



MAY 8, 2009

Yesterday the Obama Administration released its first annual budget recommendation. The documents released supplement and expand on the broad FY'10 budget outline which was issued in late February. The total government budget request is approximately \$3.7 trillion dollars.

FY'10 Administration Budget Recommendations:

The **US Department of Transportation** budget requests modest increases for several major programs coupled with a significant change in how those programs are to be funded. Given the rapidly shrinking balance in both the highway and transit accounts of the Highway Trust Fund, the Administration is recommending a huge influx of General Funds. The DOT FY'10 Budget in Brief is located [here](#).

FHWA: the budget requests \$41.1 billion, an increase over the current \$40.7 billion, however, all but \$5 billion would come from General Funds. Since there is no authorization bill (i.e. SAFETEA-LU) enacted for FY'10, there are no guaranteed funding levels.

FTA: the budget requests \$10.336 billion for the total FTA program, a \$100 million increase over FY'09 - \$1.8 billion for Capital Investment Grants (New Starts and Small Starts) and \$8.34 billion for the Formula and Bus programs. Similar to the Highway program, a significant amount of the total program - \$3.3 billion - would come from the General Fund, not the Trust Fund. Page 24 of the DOT Budget in Brief (see above) lists the New Start and Small Start projects recommended for specific funding. Of the total \$1.8 billion, \$81 million is undesignated.

As background to the request for transit funding, FTA today released the [FY'10 New Starts Report](#). The report lists those projects recommended for funding (click [here](#)) and provides background on the status and historical funding for each project.

FAA: the Airport Improvement Program (AIP), which funds airport construction, is recommended to receive \$3.5 billion, the same as in the past several years. The FAA reauthorization bill continues to be stalled in Congress.

FRA: as previously announced, the Administration is requesting \$1 billion for high speed rail programs (plus an additional \$1 billion in each of the next four years). Amtrak is recommended to receive \$1.5 billion – a \$12 million increase over current funding.

Other: in addition, the President is recommending the creation of a [National Infrastructure Bank](#), fulfilling one of his campaign promises, to be funded initially in FY'10 with \$5 billion. Of that total, \$863 million is for direct loan subsidies, \$1.15 billion for grants and \$1.7 billion for direct loan financing. An additional \$5 billion per year is requested through FY'14. Transportation, as well as other infrastructure projects, would be eligible to receive financing.

All of these funding requests and program changes are subject to congressional approval during the upcoming annual appropriations process.

Recommendations for funding for other federal agencies for infrastructure-related programs include:



The **Defense Department's** request for FY'10 is \$533.7 billion, a \$20 billion increase over FY'09. The Military Personnel, O&M and Procurement sections of the Defense budget receive about a \$24 billion increase. The request for Military Construction and Family Housing programs call for a funding decrease of about \$2 billion. Also, the Pentagon's request has been structured to make changes to DOD's contracting procedures through less reliance on Time & Materials contracts and reducing the dependence on contractor support services by creating close to 14,000 new government jobs. DOD expects both of these contracting changes will save the department \$1.2 billion per year.

The **Department of Energy's** request of \$26.3 billion is on par with the current year's appropriation. The request for the Strategic Petroleum Reserve (SPR) will only increase funding slightly, however buried in the budget documents is the government's intent to replace an existing storage cavern at one of the SPR sites in 2010. While the Administration devises a new strategy for nuclear waste disposal, DOE's request proposes to scale back the Yucca Mountain project to fund only those expenses necessary to answer the Nuclear Regulatory Commission inquiries.

FEMA's budget request of \$7.2 billion is a \$197 million increase over the FY'09 appropriations. Included in this request is an increase of \$600 million for the Disaster Relief Fund (DRF). This program provides the funding for presidential-declared emergencies and disasters.

The **Department of Veterans Affairs** budget is recommended to be increased by \$5.5 billion over the FY'09 appropriation. An increase of \$271 million over the previous year's funding for the VA's major construction program is included in the VA's budget request.

The Administration is requesting \$5.1 billion for the **Army Corps of Engineers**, which is a slight decrease from the current year's appropriation. The request for **GSA** recommends funding of about \$600 million which is also a slight decrease from the current year. The **EPA's** request is for \$10.5 billion which is about a \$3 billion increase over FY'09 appropriations. Within the request for EPA is \$2.4 billion for the Clean Water State Revolving Fund, a \$1.2 billion increase over last year's appropriation.

