THE LEGISLATIVE SERVICES GROUP'S

Transportation Weekly

MONITORING AND ANALYZING DEVELOPMENTS IN FEDERAL TRANSPORTATION AND PUBLIC WORKS POLICY

Volume 10, Issue 6 Tuesday, January 13, 2009

Legislative Schedules
Week of January 12, 2009

House

Tuesday — meets at 2 p.m. for legislative business — four suspensions under suspension of the rules — no votes until 6:30 p.m.

Wednesday — meets at 10 a.m. — one suspension, plus H.R. ___, SCHIP, and possible consideration of H.R. 384, TARP Accountability.

Thursday — meets at 10 a.m. — complete consideration of H.R. 384.

Friday — no votes.

Senate

The Senate convened at 10 a.m. today and is currently considering S. 22, the omnibus public lands bill.

Inside This Issue

CBO Releases Dismal New Budget Forecast: Federal Deficit To Hit $1.2 Trillion; Highway Trust Fund Requires $90+ Billion Tax Increase To Stay Solvent

Last week, the nonpartisan Congressional Budget Office released its annual budget and economic forecast. The news was expected to be bad, and it was dismal.

CBO projects that the unified federal deficit (which includes the Social Security Trust Fund) will post a deficit of $1.19 trillion in fiscal year 2009 — and this figure does not include any extra spending or tax cuts from further economic stimulus legislation.

The report confirms that a recession is in progress, predicting that the economy will contract by 2.2 percent in calendar 2009 and only rebound by 1.5 percent in 2010, and that unemployment will top 9 percent early next year.

The forecast does predict that the deficit will drop down to a reasonable level by 2011, but that assumption is predicated by (a.) an economic recovery an (b.) the scheduled repeal of the Bush Administration tax cuts, some of which President-elect Obama has pledged to keep.

As part of its forecast of the overall budget picture, CBO (in cooperation with the Joint Committee on Taxation) forecasts future spending and tax receipts for all sectors of the federal government, including transportation.

CBO projects that the national debt will increase by $1.4 trillion in 2009, and economic stimulus legislation could tack on another $300 billion of debt this year as well.

The new CBO forecast for the Highway Trust Fund paints a grim picture as well. Despite a bailout of $8 billion in cash from the general fund just four months ago, CBO projects that if FY 2009 spending is consistent with the levels prescribed in the

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Stimulus Bill Slows Pace; Markup Possible Next Week

Thoughts of getting a mammoth economic stimulus bill on President Obama's desk during his first day in office have receded somewhat, but a sense of urgency for getting something enacted during the first few weeks of the Obama Administration remain.

Speaker Pelosi has set a more feasible pace, saying that if Congress has not sent a bill to the White House by Friday, February 13, then Congress will not take its scheduled one-week President's Day recess and will instead stay in round-the-clock session until a bill is finished.

At a hearing of the Democratic Steering and Policy Committee last week, House Transportation and Infrastructure Committee Chairman James Oberstar (D-MN) made public the details of the proposal he made December 12 to the Democratic leadership for an $85 billion spending package for a variety of types of infrastructure, including $30 billion for highways, $12 billion for mass transit, $5.25 billion for aviation, $5 billion for

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California Crisis Draws Attention To Tax vs. User Fee Distinction

The State of California is facing a $41 billion general fund deficit this year, and its efforts to deal with its dire fiscal situation are having a significant effect on transportation issues in the Golden State.

Unlike the federal government, California cannot run a deficit — the voters amended the state constitution by referendum in 2004 to require a balanced budget (Proposition 58). That measure prohibits California from selling bonds to finance a deficit in most instances.

The California constitution also requires a two-thirds vote of each house to pass a budget or raise a tax. This has made it almost impossible for either the (Republican) governor or the leaders of the (Democratic-majority) legislature to pick off enough members of the other side to come to any sort of resolution.

The balanced budget requirements relate to the general fund only, and not to the special fund that receives revenues from the state 18 cent-per-gallon motor fuel excise tax that funds highway programs. (In California, there is really such a thing as "off-budget", unlike in the federal budget.)

But the off-budget status of the transportation fund has not shielded surface transportation programs entirely.

