



PB Washington Update

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Congress is busy working away on a number of key legislative priorities including debate on the twelve federal agency annual funding bills, health care reform, climate change/energy legislation and in the Senate, the Supreme Court confirmation hearings. The House is tentatively scheduled to adjourn for the August recess on July 31, less than three weeks from now. The Senate plans to stay in an extra week through August 7.

After Congress returns from recess on September 8, there are only three and a half weeks left before the start of the new fiscal year when all the appropriations bills are supposed to be completed and when the SAFETEA-LU authorization and the temporary FAA authorization extension expire.

FY'10 Appropriations:

After a slow start following a late release of the Administration's FY'10 budget request, Congress, especially the House, has been making good progress in passing the twelve agency appropriations bills. The full House has already passed seven bills and the Energy & Water bill, which funds the US Corps of Engineers' programs, is on the floor this week.

Last night, the House THUD appropriations subcommittee marked-up and approved by voice vote a bill to fund DOT and HUD programs. There were no amendments offered at the mark-up. THUD Chairman John Olver (D-MA) had a difficult time crafting the DOT bill given that there is currently no new authorization in place for the surface transportation programs or the FAA programs as of October 1. He is also in the difficult position of trying to fund programs out of a Trust Fund that is expected to be insolvent even before the start of the new fiscal year.

FHWA – the bill provides \$41.1B for the highway program, the same as the President's request and a modest increase over the \$40.7B FY'09 funding level. The bill funds the highway and transit programs from the Highway Trust Fund even though the Fund can not currently support that level of expenditure (see more below). The subcommittee did not address the Administration's recommendation that \$36.1B of the FY'10 highway funding come from the General Fund.

FTA – the bill provides \$10.5B for transit programs, a \$352M increase over FY'09 and an increase of \$148M over the Administration's request primarily to support \$150M in special funding for DC's WMATA transit agency following the recent accident which killed nine people. The Formula and Bus Grant program would receive \$8.34B versus \$8.26B in FY'09, all from the Trust Fund as opposed to \$5B of the total from the General Fund as proposed by the Administration. Capital Investment Grants (New Starts/Small Starts) would be funded at \$1.82B compared with the current funding of \$1.80B.

FAA – the primary construction-related program, the Airport Improvement Program (AIP), is funded at \$3.51B, essentially the same amount as in '09 and as requested by the Administration. The FAA is currently operating under a temporary authorization which has been extended several times and expires on September 30.

FRA – Amtrak is slated to receive approximately the same \$1.5B as in FY'09. High-speed rail is once again the big winner with \$4B versus the \$1B requested by President Obama. This funding is an add-on to the \$8B appropriation in the ARRA stimulus bill. However, the bill directs that \$2B of the \$4B may be



transferred to a National Infrastructure Bank (NIB) if and when Congress authorizes such a bank. A White House proposal to create a NIB has been delayed and is now expected to apply only to transportation projects, not a broader range of infrastructure projects and be funded initially at \$2B rather than the original \$5B.

The following are links to key DOT FY'10 appropriations materials:

Subcommittee Chairman John Olver's opening [statement](#)

A [summary](#) of DOT program funding levels

A 77-page list of project [earmarks](#)

FHWA earmarks for discretionary programs such as Interstate Maintenance, TCSP and the catch-all Surface Transportation Priorities are on pages 10 to 36. FTA Capital Improvement projects (New Start/Small Start projects) are listed on pages 2 to 4 (those requested by the President in his FY'10 budget request) and on pages 50 and 51 (those added by Congress). Bus earmarks are on pages 39 to 50 and AA earmarks are on pages 38 and 39. "Requesters" refers to the member of Congress who submitted the request for the earmark.

House full committee mark-up is scheduled to take place this Friday morning. The House would like to get all its appropriations bills through the floor before they adjourn on July 31. Senate THUD appropriations action is expected to take place on July 29 (subcommittee) and 30 (full committee).

Please keep in mind that the project earmarks and program funding levels are subject to change as the bills progress through the congressional process.

Surface Transportation Authorization:

While the leadership of the House Transportation & Infrastructure Committee and many industry groups continue to strongly push for a six-year authorization of highway, transit and rail programs along the lines of the bill which was approved by the House Highways & Transit Subcommittee on June 24, the likelihood of that occurring this year diminishes each passing day. The leadership of the House Ways & Means Committee, which has to approve the revenue title of the bill, has indicated that its top priority is health care reform and it is unclear when they will be able to address the transportation authorization bill and, more importantly, how they would raise the necessary new revenues.

In the meantime, the Senate Environment & Public Works Committee has decided to move ahead and mark-up an 18-month extension of the existing SAFETEA-LU authorization on July 15. This follows the release of a proposal by the Administration, referred to as a "Stage I Reauthorization", which would provide \$20B in General Funds to cover the short-fall in the Highway Trust Fund and extend programs through March 2011, after the mid-term congressional elections in November 2010.

