



# Federal Legislative Report:

## Issues for Surface Transportation Reauthorization

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS  
*REGIONAL STRATEGIES. PARTNERSHIPS. SOLUTIONS*  
*JULY 2011*

# About NADO's Mission

- Strengthen local governments, communities and economies through the regional strategies, partnerships and solutions of the nation's regional development organizations

# Presentation Overview

- Political Climate
- SAFETEA-LU (P.L. 109-59) Reauthorization
- NADO Legislative Priorities for Reauthorization
- Congressional Process, Players and Proposals
- Transportation Funding
- What Happens Next



# Federal Political Climate

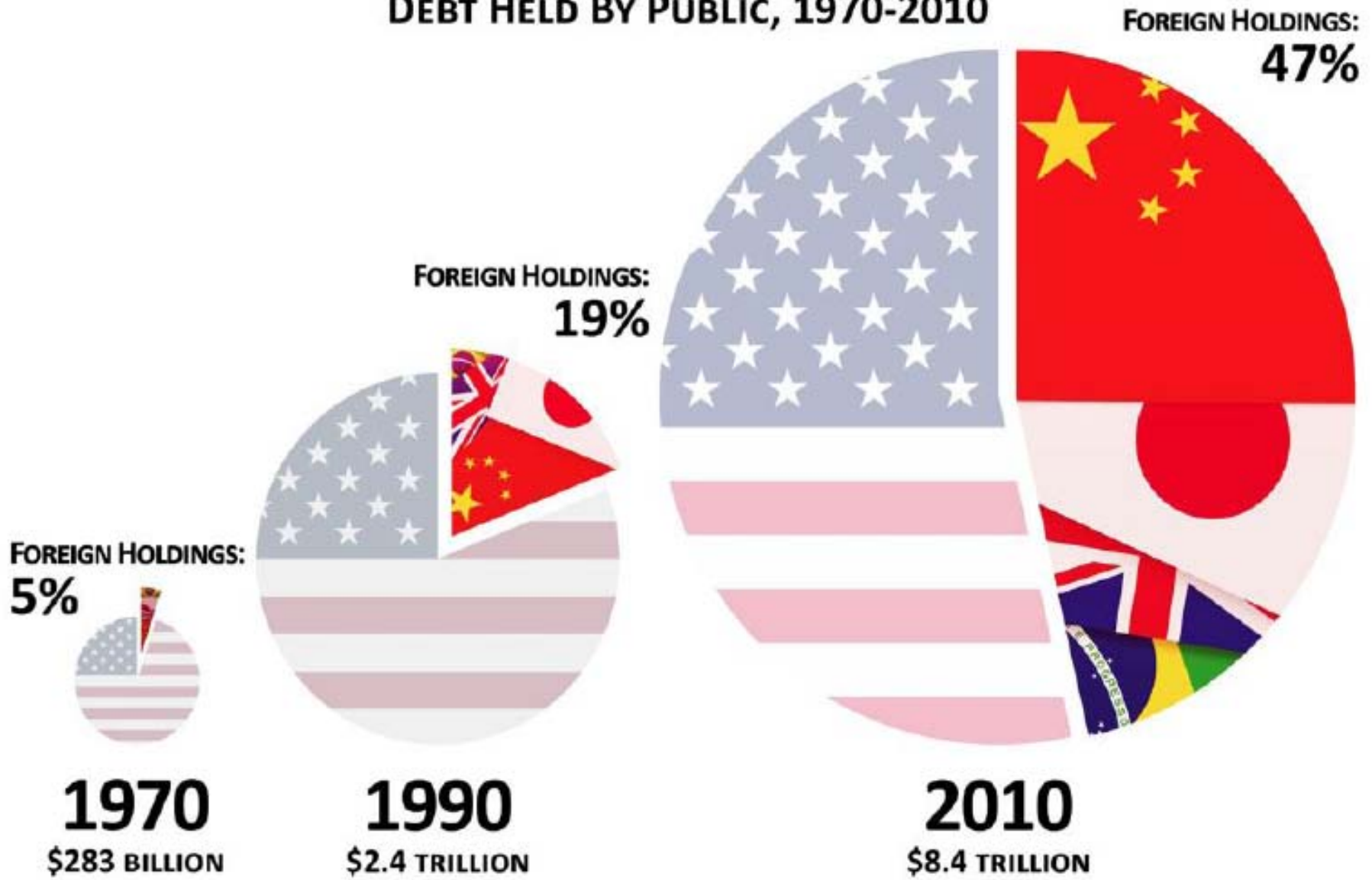
# Federal Budget Picture

## ■ Debt Ceiling: Hit \$14.3 Trillion by August 2

- ▶ Congress and President negotiating nearly \$4 trillion in reductions for next 10-12 years, per Debt Commission
- ▶ Fed govt. borrows 40 cents of every dollar spent now
- ▶ Today, national debt is now 69% of GDP vs. 2008 was 40%
- ▶ CBO estimates rise to 109% by 2023
- ▶ Standards & Poor's downgraded credit rating to "Negative"
- ▶ House and Senate at stalemate

# WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010



SOURCE: U.S. DEPARTMENT OF TREASURY

# FY11 Final CR: Lessons Learned

- Overall Cut of \$40B in FY11 Spending (\$28B + \$12B)
- No Project Earmarks; Money Put into Savings
- No “Statement of Managers”, Meaning Agencies Have More Discretion and Control
- Across-the-Board Cut of .02% for Non-Defense Accounts
- Status quo is NOT an option!
- Smaller targeted programs are at serious risk (CDBG, WIA)
- Continuing Resolutions (CR) will be used again for FY12

# FY11 Final CR Highlights

## Transportation

- ▶ **Maintains SAFETEA-LU Core Programs**