In addition to the excise tax, California also has a five percent sales tax on gasoline and diesel fuel, most of which also funds transportation, especially mass transit.

Governor Schwarzenegger's budget proposes the elimination of $153.2 million in 2008-09 and $306 million in 2009-10 for local transit grants previously funded with sales tax on fuels. Funds made available by this proposal are shifted to transportation programs previously funded by the General Fund including Home-to-School Transportation.

Democrats in the legislature opposed the overall Schwarzenegger budget approach but could not muster a two-thirds vote to pass their own budget. So, they tried to devise a way around the two-thirds requirement.

Instead of calling their proposal a "budget" containing "tax increases," the plan instead repealed a series of taxes — including repealing all state excise taxes and sales taxes on motor fuels.

Then, the Democratic proposal would instead levy a new 39 cent-per-gallon "user fee" to fund highways and transit. User fees don't need a two-thirds vote to pass in California, only a majority vote.

However, as an astute *Los Angeles Times* editorial pointed out yesterday, user fees have a major drawback — legally, user fees can only pay for programs directly utilized by the persons paying the user fees. (This is true to on the federal level as well — constitutionally, the Senate can originate bills with true user fees, but there is long case law defining how closely the benefits provided must be linked to the amount and nature of the fee. This is why, despite the best efforts of the road lobby to rename it, the gas tax is a tax, not a user fee.)

People driving cars and trucks would pay this new user fee on gas and diesel. People who take public transit would not. Therefore, the Democratic proposal would have the effect of getting rid of all fuel tax set-asides for transit, including the Public Transit Account, which funds state transit expenses, and the Mass Transportation Fund, which reimburses the state general fund for the general fund's transit programs.

It is unclear if the full implications of switching from a gas tax to a highway user fee — the elimination of a dedicated revenue stream for transit — were made known to the Democrats in the legislature before they voted on the bill.

Schwarzenegger vetoed the Democratic plan on January 6, and negotiations with the legislature on a final budget are continuing.

LaHood Hearing Set For Tomorrow

The Senate Commerce, Science and Transportation Committee is scheduled to hold a confirmation hearing for Secretary of Transportation-designate Ray Lahood tomorrow, at 2:30 p.m., in room 253 of the Russell building.

The hearing should be webcast live on the Commerce website:

http://commerce.senate.gov

At the hearing, LaHood will likely be introduced by his home-state Senator (Dick Durbin (D-IL), unless Roland Burress (D-IL) is sworn in by that time and tags along). He will answer questions posed by panel members about his views on transportation policy and (hopefully) what his intentions are for those times when his views on an issue diverge from the White House's views.

The hearing may be extra-interesting because despite intentions and announcements to the contrary, Sen. Daniel Inouye (D-HI) is still the chairman of the Commerce Committee. In the Senate (unlike the House), committee chairs and memberships carry over from one Congress to the next and require the passage of a Senate resolution for change.

Republicans are holding up this year's organizing resolution in protest over proposed committee ratios and staff allowances, so Inouye still technically runs Commerce, just as Byrd (D-WV) is still chairman of Appropriations. Once an organizing resolution is agreed to, Jay Rockefeller (D-WV) will become chairman of Commerce and Inouye will chair Appropriations.

Stimulus

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intercity rail, $14.3 billion for environmental infrastructure, and $7 billion for flood control and navigability projects.

However, Oberstar's committee is not in charge of drafting the spending proposals. As the money would be a discretionary appropriation from the general fund, the Appropriations Committees of the House and Senate are in charge of drafting the stimulus proposal. And unlike Oberstar, the leaders of the Appropriations panels have been very quiet as to the types and amounts of funding they are considering.

Indeed, even persons who are normally plugged in to what the Democratic approps staff are up to report that something akin to a "Get Smart" cone of silence has been placed over the staff's stimulus discussions.

However, there are now reports that a markup of the spending side of a stimulus bill could be held in the House Appropriations Committee as early as Wednesday, January 21. If that is the case, committee rules require the full text of any proposed bill and report to be circulated to all committee members by the close of business tomorrow, January 14 (three calendar days, excluding weekends and legal holidays, in advance).

