



## Washington Update

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### March 4, 2014

Today, the Obama Administration released its FY'15 Budget Request. The request comes about a month later than usual because the FY'14 omnibus appropriations bill was only recently completed in mid-January, but it is over a month earlier than last year when the request was severely delayed following the congressional sequestration debate.

Here is a [link](#) to the overall federal budget request (scroll down to click on the US DOT Highlights). Here is a [link](#) to more detailed information on the US DOT portion of the federal budget and a [link](#) to the annual US DOT "Budget in Brief", the most readable and understandable of the documents.

The US DOT FY'15 budget request reflects the comments made by President Obama last week in Minnesota when he outlined his vision for investing in America's infrastructure with a \$302B, four-year surface transportation reauthorization proposal. The current MAP-21 authorization expires at the end of FY'14 on September 30, 2014. Without an infusion of new revenues, the Highway Trust Fund cannot support any new highway or transit funding in FY'15. The FY'15 budget request proposes to raise approximately \$37.5B per year for four years, totaling \$150B, through corporate tax reform. If approved by Congress, that amount would be enough to fill the \$63B funding gap in the Trust Fund and support \$87B over four years in new funding. Note that the Administration's FY'15 budget request reflects this additional funding even though it appears very unlikely that Congress will pass corporate tax reform this year or even during FY'15.

Therefore, while the industry applauds the Administration's request for significant new transportation funding, it appears unlikely, at this point, that Congress will support the tax legislation needed to make the funding levels described below a reality.

Some highlights of the US DOT FY'15 budget include (keep in mind these funding levels assume Congress passes corporate tax reform legislation and in addition, Congress must approve all funding levels through the annual appropriations process):

FHWA - \$48B for the highway program, up from the current \$40.9B level, a 17% increase.

FTA Capital Improvement Grants – page 12 of the US DOT Budget in Brief (see link above) includes a list of the projects recommended for funding. A total of \$2.5B (a 28% increase) is requested for FY'15 including \$1.4B for 12 New Start projects with existing FFGAs, \$578M for 7 new New Start projects including \$100M each for the Red and Purple lines in Maryland, \$275M for the newly authorized Core Capacity program for the Chicago Red and Purple line modernizations and \$199M for 6 Small Start streetcar and BRT projects. In addition, a new \$500M Rapid Growth Area Transit program is requested that will fund primarily discretionary BRT projects. The FTA annual Capital Investment Grants/New Starts Report was also released today and can be found [here](#). All FTA programs, including



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the New Starts program, would be treated as mandatory spending funded through the Trust Fund, not the General Fund.

FRA - \$5B in FY'15 for a newly configured rail program. This is an approximately 200% increase over current funding. The program would be divided into two components – Current Passenger Rail Service (the Northeast Corridor; state corridors; long distance routes; stations; and national assets, legacy debt and Amtrak PTC) and Rail Service Improvement Program (high-speed rail passenger corridors - \$1.3B; commuter railroad PTC compliance; rail relocation and grade crossings; and planning and workforce ). Both components would be funded out of the new rail account of the Transportation Trust Fund.

FAA - \$2.9B for the Airport Improvement Program (AIP) down from the current \$3.35B to be offset in part by eliminating guaranteed AIP funding for large hub airports. The budget recommends allowing the large airports to fund capital projects through increased PFCs, but that would have to be approved by Congress.

TIGER Grants - \$1.25B for the FY'15 discretionary TIGER grant program, up from the FY'14 level of \$600M.

TIFIA - \$1B per year, the same as the current level of funding.

Freight - \$1B in FY'15 (\$10B over four years) for a new multimodal freight discretionary grant program with rail, aviation, marine and other multimodal projects eligible.

As proposed in the past, the Administration would rename the Highway Trust Fund the Transportation Trust Fund. The Fund would include separate highway, transit, rail and multimodal accounts. Existing gas tax revenues would continue to flow only to the highway and transit accounts. The additional funding proposed from corporate tax reform would be used in part to fund the new rail and multimodal accounts. The new accounts would not receive existing gas tax revenue.

The Administration states that they expect to submit a MAP-21 legislative proposal to Congress shortly. They were criticized for never formally submitting a reauthorization proposal during the last authorization debate. Pages 4 to 7 of the US DOT Budget in Brief (see link above) include an overview of their proposal. It appears that the DOT proposal will include rail authorization (PRIIA) language as well.

A DOT priority is improving project delivery and the federal permitting and regulatory review process through the creation of a new Interagency Infrastructure Permitting Improvement Center to be housed at US DOT and funded at \$8M in FY'15.

An emphasis is put on "Fix it First" and a state of good repair approach to highway and transit grants. The budget also includes a new Fixing and Accelerating Surface Transportation (FAST) competitive grant program to incentivize transformative programmatic reforms which is funded at \$1B per year (\$500M in FHWA and \$500M in FTA).



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Information about the FY'15 budget requests from other infrastructure-related federal agencies will be sent out shortly.

### Other News

- FTA has posted the FY'14 apportionment tables. Here is a [link](#) to the tables. The tables will be published in the Federal Register sometime later this week. Among other things, the information includes FY'14 apportionments for Section 5307 Formula funds, Section 5337 Bus and Bus Facility funds (Table 12), and Section 5309 Capital Investment Grants (Table 7), which include New Start, Small Start and Core Capacity projects. Here is a [link](#) to that specific table.

The total allocated to New Starts/Small Starts/Core Capacity is \$2.125B. Of that amount, \$120M is set-aside for unspecified Core Capacity projects. The FY'14 omnibus appropriations bill did not include any congressionally designated New Start/Small Start earmarks or project allocations. FTA has allocated the FY'14 funds essentially the same as the requests it made last April in the FY'14 Budget Request (see page 31 of the FY'14 [US DOT Budget in Brief](#).)

- MAP-21 restructured the steps in the Capital Investment Grant Program process to allow New Starts, Small Starts, and Core Capacity projects to move more expeditiously through the program. FTA has updated the FAQs for New Starts, Small Starts, and Core Capacity. Notably, the updated questions now include guidance on entry into Engineering and additional requirements for Project Development entry. Here is a [link](#) to the updated FAQs.
- In yet another instance of a senior member of Congress retiring, last week Rep. Ed Pastor (D-AZ) announced he would not run for re-election in 2014. Pastor is the senior Democrat on the House THUD (DOT) Appropriations Subcommittee. The current THUD Chairman, Rep. Tom Latham (R-IA), has also announced that he plans to retire.
- On Wednesday, March 5, the House T&I Committee's special P3 panel, chaired by Rep. Jimmy Duncan (R-TN), will hold a hearing in conjunction with the Highways & Transit Subcommittee. Here is a [link](#) to information about the hearing including the witness testimony and access to a live webcast. Witnesses include representatives from the Congressional Budget Office (CBO), Texas DOT, Denver RTD, and the Associated General Contractors (AGC).