ARRA Economic Stimulus Implementation:

This week US DOT/FTA released the \$750 million appropriated in the ARRA for transit New Start projects. \$742.4 million is distributed to 11 projects in 9 states with \$7.5 million for program oversight. All 11 projects have existing Full Funding Grant Agreements (FFGAs). The ARRA funds are not new money and do not increase the total federal funds for the projects, rather they expedite already committed funds in order to advance these projects and save on financing costs. Click [here](#) for a list of the projects.

Last week US DOT/FRA issued its 28-page strategic plan for the ARRA-funded \$8 billion high-speed rail program. The plan is still quite general and all ten previously identified corridors plus the Northeast Corridor are eligible for funding. HSR development will proceed on three funding tracks: (i) individual projects that have completed PE and their EIS and are ready to go, (ii) corridor programs, and (iii) planning which can include development of corridor plans and State Rail plans. Funding to be made available includes the \$8 billion in ARRA funds and \$1 billion in annual appropriations requests for each of the next five years. Click [here](#) for the strategic plan, a two-page fact sheet and a route map.



PB Washington Update

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Key ARRA Dates:

By May 18 – US DOT to issue guidance on the criteria for the new \$1.5B multi-modal discretionary grant program. Recent public remarks by US DOT Secretary Ray LaHood indicate that port and intermodal projects, particularly freight related, are likely to receive significant amounts of funding since they were not primarily eligible for other ARRA funding.

May 22 – Deadline for project submissions to FTA for funding under the \$100 million FTA TIGGER discretionary grant program for projects that reduce energy consumption or greenhouse gases.

Late May/early June – FRA will hold numerous stakeholder meetings in DC and around the country on the development of criteria for the \$8B in new high-speed rail grants. Meetings will include Amtrak, industry groups, unions and representatives of the 11 federally designated corridors.

By June 17 – US DOT/FRA to issue criteria and application guidance for the first round of high-speed rail grants.

June 30 – Date the first redistribution of unobligated highway funds takes place – 120 days after the original apportionment, assuming there are any unused funds to distribute. Funds suballocated to local governments are exempt from this first redistribution.

Key ARRA Documents and Materials:

Background for the April 29 House T&I Committee oversight hearing to examine progress to date on ARRA implementation of funding for infrastructure programs. US DOT Secretary LaHood and representatives of the Corps of Engineers, Amtrak, GSA, EPA, the DOT Inspector General and the GAO testified. Click [here](#).

FHWA letter to state DOTs to bring attention to the added oversight responsibilities required by the ARRA, particularly as it relates to projects developed by Local Public Agencies (LPAs). The letter strongly recommends that state DOTs develop formal plans for overseeing ARRA subrecipients. Click [here](#).

OMB April 3 Memo to the heads of all federal agencies providing additional updated guidance for the implementation of ARRA funds. Click [here](#).

ARTBA May 5 memo and tables showing the obligation and expenditure of ARRA highway funds by states as of April 30. The information shows that 49 states, DC and two territories have obligated a total of \$8.94 billion which is 95.6 percent of the \$9.33 billion that must be obligated within 120 days (June 30) of apportionment. Click [here](#).

US DOT letter to Governors and State DOTs reminding them that any money they save on transportation projects paid for with ARRA dollars, such as because of lower contractor bids, must be used for additional transportation projects and for additional jobs creation. Click [here](#).

FHWA Q&A on June 30 Redistribution of Unused ARRA Highway Funds. Click [here](#).



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Other News:

- The House Transportation & Infrastructure Committee has extended the deadline for members to submit earmark project requests to be included in the surface transportation authorization bill (successor to SAFETEA-LU) that the Committee is currently drafting. Requests for High Priority Projects (HPPs) are now due by **May 14**. Most individual members set their own earlier deadlines for the questionnaires to be submitted to them, most of which have already passed. Potential HPP projects include highway, bridge, transit, rail, port, and ITS projects.
- The full Senate has approved the nominations of Roy Kienitz to be US DOT Under Secretary for Policy, Joe Szabo to be Administrator of the Federal Railroad Administration (FRA), Dana Gresham to be Assistant Secretary for Government Affairs, Robert Rivkin to be General Counsel, and Peter Appel to be Administrator of the Research and Innovative Technology (RITA) Administration.
- On May 14 the Senate Banking Committee will hold a hearing on the nomination of Peter Rogoff to be Federal Transit Administrator. Rogoff is currently the senior Democratic staffer on the Senate Transportation and Housing Appropriations Subcommittee.
- FTA published a supplemental FY'09 Apportionment Notice in the [April 30 Federal Register](#). The information and tables supplement the original FY'09 information published on December 18, 2008 and reflect the full fiscal year funding following passage of the FY 2009 Omnibus Appropriations Act in March.