Holding a markup on January 21 would be logistically interesting for this reason: because of the inauguration, the Capitol complex will be closed to everyone — including the staff of the Appropriations Committees — next week until after inaugural activities are over. This doesn't give people much time to draft amendments or analyze.

OBERSTAR PROPOSAL

"PROCESS FOR ENSURING TRANSPARENCY AND ACCOUNTABILITY IN USE OF ECONOMIC RECOVERY SUPPLEMENTAL FUNDS"

- Within one week of enactment, federal agency allocates formula funds.
- Within 10 days of receipt of allocations, each state submits to DOT its "90-Day Program of Projects" demonstrating how it intends to meet the requirement that 50 percent of funds be obligated (with contracts awarded) within 90 days of the date of allocation.
- At that time, the state also submits a one-time certification signed by the governor saying that the state will "maintain its effort" with regard to state funding for the types of infrastructure projects that received funding in the stimulus bill.
- DOT submits reports to Congress 30 days, 60 days, 120 days, 180 days, one year, and three years after enactment providing full financial transparency and status reports for all funds apportioned and allocated.
- Any funds in the 90-Day Programs of Projects that are not obligated (based on awarded contracts) within 90 days of receipt of allocation will be redistributed by DOT to other states based on their ability to obligate the money.
- Within 180 days of enactment, each state submits to DOT a Program of Projects demonstrating how they intend to meet the requirement that the remaining 50 percent of funds be obligated within one year of the date of enactment. In addition, each state governor must sign a certification that funds have been equitably distributed within the state.

Question: It appears like the maintenance of effort and in-state distribution requirements work on the honor system — accepting the governor's word for everything. What about states where the legislature or a commission has more control over funding than the governor? What about states — like, for example, Illinois — where the governor is simply dishonest?

Question: A state must "maintain its effort" compared to what? What they actually spent last year? What they budget to spend this year? Or what the plan to spend next year?

Question: Yes, there is a real "use it or lose it" requirement for 50 percent of the money to be obligated within 90 days or else it will be taken back, but is there any kind of enforcement for the "requirement" that the remaining 50 percent of the money be obligated within one year of enactment?

Sure, there are a few projects that are "shovel ready." (That term seems to come from the same lexicon based on wishful thinking as "clean coal"; both are evocative but refer to something that is mostly myth.) But the great majority of projects will take a lot of time to get underway.
--Henry J. Aaron,
Senior Fellow, Economic Studies,
The Brookings Institution

The dollar amounts will not be as useful to know as the conditions attached. Of special importance: how strict will the "use it or lose it" requirements written into the bill be? Will there be any binding requirement that states maintain their own infrastructure funding rather than use the federal dollars as a means to balance their operating budgets? Will there be requirements written into the bill that states subdivide the money to specific cities or other areas within the state?

Another natural concern in any jobs creation package is protectionism. As part of the response to the 1982 recession, Congress enacted a "Buy America' requirement that mandates that all steel used in federal highway and transit construction and all transit rolling stock be American made. However, the regulations for domestic content of rolling stock are looser than the law appears, and all Buy America rules can be waived by DOT based on public interest, unavailability or at 25 percent or more price differential. The stimulus bill might set different Buy America rules.

Budget Forecast

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SAFETEA-LU authorization law, the cash balance in the Trust Fund's Highway Account would drop to $3.3 billion by September 30, 2009. However, this predicted balance is misleading.

Taxes are deposited in the Trust Fund once a week, with a big chunk coming after the fiscal year ends and retroactively credited to the Trust Fund. Cash, however, flows out of the Trust Fund to states on a daily basis — hundreds of millions of dollars every business day during warm weather. A $3.3 billion balance, part of which is credited to the Account after the fiscal year ends, may not be enough to keep the Federal Highway Administration solvent on a day-to-day basis in late August through mid-September. So even a projection of a $3.3 billion year-end balance means that it is very likely that another bailout from the general fund will be required later this year in order to maintain the practice of immediate reimbursement to states for their federal-aid highway expenditures.