- ▶ **TIGER Grants: \$528M, Cut by 12% (DOT Discretionary)**
- ▶ **High Speed Rail Grants: Eliminated (Savings of \$2.5B)**
- ▶ **FTA New Starts / Small Starts: \$1.594B (Cut = NJ/NY Tunnel)**
- ▶ **Transit TIGGER Grants: \$50M, Cut by \$25M**
- ▶ **FAA Airport Improvement Program: Stays at \$3.5B**

# FY2012 Federal Appropriations

## ■ Recent History

- ▶ In 2008, Democrats Moved Only 1 Spending Bill to House Floor; Only 5 of 12 Bills Reported out of Committee
- ▶ In 2010, House Failed to Adopt Budget Resolution
- ▶ In 2010, Only 2 Spending Bills Passed Committee and Floor
- ▶ This year, House has passed 4 bills: HS, Milcon, AG, Defense

## ■ FY12 Appropriations Timeline

- ▶ House Chairman Rogers (R-KY): Pass All 12 Bills by August 8
- ▶ No Timeline Announced by Chairman Inouye (D-HI) in Senate
- ▶ Start of FY12: October 1, 2011

# H. Con. Res. 34, the Fiscal Year 2012 Budget Resolution

- **Sets Cap for Discretionary Spending in Appropriations**
  - ▶ Does NOT Require President's Signature
  - ▶ House Unlikely to Reconcile with Senate
- **FY12 House Budget Targets**
  - ▶ FY12 Resolution Cuts \$30B; \$7B Below Original H.R. 1
  - ▶ GOP Plans All Cuts from Non-Defense Accounts;  
\$468B in 2011 to \$438B in 2012, a 6.5% Reduction
- **U.S. Senate Has Yet to Unveil Its FY12 Budget Res**

# Transportation in the House Budget Resolution

Eliminates High Speed Rail Funding under U.S. DOT

Phases Out the Essential Air Service Program under U.S. DOT

Terminates New Starts and Small Starts under FTA

Balance Highway Trust Fund

- limits the amount of money spent on new transportation projects to what is currently in the Highway Trust Fund
- 36 percent reduction in transportation spending
- could potentially cause a loss of 500,000 highway jobs and 140,000 transit jobs

