

PB Washington Update - Interim Report - April 8, 2011

As of 2:00 pm today, Congress and the Administration still have not been able to resolve the various disagreements preventing passage of a short-term funding bill/CR to keep the federal government funded beyond midnight tonight. The House passed a week-long CR yesterday afternoon by a vote of 247 to 181, but the White House immediately announced that President Obama would veto the bill and the Democratic leadership in the Senate said they had no intention of taking up the bill. That bill would have cut \$12B, including \$1.8B in transportations programs, and funded the Department of Defense (with a \$7.6B increase) through the rest of the year. It also included several very controversial policy riders, including a ban on federal funds for abortions in the District of Columbia.

If a federal government shutdown occurs, there is some hope that it might last only through the weekend when the impact is less onerous. Congress would then presumably work through the weekend to try to agree to a funding plan.

However, even if they are able to reach a deal, it would only be for the short-term – a week or so. All sides are still far apart on an agreement to fund the government through the remainder of FY'11 – September 30, both in terms of how much to cut, what programs to cut and which policy riders to permit. Further complicating matters, Congress is scheduled to depart for a two-week recess starting on April 15 lasting through the end of the month.

A government shutdown has many serious implications as well as such mundane ones as cancelling the Cherry Blossom Festival parade, preventing the IRS from processing tax refunds, and limiting non-essential federal employees access to their Blackberries. The potential impact on transportation and other infrastructure programs is still being calculated. Activities directly related to safety will continue such air traffic controllers and truck and rail safety inspectors. FHWA will be able to continue to operate for some time because its funding for reimbursing state DOTs as well as paying employees comes from the Highway Trust Fund (which has been extended through September 30), not general revenues. However, this morning FTA Administrator Peter Rogoff issued a notice regarding the implications for transit programs which states that roughly 90 percent of FTA's staff would be furloughed and FTA would not obligate grants or make payment to grantees. FTA would also not carry out environmental or other reviews for pending projects. Here is a [link](#) to the Dear Colleague letter. Many federal government contractors would be forced to stop work and would not get paid during a shutdown. During the 1995-'96 shutdown, employees and some contractors were later retroactively paid by an act of Congress, but there is no certainty that will be the case this time.

In the meantime, action has already begun on the FY'12 Budget Resolution. The House Budget Committee earlier this week approved the proposal developed by Budget Chairman Paul Ryan (R-WI). The House plans to take up the bill on the floor next week. While the annual Budget Resolution is a non-binding "blueprint" to guide the appropriators, it has very serious implications for transportation and infrastructure programs. The Ryan plan limits any future surface transportation funding to an amount that the Highway Trust Fund could support without any tax increases or any general fund transfers. This would result in an almost one-third reduction in funding for highway and transit programs and make it very difficult for House T&I Committee Chairman John Mica (R-FL) to write a six-year surface transportation authorization bill with sufficient funding to gain the needed votes and industry support.