



March 6, 2013

As of Friday, March 1, the \$85B FY'13 government-wide sequester which most everyone agreed would never actually go into effect – did. Below is a chart, based on information released by OMB, showing how US DOT and other infrastructure programs will be affected, at least until Congress passes legislation to fund the federal government for the remainder of FY'13 which could negate or reallocate some of the funding cuts.

Since Congress was not able to pass any of the individual federal agency FY'13 appropriations bills last fall prior to the November 2012 elections, they opted to pass a temporary Continuing Resolution (CR) that funded federal programs at essentially their FY'12 levels for six months through March 27. While six months seemed like a long period of time back in September, the expiration of the CR is now upon us, especially since Congress is scheduled to begin a two-week recess on March 22. The House has introduced its version of an additional six-month CR to finish out the fiscal year and plans to debate and pass it on the House floor today.

The draft House CR (HR 933) includes the lower funding levels required by the government-wide sequestration. The Senate CR, which has not yet been introduced, is anticipated to ease some of the pain by providing flexibility for agencies to protect critical programs from the severest cuts. At US DOT, any flexibility is likely to be used to restore funding for critical safety programs and personnel in order to avoid or lessen employee furloughs. This could potentially result in even deeper cuts in other less critical programs.

The House CR does not fund highway and transit programs (those funded through the Trust Fund) at the higher levels authorized in MAP-21. The House CR funding level is actually \$742M below the FY'13 MAP-21 authorized level for these programs. Transportation industry groups have urged Congress to honor the MAP-21 funding levels.

The House CR also does not incorporate the MAP-21 authorized changes in the FTA Capital Investment program structure and the FTA Research and University Transportation Center program structure, but does include various MAP-21 authorized changes to the FTA Formula program structure.

Looking forward, there is no end in sight for an easy or quick resolution to this funding crisis. The Budget Control Act mandates annual sequesters over the next ten years in order to achieve a total of \$1.2 trillion in government-wide cuts. Also, the House and Senate must each pass a FY'14 Budget Resolution by April 15 or face a loss in pay. However, the White House does not expect to release its FY'14 Budget Request until early to mid-April, after the CR is passed, and possibly after the House and Senate have already completed their FY'14 budgets. In addition, the debt ceiling crisis, which was averted in January when Republicans agreed to support a three-month increase in the ceiling, will need to be addressed again starting in mid-May.



PB Washington Update

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<u>Program</u>	<u>FY'12 Enacted Funding Level</u>	<u>FY'13 Funding Under the CR</u>	<u>Sequester Amount/%</u>	<u>FY'13 Funding After Sequester</u>
FAA Airport Improvement Program (AIP)	\$3.35B	\$3.37B	Exempt	Same – Funded thru Trust Fund
FHWA Obligation Limitation	\$39.14B	\$39.38B	Exempt	Same – Funded thru Trust Fund
FHWA FY'13 Disaster Relief Funded in Hurricane Sandy Bill	----	\$2.02B	\$101M/-5.0%	\$1.92B
FTA Formula and Bus Grants	\$8.4B	\$8.4B	Exempt	Same – Funded thru Trust Fund
FTA Capital Investment Grants (New Starts/Small Starts)	\$1.95B	\$1.92B	\$98.3M/-5.0%	\$1.86B
FTA Administrative Expenses	\$98.7M	\$99.3M	\$4.96M/-5.0%	\$94.3M
FTA Research & University Centers	\$44.0M	\$44.6M	\$2.2M/-5.0%	\$42.0M
FTA FY'13 Disaster Relief Funded in Hurricane Sandy Bill	----	\$10.9B	\$545M/-5.0%	\$10.35B
FRA Amtrak Capital and Debt	\$952M	\$957M	\$47.9M/-5.0%	\$909.93M
FRA Amtrak Operating Subsidies	\$466M	\$468M	\$23.4M/-5.0%	\$445.4M
FRA R&D	\$35M	\$35M	\$1.76M/-5.0%	\$33M
MAP 21 General Fund Transfer to the Highway Trust Fund	----	\$6.2B	\$316M/-5.1%	\$5.84B



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Army Corps of Engineers Civil Works Program	\$5.02B	\$10.38B (includes \$5B+ in Sandy ER \$)	\$522M/-5.0% (includes \$267M from Sandy \$)	\$9.86B
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