[http://epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore\\_id=106c89bd-e7eb-492e-be35-fe2c23e0484e](http://epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=106c89bd-e7eb-492e-be35-fe2c23e0484e)



# SAFETEA-LU Reauthorization

# Reauthorization by the Numbers

- **\$286.5** billion - SAFETEA-LU (P.L. 109-59) authorization
- **\$500** billion six-year reauthorization measure – House Democrats draft in the 111<sup>th</sup> Congress was for \$450 extra \$50 for HSR
- **\$556** billion six-year bill- President Obama's FY2012 budget request
- **\$230** billion six-year bill – House Chairman John L. Mica's proposal
- **\$109** billion two-year bill – Senate Chairman Barbara Boxer's proposal



# NADO and Surface Transportation Authorization

# NADO Priorities for Reauthorization

## ■ Regional Transportation Planning Organizations

- ▶ H.R. 1565: Reps. Tim Walz (D-MN) and Richard Hanna (R-NY)
- ▶ S. 625: Sens. Amy Klobuchar (D-MN) and Lamar Alexander (R-TN)
- ▶ Strengthen role of rural local officials in the statewide transportation planning and investment process by establishing and giving federal recognition to RTPOs for areas outside the boundaries of MPOs

## ■ MPO Threshold Issue

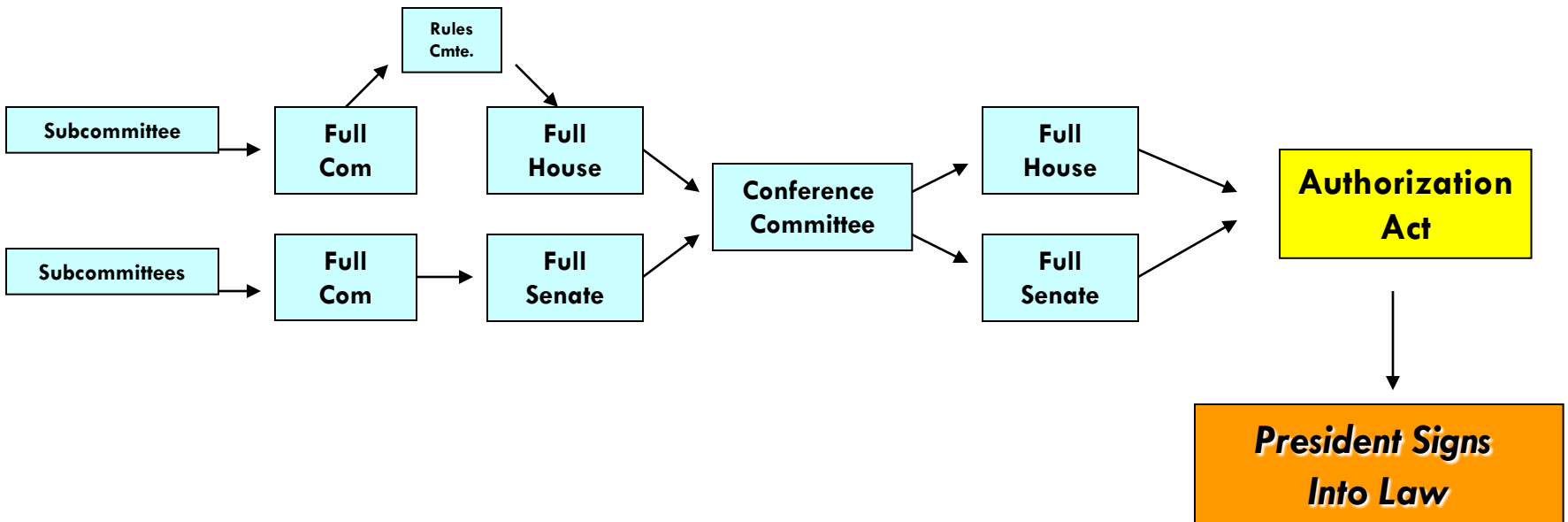
- ▶ More than 200 of the nation's 382 MPO's would lose their MPO designation if threshold was changed
- ▶ Hopeful from House committee staff feedback that the plan is to grandfather existing but raise to 100,000 or 200,000 for new
- ▶ Senate we believe is leaning toward the leaked DOT draft – grandfathering new threshold of 200,000



