

PB Washington Update - Interim Report - April 9, 2011

As you have likely read or heard, late last night, just before the midnight deadline to shut down the federal government, Congress passed a short-term budget extension lasting through Thursday, April 14 and Congress and the White House agreed to a deal on a year-long Continuing Resolution (CR) that will fund the federal government through the rest of the fiscal year – September 30. The April 14 extension will keep the government open and federal funds flowing while Congress debates and presumably passes the longer term bill early this week.

The five-day CR cuts \$2B in federal funds, the same weekly amount that previous short-term CRs had cut, but well below the \$12B that House Republicans has been pushing for last week. However, the bulk of the \$2B in cuts comes from the US DOT budget. Those reductions include \$1.5B from the high-speed rail program and \$280M from the transit New Starts program. The high-speed rail cut is a reduction from the \$2.5B appropriated in FY'10 and brings the program down to the \$1B level the Administration and the Senate had proposed for FY'11. The funds being cut had not been allocated to any projects.

The New Starts cut brings the program down to \$1.72B from the \$2B that was appropriated in FY'10. However, the Administration had only requested \$1.82B for FY'11 and that amount included \$200M for the now defunct Access to the Region's Core (ARC) project in New Jersey. None of the \$280M cut had been allocated to any active projects.

In addition, the short-term CR cuts modest levels of funding from the US DOT Planning, Research and Development program, the FAA's and FRA's Research, Engineering and Development programs, the FAA's Facilities and Equipment program and the FTA's Research and University Centers program. It is very disappointing to see critical transportation programs singled out for cuts in the short-term CR.

The longer, year-long deal reached cuts \$78.5B below the President's FY'11 Budget Request, the equivalent of \$37.8B below the FY'10 enacted funding level. The \$37.8B is higher than the \$33B level which the parties had discussed earlier in the week, but significantly lower than the \$61B in cuts passed by the House in March in HR 1, which never made it passed the Senate. The cuts include the \$12B in reductions already accounted for in the now, three short-terms bills passed by Congress. The specifics of which programs would be cut in the longer CR are still not clear, however, the deal on the CR does not include the various contentious policy riders, including the highly controversial rider to cut Federal funds for Planned Parenthood.

A more detailed analysis of which transportation and infrastructure programs may be cut in the year-long CR will be sent out on Monday.