



# PB Washington Update

PREPARED BY CATHY CONNOR  
MANAGER OF GOVERNMENT AFFAIRS



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The House was on recess last week, but is back in session this week and next week when the Senate will take its turn to recess, making it difficult to make progress on key legislation. Congress continues to focus on the issues of deficit reduction and the need to increase the federal debt ceiling before early August. A number of key Republican leaders have said they will not vote for a debt ceiling increase without pairing it with spending cuts, possibly in the trillions of dollars. One effort to reach a bi-partisan agreement on the deficit recently stalled when Senator Tom Coburn (R-OK) decided to leave the Senate "Gang of Six" group which had been making some progress on a budget deal. Now the focus is on Vice President Joe Biden's "Blair House Summit" group, a bi-cameral, bi-partisan group set up by the White House to find some consensus on addressing the deficit.

The House has passed its FY'12 Budget Resolution, but Senate Budget Committee Chairman Kent Conrad (D-ND) has announced that action on a Senate Budget Resolution will be postponed until the Biden group hopefully produces an agreement. It is possible the Senate will not pass a budget this year because it may not be able to get enough Democratic votes in support of significant spending cuts or any Republican votes for possible tax increases.

Senate Majority Leader Harry Reid (D-NV) may try to force the Senate to vote on the House Budget Resolution in order to get Senate Republicans on the record supporting the Ryan Medicare reform provision, a highly controversial issue which can then be used as campaign fodder.

## FY'12 Appropriations

House Appropriations Committee Chairman Hal Rogers (R-KY) has released the FY'12 subcommittee 302(b) allocations which are the overall funding levels each subcommittee has to work with to draft their FY'12 appropriation bills. The Transportation-HUD subcommittee allocation is only \$47.7B which is a significant decrease (13.9%) from the FY'11 allocation of \$55.4B, a huge cut from the FY'10 allocation of \$67.9B, and even below what was an artificially low FY'08 level. This level will make it very difficult for the THUD Subcommittee to write an FY'12 bill that can pass the House, much less the Senate.

The House FY'12 THUD Appropriations bill will be debated in subcommittee on July 14 and on July 26 in full committee, a month later than usual, making it one of the last spending bills to be considered. The Senate has not yet announced its markup schedule.

The House Homeland Security Appropriations Subcommittee recently acted on its FY'12 bill and severely cut funding for rail, transit and port security grants. The total funding for the DHS State and Local Programs account, under which these programs are funded, was cut



from \$3B in FY'10 and \$2.2B in FY'11 to only \$1B for FY'12. The House bill leaves it up to DHS how to divide up the funding among the various security programs.

## Surface Transportation Reauthorization

The House and Senate authorizing committees continue to draft six-year surface transportation authorization bills, although the original goal of introducing the bills by Memorial Day will not be met. The House Republican committee staff has indicated they will not have a bill to introduce until the end of June. Their goal is to for committee action in early July in order to go to the House floor before the August recess. The House bill will not include any project earmarks (even FTA New Start projects) and may eliminate most, if not all, highway discretionary programs in order to direct funds to formula programs so that cuts in state formula allocations will not appear as severe. The bill will likely be in the range of \$220B over six years as compared to the SAFETEA-LU level of \$286B. The focus of the House bill will be on leveraging federal funds through streamlining project delivery, encouraging PPPs and innovative financing, reducing red tape, "devolving" decision making and project approvals to the state level, and making projects and programs of national interest a priority.

The three Senate authorizing committees continue to work on their bills. The EPW Committee is drafting its highway title working closely with the Republican members. They are likely basing their bill in part on the leaked Administration draft. They are close to introducing a bill, but it will not include any funding levels. The Senate Banking Committee held a hearing last week on its Transit title, taking testimony from FTA Administrator Peter Rogoff on the Administration's transit proposals. Here is a [link](#) to the Administrator's testimony.

It is likely that US DOT will never officially release its reauthorization proposal because of the lack of time to get OMB and other agency approvals. In the meantime, committee staff and industry groups continue to pore over various leaked versions of the DOT bill. Additional and updated details may be floated over the next few weeks.

## FAA Reauthorization

The current short-term FAA authorization bill expires on May 31. The House and Senate are relatively close to reaching a deal on a final bill, but with all the various recesses, it appears unlikely to do so in time. Therefore, on May 23 the House passed another short-term bill, the 19<sup>th</sup>, extending through June 30. However, unlike past extensions, the bill is not "clean" and reduces the FY'11 authorization for the Airport Improvement Program (AIP) from \$3.7B to \$3.5B. The Senate is expected to agree to the House bill before recessing on Friday. The main issues still in contention on a multi-year bill include the AIP funding level, subsidies for Essential Air Service and several labor provisions. A contentious House-passed



provision that would have required all FAA safety regulations to meet cost-benefit standards has been dropped.

## FTA FY'11 Apportionments

On May 20 the Federal Register published FTA's FY'11 Annual Apportionment notice. Here is a [link](#) to the notice. The FY'11 DOT Appropriations bill was finally signed into law, as part of a government-wide spending bill, on April 15, over six months late. This notice supplements the February 8, 2011 Federal Register notice of partial year apportionments of formula funds.

Since the FY'11 appropriations bill did not include any congressionally designated earmarks for transit discretionary programs, FTA plans to publish Notices of Funding Availability (NOFAs) for most discretionary programs no later than Fall 2011. However, FTA will not publish a NOFA for the New Starts/Capital Investment program because "the program has an on-going project development and review process and funding will be allocated consistent with information already available to FTA", meaning the money will go primarily to projects with existing, pending and Administration recommended FFGAs.

## TIGER III FY'11 Funding

US DOT expects to issue a Notice of Funding Availability (NOFA) for the \$527M in FY'11 TIGER funding in mid-June. The FY'11 program does not include any funding for planning grants. The criteria will be similar to the \$600M TIGER II program and it is expected that DOT will continue to spread funding around geographically, both by region and population. DOT would like to find a way to reduce the huge number of applications they have been receiving and to address this it might institute a two-step process that includes an initial letter of interest to eliminate projects that do not appear competitive. DOT encourages states and regions to prioritize and limit the number of applications they submit.

## Infrastructure Financing Bills Introduced

Two bills were recently introduced in the Senate dealing with infrastructure financing. Neither bill will likely move on its own, but rather may be incorporated in a broader surface transportation authorization bill. Senators Lautenberg (D-NJ) and Rockefeller (D-WV) introduced the American Infrastructure Investment Fund Act of 2011 – S. 936. The bill creates a \$5B (FY'12 and '13) fund to encourage private investment in transportation infrastructure through loans and loan guarantees. The bill also formally authorizes the NII/TIGER program and authorizes \$600M per year for TIGER grants from the General Fund. It would also authorize states to be permitted to use their STP highway funding for rail and port projects. Here is a [link](#) to the text and a summary of the bill.



Senators Murray (D-WA), Collins (R-ME) and Durbin (D-IL) have introduced S. 942, the Transportation Infrastructure Grants and Economic Reinvestment Act (TIGER). The bill would formally authorize the US DOT TIGER program.

## NCSL Report on 2010 State Transportation Legislation

The National Conference of State Legislatures (NCSL) has released a summary of state transportation legislation passed in 2010, including laws related to transportation financing such as revenue increases, tolling and PPPs. Here is a [link](#) to the report.

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