# Congressional Proposals

# The Process

## Authorization Bill



# House of Representatives

## Committee on Transportation and Infrastructure

Chairman John L. Mica (R-FL)

Ranking Member Nick J. Rahall (D-WV)

## Subcommittee on Highways and Transit

Chairman John J. Duncan (R-TN)

Ranking Member Peter A. DeFazio (D-OR)

## Subcommittee on Coast Guard and Maritime Transportation

## Subcommittee on Railroads, Pipelines and Hazardous Materials

## Subcommittee on Water Resources and Environment

## Committee on Ways and Means (revenue/taxes)

Chairman David Camp (R-MI)

Ranking Member Sander Levin (D-MI)

# Senate

## Committee on Environment and Public Works (highway)

Chairman Barbara Boxer (D-CA)

Ranking Member Jim Inhofe (R-OK)

### Subcommittee on Transportation and Infrastructure

Chairman Max Baucus (D-MT)

Ranking Member David Vitter (R-LA)

## Committee on Banking, Housing and Urban Affairs (transit)

Chairman Tim Johnson (D-SD)

Ranking Member Richard C. Shelby (R-AL)

## Committee on Finance (revenues)

Chairman Max Baucus (D-MT)

Ranking Member Orrin Hatch (R-UT)

## Committee on Commerce, Science and Transportation (safety, motor carrier)

Chairman Jay Rockefeller (D-WV)

Ranking Member Kay Bailey Hutchison (R-TX)

# House Republican Outline

[transportation.house.gov](http://transportation.house.gov)

## “A New Direction”

- “Doing More with Less”
- Six-year, \$230 billion measure.
- Leverage - public private partnerships
- Additional TIFIA
- Reform
  - ▶ Consolidate (70 highway programs to 30) - result in 20% reduction rather than 35%
- State Infrastructure Banks
- Streamline – States get More Input

# Senate Bi-Partisan Outline

epw.senate.gov

## “Moving Ahead for Progress in the 21st Century” (MAP-21)

- Two-year, \$109 billion measure
- Maintain existing funding levels
- Extra \$12 billion in additional funding would be needed
- Reforms to the nation's transportation programs
  - ▶ Consolidate 70 highway programs to about 30
- Expanded TIFIA
- Performance Measurements
- Accelerated Project Delivery