The EPW proposal is "clean", meaning it does not include any changes or reforms to the current programs, unlike the Administration's proposal which included several new programs. At the same time however, Chairman Boxer asked Democratic Senators to submit potential highway project earmarks, just in case. The Administration also recommended that the \$20B in General Funds be "offset" or repaid over 10 years. It does not appear that the EPW bill will require any offsets. It is possible that an amendment proposing a 12-month extension instead of 18-months may be offered at the mark-up.



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House Transportation & Infrastructure Committee leadership has expressed very strong opposition to any extension and continues to push for passage of a six-year bill. However, given the reality that the earliest the full House could consider such a bill would be in late fall and the fact that the Highway Trust Fund is estimated to run out of sufficient funds to reimburse state DOTs on a timely basis as early as mid-August, Chairman Jim Oberstar this week agreed to introduce a stand-alone bill to provide an intergovernmental transfer of \$7.3B in General Funds to cover the immediate FY'09 shortfall. This is similar to the \$8B transfer which occurred last summer.

Also related to reauthorization, House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid recently made statements that it is possible that Congress might consider a six-year authorization bill this fall to serve as a second economic stimulus/jobs bill given the continued rise in unemployment. However, President Obama this week indicated he did not support a second stimulus of any kind at this time.

ARRA Economic Stimulus Implementation:

A number of new items have been posted on the PB ARRA website at www.pbstimulus.com including:

- ARTBA June 30 Update on Obligation of ARRA Highway Funds including state by state charts - <http://www.artba.org/mediafiles/status-of-stimulus-bill-highway-funds-07-01-2009.pdf>. As of June 30 every state met the requirement that 50 percent of the highway funds apportioned to the state DOT had to be obligated within the first 120 days. No state had to turn back funds to be reallocated to other states. Fourteen states have obligated \$125.3 million of ARRA highway funds for non-highway investments. Twelve states have flexed \$79.8 million to transit, and four states (Ohio, Oregon, Virginia and Washington) have obligated \$45.5 million for freight, passenger rail or port infrastructure projects, as is allowed in the bill.
- US DOT announcement of \$60M in ARRA funds to build and improve ferry docks and facilities including a list of projects and grant amounts - http://pbstimulus.com/pdfs/reports_docs/fhwa_21.pdf

As mentioned above, given the continued dismal condition of the economy, there is much talk in Washington about the potential need for a second economic stimulus bill. Although President Obama said he did not see an immediate need for such a bill, it could become a vehicle for additional infrastructure funding. Some have even suggested that a multi-year surface transportation bill could serve as such as stimulus.

By last week's July 10 deadline, it is being reported that over 270 rail improvement projects from 40 states totaling over \$93B were submitted to the Federal Railroad Administration in the form of pre-applications for the \$8B in High-Speed Intercity Passenger Rail (HSIPR) grants authorized by the ARRA bill. Formal applications are due to FRA on August 24 or October 2 depending on which "track" the funds are requested.



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Climate Change:

As previously reported, in late June by a very narrow margin, the House passed a huge and highly controversial climate change bill which establishes a cap and trade system for greenhouse gas emissions. Senate Environment & Public Works Committee Chair Barbara Boxer (D-CA) hoped to introduce her version of the bill and hold committee action before the August recess. Time is running out for that to occur and it will now be mid-September before a bill is introduced, with floor action not expected until October. US DOT Secretary Ray LaHood will be testify before an EPW hearing this week on the role of the transportation sector in reducing greenhouse gases.

Political Appointments:

To date the White House has nominated candidates for almost all the key US DOT political positions. Nominations made recently which require Senate confirmation include:

Victor Mendez was formally confirmed by the Senate to be FHWA Administrator on July 10. He is the former head of the Arizona DOT.

Susan Kurland has been nominated to be Assistant Secretary for Aviation and International Affairs. She previously served as FAA Associate Administrator for Airports, with US Airways, and with the City of Chicago.

Chris Bertram has been nominated to be Assistant Secretary for Budget and CFO. He previously served on the US Senate Commerce Committee, with the FAA, with the House T&I Committee and at OMB.

Polly Trottenberg had a hearing on July 8 on her nomination to be Assistant Secretary for Policy. She previously served in the US Senate for Senators Moynihan, Schumer and Boxer and most recently served as the Executive Director of Building America's Future.

Those appointments that do not require Senate confirmation include:

Greg Nadeau has been named as the Deputy FHWA Administrator. He most recently was the Deputy Commissioner for Policy, Planning and Communications with Maine DOT. He has also served on the board of the Maine Turnpike and in the Maine House of Representatives.