But this much was anticipated. The long-term outlook is worse. CBO projects that, if spending on highways, highway safety and transit is frozen at the SAFETEA-LU 2009 levels and then given an increase for CPI inflation in subsequent years (no other increases), the Highway Account will need $64.7 billion in additional tax revenues (or more general fund bailouts) over the next six fiscal years in order to stay solvent. (Six fiscal years is the presumed duration of the next surface transportation authorization law, if it is enacted on time.)

The Mass Transit Account of the Trust Fund, under the same spending scenario, would require an additional $14.7 billion in tax revenues or general fund bailouts in order to stay solvent.

In total, CBO projects that $79 billion in new taxes or general fund bailouts will be necessary simply to keep the Highway Trust Fund solvent over the next six years with a freeze on spending at the 2009 levels plus inflation.

But as we have seen, a zero balance is not nearly good enough from a cash management standpoint. DOT has always recommended a prudent minimum balance of about three months worth of outlays to deal with unexpected problems. In order to give both Accounts a minimum balance of three months worth of outlays at the end of the next authorization law, an extra $13.8 billion in new tax revenues or general fund bailouts would be needed.

To sum up, in bold italic type, ***the next surface transportation bill will need to raise taxes by almost $93 billion over six years to keep the Trust Fund solvent and keep spending at the 2009 levels, plus inflation.***

The other option, of course, is to abandon the user-pays model in place since 1956, add a permanent general fund component of highway spending, and give the Appropriations Committees more control.

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CONGRESSIONAL BUDGET OFFICE WINTER 2008 HIGHWAY TRUST FUND PROJECTIONS
(Assumes FY 2009 spending at SAFETEA-LU levels with increases thereafter for inflation only)
(Dollar amounts in billions of dollars, by fiscal year)

	Actual		CBO Winter 2008 Projections						
Highway Account	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Beginning-of-Year Balance	9.0	8.1	10.0	3.3	-5.4	-14.7	-24.3	-34.1	-54.2
Flex Transfer to Transit	-0.2	-0.4	-0.6	-0.7	-0.8	-0.9	-1.0	-1.0	-1.0
Tax Receipts	34.3	31.3	32.1	32.0	32.5	34.0	34.8	35.3	35.8
Transfer from General Fund	0.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	35.0	37.0	38.3	40.1	41.0	42.0	42.9	44.5	45.2
End-of-Year Balance	**8.1**	**10.0**	**3.3**	**-5.4**	**-14.7**	**-24.3**	**-34.1**	**-54.2**	**-64.7**
	Actual		CBO Winter 2008 Projections						
Mass Transit Account	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Beginning-of-Year Balance	6.2	7.3	6.8	5.3	3.0	-0.1	-3.4	-7.0	-10.6
Flex Transfer from Highways	0.2	0.4	0.6	0.7	0.8	0.9	1.0	1.0	1.0
Tax Receipts	5.1	5.0	4.9	4.8	4.8	5.0	5.1	5.1	5.2
Outlays	4.2	6.0	6.9	7.8	8.7	9.2	9.5	9.8	9.9
End-of-Year Balance	**7.3**	**6.8**	**5.3**	**3.0**	**-0.1**	**-3.4**	**-7.0**	**-10.6**	**-14.3**
Total HTF Balance	**15.4**	**16.8**	**8.6**	**-2.4**	**-14.8**	**-27.7**	**-41.1**	**-64.8**	**-79.0**

Budget Forecast

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Front-loading a lot of highway and transit spending from the general fund via economic stimulus legislation would allow Congress to then lower the amount of spending from the Trust Fund, lessening the amount of new taxes needed for solvency. But this would provoke a hue and cry from the construction lobby about how every offsetting cut of $1 billion in Trust Fund spending would cause 24,000-odd jobs to be "lost".

And, of course, lest there be any doubt as to the primary reason that the Trust Fund is in such sad long-term financial shape, it is this: *the SAFETEA-LU law intentionally started $6 to $7 billion more in new highway spending commitments each year than the law predicted that tax receipts would bring in, putting the spending "baseline" at an obviously unsustainable level.* Don't believe us? Take the estimated Highway Account tax receipts in section 8002 of SAFETEA-LU, subtract the guaranteed Highway Account obligation levels in section 8003(a) of SAFETEA-LU, then subtract another $739 million per year in spending obligations exempt from limit, and voila — SAFETEA-LU fully intended that new FY 2009 highway spending starts be $7 billion more than the Trust Fund took in in taxes. The actual obligations to receipts "spread" for 2009 is $11.1 billion in the new CBO report, and $7 billion is almost two-thirds of that, so it is an inescapable conclusion that SAFETEA-LU is the primary culprit and that economic and other factors are secondary.

