have are enormous. That's why I want to put more people to work rebuilding crumbling roads and bridges. And that's why I've proposed connecting 80 percent of the country to high speed rail...".

"You understand the importance of this. The fact is, the Chamber of Commerce and the AFL-CIO don't agree on a whole lot. Tom Donahue and Richard Trumka aren't exactly Facebook friends. But they agree on the need to build a 21st century infrastructure. And I want to thank the Chamber for pushing the Congress to make more infrastructure investments and to do so in the most cost-effective way possible, with tax dollars that leverage private capital, and with projects determined not by politics, but by what's best for our economy".

- The Senate Appropriations Committee recently announced subcommittee assignments. The new Ranking Minority Member of the DOT/HUD subcommittee is Senator Susan Collins (R) from Maine since long time RMM Senator Richard Shelby (R-AL) has assumed the Ranking Member position on the Labor HHS Subcommittee. However, Senator Shelby remains the Ranking Republican on the Senate Banking Committee which has jurisdiction over transit authorization.

On the Democratic side, Senator Pryor of Arkansas is the only new member of the subcommittee. On the Republican side, Senators Alexander (TN), Kirk (IL), Coats (IN), Moran (KS), Blunt (MO) and Ron Johnson (WI) are new to the subcommittee. All the new Republicans, except for Alexander, are freshman, although all the freshmen, except for Johnson, previously served in Congress.