# Funding a Transportation Authorization

# Funding

Public Sources – Federal – State – Local

- ▶ upfront capital investment
- ▶ Ongoing funds for maintenance/operations

Fuel Tax – 82 % of federal transportation revenue

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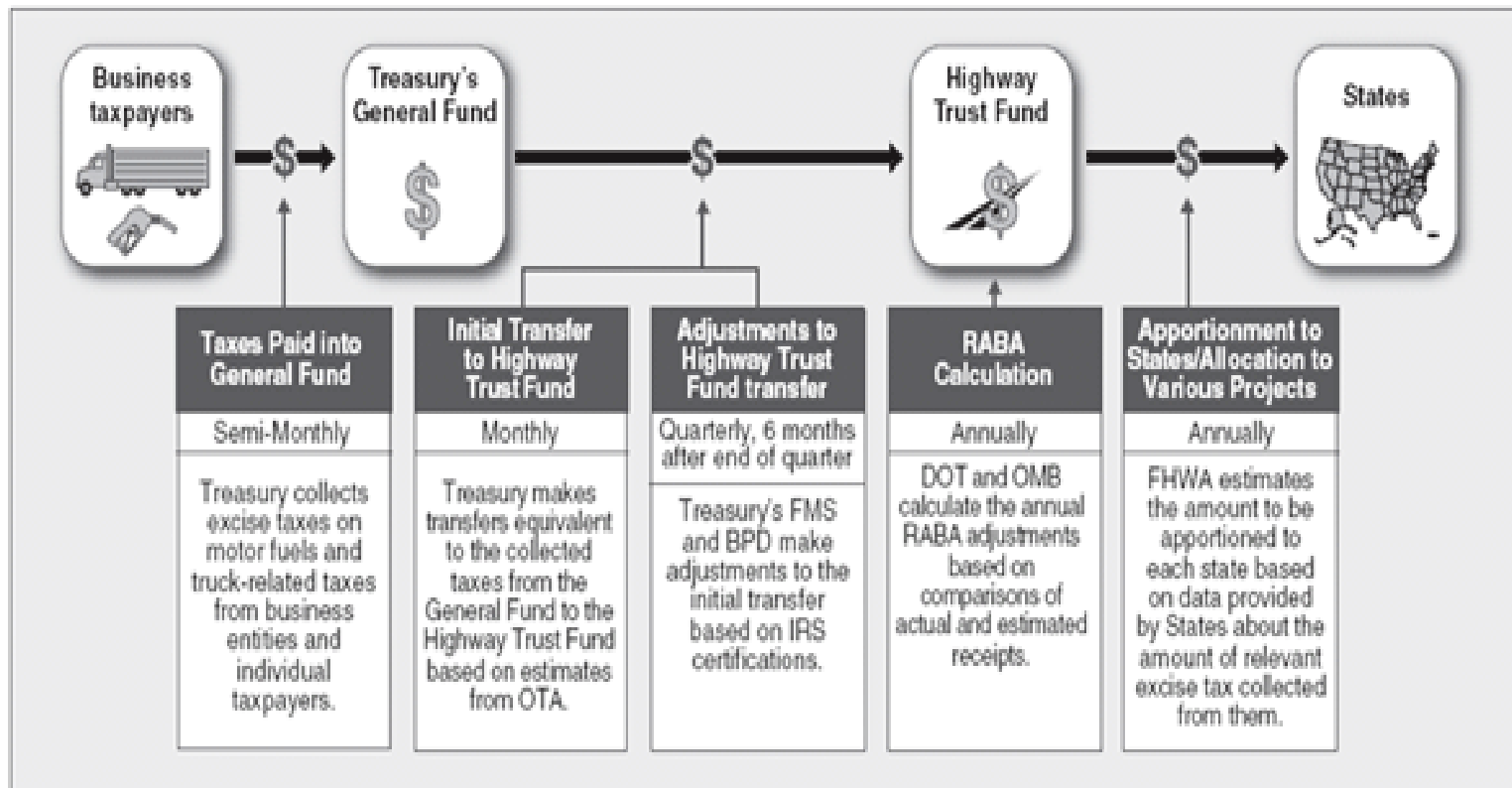
Federal Funding – 21 % of transportation revenue

General Fund – 16 % of transportation revenue

State Funding – 43 % of transportation revenue

Local Funding – 21 % of transportation revenue

# The Highway Trust Fund



Sources: GAO, MapArt.

# Keeping the Trust Fund Solvent

- September 2008: \$8.017 billion General Fund transfer to the Highway Trust Fund
- August 2009: \$7 billion General Fund transfer to the Highway Trust Fund
- September 30, 2009: SAFETEA-LU expired
- March 1, 2010: Highway Trust Fund shutdown for two days
- March 18, 2010: \$19.5 billion in foregone interest payments credited to the Highway Trust Fund
- Fiscal Year 2012: Highway Trust Fund projected to become insolvent (summer of 2013)

# Funding Mechanisms

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Raising the Gas Tax

Mileage-Based Fees

National Infrastructure Bank

State Infrastructure Bank

Bonding

Tolling

TIFIA

# Outlook - Considerations

The latest extension of SAFETEA-LU expires on September 30, 2011 (P.L. 112-5)

Bills would need to be out of each chamber by the August recess

Will House Republican Leadership Provide Floor Time

Consider the FAA Reauthorization – failed negotiations

Additional Extensions Likely to the end of the calendar year

**NO legislative Text Has Been Released or Introduced**

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