



February 14, 2011

This is an extremely busy week in Washington prior to next week's President's Day congressional recess. This morning the Administration released its FY'12 Budget Request, the House plans to vote on a FY'11 funding bill, a SAFETEA-LU extension bill and a multi-year FAA authorization bill and the Senate hopes to complete action on the FAA bill.

Administration's FY'12 Budget Request

This morning the White House released its FY'12 Budget Request – even though FY'11 funding is still in limbo (see below). The US DOT budget proposal includes a six-year, \$556B surface transportation authorization plan (although without legislative language which is reportedly still in inter-agency review). It is difficult to compare the new budget proposal with existing program funding because the reauthorization proposal makes major changes to program structure and depends on increased funding levels which may or may not come to pass. However, if enacted, it would provide substantial growth over SAFETEA-LU levels.

The \$556B plan, which is more than twice the size of SAFETEA-LU, includes funding for passenger rail and a National Infrastructure Bank as well as the traditional highway and transit programs. Aside from the existing revenues into the Highway Trust Fund, the Administration's plan is silent on where the additional revenue would come from (approximately \$20B in FY'12 and \$110B over six years) other than stating that "the President will work with Congress to ensure that funding increase do not increase the deficit". That appears to rule out any additional General Funds revenues and Congress has not indicated any interest in increasing the gas tax. The Administration does propose the creation of a new, funded FHWA office to explore new revenue options such as VMT fees.

Here is a [link](#) to US DOT's Budget in Brief. Here is a [link](#) to OMB's summary of the transportation budget proposal.

Budget Highlights:

As promised by the President, the budget proposes a one-time FY'12 funding boost of \$50B for highways (\$25B), TIFIA (\$450M), transit (\$11.5B), rail (\$5.5B), aviation (\$3.35B), Cross Border Transportation (\$2.2B) and a TIGER-like grant program (\$2B). However, the source of the \$50B in funding is not identified. After the one-year boost, the rest of the growth in the six-year plan is substantially back-loaded. As proposed, the \$50B would be available for obligation during FY'12 and '13 and would not require a local match.



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The budget includes \$30B over six years for a new National Infrastructure Bank, including \$5B in FY'12, about half of which is in the form of grants. It is not clear whether the TIFIA innovative financing program would continue beyond its one-year boost or would become part of the NIB. DOT proposes to continue the FRA RRIF rail loan program.

The budget reduces funding for the FAA's Airport Improvement Program (AIP) to \$2.4B from the current \$3.5B, but proposes an unspecified increase in the Passenger Facility Charge (PFC).

The budget consolidates 55 highway grant programs into 6 streamlined ones – Safety, National Highways (e.g. Interstate Maintenance, Bridges, STP), Livable Communities, Federal (e.g. Federal and Tribal Lands), Research & Technology and a new program "Transportation Leadership Awards" (TLA) for innovative projects. With the exception of the TLA, the programs will be formula based, but will include a strong emphasis on performance.

As previously announced, \$53B for high speed rail (incorporating Amtrak funding), including \$8B in FY'12 divided into \$4B for system preservation and renewal that would include Amtrak's capital funding, debt service, and operating assistance and \$4B for network development for new high speed and intercity rail projects.

The Highway Trust Fund is renamed the Transportation Trust Fund. General Revenue funded programs such as transit New Starts, Amtrak, high speed rail, TIGER-type discretionary grants and the new Infrastructure Bank would be funded out of the Trust Fund via contract authority but only from additional revenues yet to be identified, not from existing Gas tax revenues.

FTA New Start projects identified to receive specific FY'12 funding are listed on [page 19](#) (page 21 of the pdf) of the DOT Budget in Brief. Note that the total funding requested for New Start project grants in FY'12 is \$3.2B which assumes an extra \$1B from the \$50B in FY'12 upfront funding which Congress may or may not approve and which currently does not have a funding source. FTA's annual New Starts Report is expected to be released as early as tomorrow. Other features of the FTA budget include a new formula based program to cover rail and bus State of Good Repair needs and a temporary relaxation of restrictions against the use of formula funds for operating assistance in economically distressed urban areas.

All Trust Fund budget authority and outlays would be shifted to the mandatory side of the budget which means they must be paid for to take effect. This also limits the role of the congressional appropriators.

A more detailed analysis of the US DOT budget request and information about other federal agency funding requests will be sent out over the next few days.



House FY'11 Continuing Resolution

Friday evening the House Appropriations Committee released its version of yet another FY'11 Continuing Resolution (CR). This bill would fund the federal government through the remainder of the fiscal year to September 31 thereby finally completing the FY'11 appropriations process. The current short-term extension expires on March 4. The House plans to bring the CR to the floor this week, however since the Senate is not ready to act, it is likely that another short-term bill will have to be passed, probably for another 30 days.

