



## September 9, 2010

This is the final week of summer recess for Congress. The House and Senate return to session next week. The tentative adjournment date is October 8 although it could occur a week earlier if Democrat polls numbers continue to dive. That leaves only three or at most four weeks of work before the November elections. It is anticipated that very little progress will be made during this time period. At some point a Continuing Resolution (CR) will need to be passed to continue federal funding beyond the October 1 start of the new fiscal year since few, if any, of the federal agency FY'11 appropriations bills are expected to be completed by then.

Congress is expected to return after the election for a brief *Lame Duck* session. The outcome of the election will determine how much progress is made during this session. Hopefully, most of the appropriations bills can be completed even if as part of a large, multi-agency omnibus bill.

### **FY'11 DOT Appropriations Bill**

The full House has completed action on the FY'11 DOT funding bill. The Senate has approved its version of the bill at the full committee level, but the bill has not yet gone to the floor. While it is possible the bill could go to the Senate floor during September, it also possible no action will occur until the *Lame Duck* session. See the August 5 Update for details on program funding levels in the two bills.

### **Surface Transportation Authorization/Obama \$50B Announcement**

As noted in the September 7 Interim Update, on Labor Day President Obama announced a new \$50B transportation investment initiative. Details of the proposal were scarce then and still are. It appears that other than what was included in the [White House fact sheet](#), there is no additional information currently available. As US DOT Deputy Secretary John Porcari told industry leaders on a conference call on Tuesday, the Administration does not want to pre-empt on-going discussions with Congress on the proposal.

#### **What we do know:**

The Administration does not consider the \$50B to be a second stimulus (despite what Republican congressional leaders are saying), but rather a down-payment or front-loading of a comprehensive, multi-year surface transportation authorization that includes program reform.

This is the first official pronouncement from the White House that it supports a multi-year bill and plans to be an active participant in its development.



# PB Washington Update

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The Administration proposes that the \$50B be used to fund rail, including high-speed rail, airports and the FAA's NextGen air traffic control system, as well as traditional road and transit projects, hence their theme of "roads, rails and runways".

The Administration still strongly opposes a gas tax increase and has not clearly defined how it intends to fund the \$50B plan or the larger reauthorization bill, other than to say that the \$50B will be "paid for" and not increase the budget deficit, possibly by closing tax loopholes for oil and gas companies. This is likely to mean a tax offset to General Fund spending than a new source of Trust Fund revenues.

The proposal calls for the creation of an Infrastructure Bank, integration of high-speed rail as an equal part of the surface transportation program as well as support for continued HSR funding, increased investment in transit New Starts, streamlining and consolidation of programs (including a significant reduction in the number of current funding programs), a focus on performance measures, and an expansion of investment in safety, sustainability and livability programs.

It is highly unlikely that there is enough time for Congress to pass either a limited \$50B bill or a larger authorization bill during September and possibly not even during the Lame Duck session.

Numerous Republican leaders have strongly criticized the President's proposal as just another tax and spend proposal and another failed stimulus effort, including House T&I Committee Ranking Republican John Mica (R-FL). This is despite the fact that 97.9% of the transportation stimulus funding was obligated by the end of August (not including recently allocated high-speed rail and TIGER funding).

## **What we don't know:**

Most importantly, what will Congress think about this proposal given that they must pass it before it can become law?

Will the \$50B proposal move as a separate, stand-alone bill, perhaps as part of the next short term SAFETEA-LU extension bill which Congress must pass before December 31 or as extra, up front funding embedded in a larger, multi-year authorization bill? If passed as a separate bill, will it take the political pressure off doing a bigger, longer bill? Is the \$50B in addition to a fully funded, robust six-year bill in the range of the \$500B Oberstar bill?

How would the \$50B be divided up by mode, i.e. highways, transit, rail and particularly airports/NextGen?

How would the \$50B be distributed – will any of the funds be distributed through the traditional highway and transit formulas or will they primarily be distributed through new discretionary programs or through competitive grants like TIGER, etc. as the Fact Sheet implies?



How will the program be funded if not through a gas tax increase and will any of the new funds flow through the Highway Trust Fund, now being referred to as the Transportation Trust Fund by the White House? Will the traditional TEA 21/SAFETEA-LU authorization provisions/formulas/policies still apply if the \$50B plan is not funded through "user fees"?

## Other News

- The deadline has passed for interested parties to submit applications for the approximately \$2.3B in FY'10 appropriated **high-speed and intercity passenger rail funding**. FRA received 77 applications from 25 states totaling more than \$8.5B. The submittals include 20 applications totaling \$7.8B for high-speed rail corridor development and 57 applications totaling \$700M for smaller, individual projects within rail corridors that are ready to begin construction. This funding is in addition to the \$8B made available in the ARRA economic stimulus bill. Grant recipients are expected to be announced this fall.
- The deadline has also passed for applications to be submitted to US DOT for the **TIGER II discretionary grant program and the HUD/TIGER II planning grants**. As expected, both programs are significantly oversubscribed. Although it is not publically known yet how many applications were submitted by the August 23 deadline, close to 2400 pre-applications totaling over \$26B were submitted earlier this summer for the approximately \$600M in FY'10 appropriated funding. Final project announcements cannot be made before September 15, but are expected to be made in the weeks preceding the November election.
- In August FHWA announced \$9.7M in grants to fund innovative approaches to congestion in seven states – CA, FL, NC, MN, TX, VA and WA as part of the **Value Pricing Pilot Program** (VPPP) authorized in SAFETEA-LU. A list of the projects and amounts awarded is located [here](#).
- Also in August, US DOT announced the selection of **Marine Highway Corridors** and an initial eight projects and six initiatives along those corridors that will be eligible for assistance under the new America's Marine Highway Program. A list of the selected projects submitted by ports and local transportation agencies is located [here](#).
- US DOT recently announced \$3.5M to 13 states for local community improvements that will make driving, walking and biking easier. The 16 projects are part of the **Transportation, Community and System Preservation program (TCSP)**. These projects are in addition to the many TCSP projects earmarked for funding in the FY'10 DOT Appropriations bill. A list of the projects is located [here](#).