

# Update on the FY2011 Department of Transportation (DOT) Budget and Reauthorization of the Surface Transportation Program

Presentation to the  
Transportation Planning Board

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Ronald F. Kirby  
Director, Department of Transportation Planning

# SAFETEA-LU

- Originally PL 109-59
  - Enacted: August 2005
  - Expired: September 30, 2009
- Extended six times
- Most recent extension: “Surface Transportation Extension Act of 2011” (PL 112-5)
  - Signed by President on March 4, 2011
  - Extends SAFETEA-LU through September 30, 2011 at baseline spending levels

# Enacted FY 2011 Budget

- Funds government through Sept. 30, 2011
  - Passed by Congress on April 14, after fear of government shut-down
  - Signed by President on April 15
- Steepest cut in spending endured by Transportation, Housing and Urban Development Appropriations Subcommittee
  - \$55.5 billion in total discretionary spending authority
  - 18.3% cut from FY 2010 level of \$67.9 billion

# FY 2011 Budget: Transportation Program Cuts

- \$943 million in one-time FY 2010 highway appropriations from general fund not repeated in FY 2011
  - \$650 million in extra highway appropriations
  - \$293 million in highway earmarks
- \$2.9 billion cut in high speed rail
  - \$400 million rescinded from \$2.5 billion in FY 2010
  - \$2.5 billion cut from FY 2011, zero remaining
- \$130 million cut from Amtrak capital grants

# FY 2011 Budget: Transportation Program Cuts

- \$400 million cut in FTA New Starts funding
  - Plus \$280 million rescission in FY2010 New Starts Funding from a now-cancelled project in New Jersey
- \$25 million cut in FTA Greenhouse Gas Energy Reduction Program (leaving \$50 million)
- \$2.5 billion rescinded in highway contract authority formula apportionments
  - Limits obligations to federal-aid highway programs by canceling unused balances of previously authorized funds
- \$630 million in unused pre-1999 earmark funds rescinded

# FY 2011 Budget: The Good News for Transportation

- TIGER II survived
  - \$600 million in FY 2010 remains intact (no rescission)
- “TIGER III”
  - \$528 million in funding in FY 2011, a 12% reduction from \$600 million in FY 2010
  - No funding for “planning, preparation, or design of projects”
- TIGER is a top priority for Senator Murray (D-WA)
  - Chair of the Senate Subcommittee on Transportation, Housing, and Urban Development

# Reauthorization

*“If we don’t get something significant done this year, I think it will be very difficult beyond this year, just because next year is an election year -- I’m so glad Chairman Mica is on the same page.”*



USDOT Secretary Ray LaHood

# Reauthorization

The practice of short term extensions of Highway Trust Fund Programs sends *“the worst message and the worst policy possible across the Nation, across the land, to our States and our localities that are trying to build the Nation’s infrastructure and trying to determine what Federal policy, what their partnership and funding relationship will be with the Federal Government.”*



Congressman John Mica  
Chair, House Transportation  
and Infrastructure Committee



# Reauthorization: Outlook

- Strong sense that key players are invested in passing a bill this year
  - Secretary LaHood, Congressman Mica, and Senate staffers indicate there is a good prospect of having a new bill by August 2011; drafting is already underway
- Widespread agreement on the role of performance management
  - **Definition:** a systematic approach to making investment decisions by using information about the condition and performance of a system and developing investment strategies to achieve a desired set of policy goals

# Reauthorization: Outlook

- Coming to agreement on scope and details will not be easy
  - Administration calling for **\$556 billion** over 6 years (compared to \$286 billion in SAFETEA-LU), but is opposed to a gas tax increase; wants to “work with Congress on the path forward” on funding
  - Currently, projected receipts to highway trust fund support only about **\$240 billion** over 6 years
  - Senator Baucus has suggested a two-year bill on a par with current SAFETEA-LU funding levels

# Reauthorization: Where the Administration Stands

President's FY2012 Transportation budget request, released in February, lays groundwork for Administration's Reauthorization Proposal:

- Compared to 2010, the out-year of 2017 budget would increase by:
  - **37.4%** for Highways
  - **82.1%** for Safety
  - **127.7%** for Transit

# Reauthorization: Where the Administration Stands

- Opportunities for innovative financing and partnerships welcomed in FY 2012 budget
  - \$30 billion request for National Infrastructure Bank to provide loans and grants for projects of regional and national significance
  - \$32 billion in competitive grant programs designed to create incentives for state and local partners to adopt critical reforms in safety, livability, and demand management

# Reauthorization: Where the Administration Stands

- Reform of existing surface transportation programs
  - Budget request consolidates 55 highway programs into five streamlined programs
    - For example, FHWA “Livable Communities Formula Program” would consolidate existing CMAQ, Transportation Enhancements, Recreational Trails, Safe Routes to School, and National Scenic Byways Programs
  - Concentrates more decision-making authority at USDOT through competitive grant programs
    - Less formula funding, no more earmarks

# What does this mean for TPB?

- Be “TIGER-ready” for competitive grant opportunities in FY 2011 and beyond
- Develop and articulate a comprehensive set of transportation priorities for the region
- Emphasize the “Policy Principles” adopted by the TPB in Sept. 2008, including in particular:
  - “A substantial increase in federal transportation funding will be needed to address the current under-investment in the nation’s transportation system.”