The House CR reflects the pressure imposed by fiscal conservatives to fulfill the Republican leadership's campaign pledge to cut FY'11 funding by \$100B even though there are only seven months left in FY'11. This means very severe cuts to many popular programs, including transportation programs. Even so, there are still arguments being raised that the \$100B goal is not being met depending on how one defines the starting point. The CR will be debated under an Open Rule which will permit amendments from the floor. While many members will offer amendments to protect favorite programs, other members are expected to propose even deeper cuts to some programs.

It is likely that the Senate, which is still controlled by Democrats, will restore funding for many of these programs and, if the cuts are too severe, the President could veto the bill. However, that could result in a government shutdown, a very drastic outcome.

For transportation programs, the House CR eliminates all funding for high speed rail, TIGER II discretionary grants, FHWA Surface Transportation Priorities (project earmarks), FTA TIGGER energy efficiency grants, capital grants to DC's WMATA transit system, and Rail Safety Technology grants (used to pay for PTC). Programs decreased in funding include FTA New Starts (-\$430M), Amtrak (-\$151M) and FAA Facilities & Equipment (-\$200M). In addition, unobligated money is rescinded from many programs funded in previous fiscal years including TIGER II, High Speed and Intercity Passenger Rail, and New Starts, including where applicable ARRA stimulus funding.

Here is a [link](#) to a summary of the House CR, a list of programs to be cut and a list by subcommittee of program "savings".

FAA Reauthorization

Late on Friday, House T&I Committee Chairman John Mica (R-FL) introduced the House's version of a multi-year FAA authorization bill, HR 658. It is a four-year bill covering FY'11 through FY'14. The new House FAA bill does not include an increase in the Passenger Facility Charge (PFC) unlike the previous House bill in the last Congress which included a PFC increase of up to \$7 from the current limit of \$4.50. The bill also reduces funding for the construction-related Airport Improvement Program (AIP) from the current level of \$3.5B per year down to \$3.0B per year.



The Chairman plans to mark-up the bill in committee this week on February 16 with the goal being to get the bill through the House as quickly as possible and then deal with any remaining issues when the bill goes to conference with the Senate version. Here is a [link](#) to the T&I Committee press release on the bill and a [link](#) to a section by section summary of the bill.

In the Senate, the FAA bill is still under debate on the Senate floor; however, Senate Majority Leader Harry Reid (D-NV) has filed a cloture motion to cut off debate with the hope of holding a final vote later this week. The current short-term FAA extension expires on March 31.

SAFETEA-LU Extension

The current short-term authorization of the surface transportation programs expires on March 4. Since a new, multi-year authorization bill will not be completed by that date another short-term extension is needed. The most recent extension was passed as part of the latest FY'11 Continuing Resolution, however, late last week the House T&I Committee leadership introduced a stand-alone extension bill, HR 662. The bill extends SAFETEA-LU programs through the end of the federal fiscal year, September 31. T&I committee leaders had pushed for passage of a much shorter extension to keep the pressure on to pass a multi-year bill, however, House leadership reached an agreement with the Senate on the longer extension. The House extension bill does not include any new policy provisions. The bill is expected to come to the House floor for a vote this week and be taken up in the Senate some time after that.

House T&I Committee Surface Transportation Listening Sessions

The House T&I Committee continues its series of field hearings and listening sessions around the country as part of its effort to draft a new, six-year surface transportation authorization bill. Some of the events are official, on-the-record field hearings and others are more informal listening sessions and roundtables. Most of the sessions are being held in or near the districts of the new Freshman Republican members of the committee in an effort to get them up to speed on the issues and to have them hear from their constituents about the importance of infrastructure investment. Many of the T&I freshmen campaigned in support of reduced federal spending. All of the sessions are open to the public. You must be invited to present testimony.

February 14 AM – Field Hearing, Beckley, WV, Rep. Nick Rahall (D-WV) host
February 14 PM – Listening Session, Charleston, WV, Rep. Shelly Capito (R-WV) host
February 17 – Listening Session, Philadelphia, PA, Rep. Pat Meehan (R-PA) host
February 18 AM – Listening Session, Scranton, PA, Rep. Lou Barletta (R-PA) host
February 18 PM – Listening Session, Rochester, NY, Rep. Tom Reed (R-NY) host



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February 19 AM – Field Hearing, Columbus, OH, Rep. Bob Gibbs (R-OH) host
February 19 PM – Listening Session, Indianapolis, IN, Rep. Larry Bucshon (R-IN) host
February 20 – Listening Session, Chicago, IL, Rep. Randy Hultgren (R-IL) host
February 21 – Listening Session, Vancouver, WA, Rep. Jaime Herrera Beutler (R-WA) host
February 22 – Listening Session, Fresno, CA, Rep. Jeff Denham (R-CA) host
February 23 – Field Hearing, Los Angeles, CA, Rep. Duncan Hunter (R-CA) and Senator
Barbara Boxer (D-CA) hosts
February 24 AM – Field Hearing, Oklahoma City, OK, Rep. James Langford (R-OK) host
February 24 PM – Listening Session, Jonesboro, AR, Rep. Rick Crawford (R-AR) host
February 25 – Listening Session, Memphis, TN, Rep. Stephen Fincher (R-TN) host