



PB Washington Update

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JANUARY 29, 2010

Congress is back in session after its winter break, the President has given his State of the Union address and the Administration will release its FY'11 budget on Monday – so things are getting busy again in Washington.

FY'11 Budget:

The Administration will release its FY'11 budget on Monday. A separate PB Update reviewing the budget recommendations will be sent on Monday afternoon. As the President mentioned in his State of the Union address, the budget will recommend a three-year freeze on most domestic discretionary spending. The freeze will not cover entitlements such as Medicare and Social Security, or defense, homeland security, veterans or foreign-aid programs – which does not leave many programs to bear the burden of a freeze. The freeze will affect FY'11, '12 and '13 funding levels, but will not be an across-the-board freeze. Some programs will be increased and others will be cut. Regardless of what the White House recommends, the final decisions about program funding levels will be made by Congress. The freeze does not apply to the funding increases being proposed for inclusion in a new stimulus/jobs bill.

There is no definitive word yet on how transportation and infrastructure programs will fare in the new budget, although it is likely that funding will be proposed for a National Infrastructure Bank. It is expected that FTA will release its annual “New Starts/Small Starts” report along with or shortly after the budget announcement.

Once the budget is released, the FY'11 congressional appropriations process will begin. The usual timeline calls for hearings by the House and Senate appropriations subcommittees during late February and March, committee action in the House in June, a House floor vote in July, Senate committee and floor action in July and then a conference to reconcile the differences in the two versions of the bill in September with implementation on October 1, the start of the new fiscal year. However, the process rarely flows that smoothly or timely and Congress typically is forced to pass short-term extensions and omnibus legislative packages.

On January 25, House Appropriations Chairman David Obey (D-WI) issued a “Dear Colleague” letter outlining the process for members to request FY'11 project earmarks. Earmark requests are due to the full Committee by March 19. Many subcommittees and individual members set earlier dates for requests to be submitted to them. New this year, House members must prioritize their top ten requests across all programs. Most subcommittees have not yet released the questionnaires they require be filled out for each project request.

SAFETEA-LU Reauthorization:

Currently highway and transit programs are authorized under a third short-term extension which expires on February 28 – less than a month away. The House-passed jobs bill extends the authorization through the end of the fiscal year – September 30. The Senate version of a jobs bill, which will likely be introduced next week, is expected to include an extension through December 31, 2010.



ARRA Stimulus Grants:

Yesterday, following up on President Obama's comments in his State of the Union address, the White House announced the award of the \$8B in high-speed rail grants that were funded by the February 2009 ARRA economic stimulus bill. The funds go to 13 corridors in 31 states with California (\$2.25B), Florida (\$1.25B) and Illinois/Missouri (\$1.1B) receiving the most funds. A list of the corridors/states that were awarded grants can be found [here](#). Fact sheets with more details about each corridor can be found [here](#) (see links at bottom of press release). The funding is spread around to numerous projects rather than focused on one or two major projects. Almost all projects received 50% or less of the amount they requested. Most projects are incremental upgrades to existing service, with the exception of San Francisco to LA and Orlando to Tampa implementing new high-speed lines.

In addition, there is \$2.5B in high-speed rail funds appropriated by Congress for FY'10. While FRA has not announced a timeline for allocating these funds, a new round of grant solicitations is likely in the summer or early fall.

The only remaining transportation-related ARRA grant program that has not yet been announced is the \$1.5B TIGER program. Over \$50B in requests were submitted for this program which emphasizes large projects of regional and national significance. The grants are expected to be announced in the next two weeks and must be announced by February 17 to meet the statutory deadline.

Jobs Bill:

The Senate leadership continues to work behind the scenes to pull together their version of a jobs bill. The House passed the Jobs for Main Street Act in late December. In addition to extensions of various federal programs, such as unemployment insurance, and tax cuts, the Senate bill is expected to include additional funding for infrastructure programs. The legislation may move as one large bill or may be broken into smaller pieces. If done in pieces, the first bill is expected to include an extension of SAFETEA-LU through December 31, 2010 and additional funding for Build America Bonds. Jobs creation funding for highway, transit, rail, airport and water programs would be appropriated in subsequent bills. The SAFETEA-LU extension would be funded by a transfer of approximately \$20B from the General Fund in the form of back interest "owed" to the Highway Trust Fund and reimbursements for various gas tax exemptions.

The Senate jobs bill is expected to include approximately \$25B for transportation infrastructure to include \$14B for highway (significantly less than the \$27.5B in the House-passed bill), \$7.5B for transit (only a modest cut below the House level of \$8.4B), \$2B for airports (a big jump over the \$500M in the House) and an additional \$2.5B for Amtrak and HSR (the House bill has no additional funds for HSR and \$800M for Amtrak).

FTA New Starts/Small Starts Policy Change:

As previously reported, at the January 13 TRB Chairman's Luncheon, US DOT Secretary Ray LaHood announced that DOT will rescind the FTA March 2005 Dear Colleague letter which administratively required a "Medium" cost effectiveness rating for transit New Start projects to receive a federal funding recommendation. The new policy is expected to provide greater emphasis on a broader base of benefits (e.g. land use, economic development and community and environmental benefits) of New Start and



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Small Start projects. LaHood indicated that FTA will shortly initiate a new rulemaking process on this issue. The transit industry strongly supports this change. Here is a [link](#) to the DOT press release, a [link](#) to Secretary LaHood's letter and a [link](#) to Q&As prepared by FTA.

Other News:

- FY'10 FTA Formula Apportionments - FTA plans to publish a notice in the Federal Register next week of the long-delayed FY'10 annual formula apportionments. It won't cover the full fiscal year because although the full fiscal year appropriations bill has passed, the SAFETEA-LU authorization is currently only extended through February 28. Therefore only 5/12s of the annual formula funding will be apportioned at this time. It does not appear the notice will include allocations of the discretionary New Starts and Small Starts earmarks.
- US DOT Conditions & Performance Report – The biennial US DOT report to Congress on Conditions & Performance is now available [here](#). The report, officially called the "2008 Status of the Nation's Highways, Bridges and Transit: Conditions and Performance" was delayed many months because, as with past reports, the "needs" estimates are politically controversial since they are significantly higher than current revenues can support. The following note is included in the Executive Summary: "It is important to note that this document is not a statement of Administration policy and that the future investment scenarios presented in this report are intended to be illustrative only. The report does not endorse any particular level of future highway, bridge, or transit investment; it does not address questions as to what future Federal surface transportation programs should look like, or what level of future surface transportation funding can or should be provided by the Federal government, State governments, local governments, the private sector, or system users."
- PB Transportation Update Website - PB has established a new website, "PB Transportation Update", for use by PB employees and clients which features information about transportation legislation. The site can be accessed at www.PBTransportationUpdate.com. The site includes timely information and links to key documents on major transportation-related federal legislation. Right now the site includes information on SAFETEA-LU reauthorization, FY'10 DOT Appropriations, the new Jobs for Main Street bill, and FAA reauthorization. As we move forward, we plan to add information about the FY'11 budget, rail bills, the transportation provisions in the Climate Change bill, etc. The site includes links to the PB Washington Updates, to a list of key PB Policy Experts, to the original PB Stimulus website and to the PB World website. It also has links to the websites of key industry groups, congressional committees, and US DOT modal agencies.