How, you might ask, could Congress pass such an obvious fiscal time-bomb, in violation of several provisions of the Budget Act? Answer: if your bill contains earmarked projects requested by 400+ House members and 90+ Senators, and your state governors and city mayors and chambers of commerce and labor unions are agitating for the bill, and the combination of all this guarantees you final votes of 412-8 in the House and 91-4 in the Senate, then you can do whatever you want, Budget Act be damned.

However, it will probably be more difficult for the next highway bill to break the bank in light of the overall deficit situation (see box above and chart below). Ignore the dollar amounts — once the first-year out-

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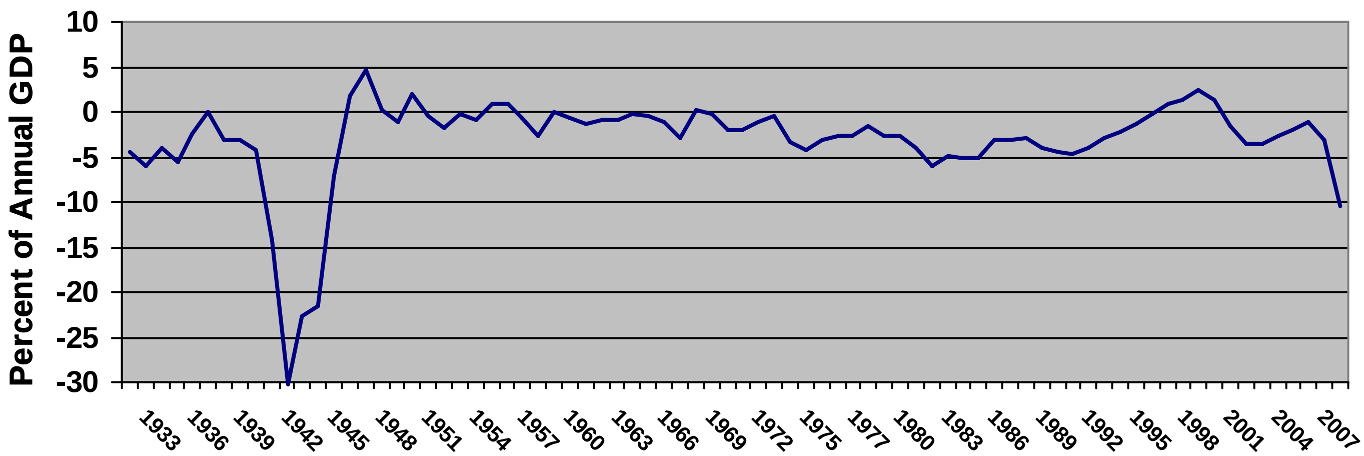
FY 2009 Deficit: -$1.2 Trillion

	FY 2008 Actual	FY 2009 CBO Est.
Revenues		
Individual income taxes	1,146	1,060
Corporate income taxes	304	223
Social insurance taxes	900	915
Excise/other	173	160
Total Revenues	**2,524**	**2,357**
Outlays		
Mandatory spending	1,597	2,164
Discretionary spending	1,133	1,184
Net interest on debt	249	195
Total Outlays	**2,978**	**3,543**
Deficit (Revenues minus Outlays)	**-454**	**-1,186**

THE UNIFIED FEDERAL DEFICIT AS A SHARE OF GROSS DOMESTIC PRODUCT, FY 1933-2009

(Assumes CBO forecast for 2009 plus an estimated $300 billion of further deficit from pending $775 billion stimulus legislation.)



Budget Forecast

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lays of the pending stimulus bill are factored in, the unified federal deficit could break ten percent of annual gross domestic product (GDP) this year for the first time since 1945.

(*Ed. Note:* Please, please, no comparisons with WWII. Just because the U.S. is currently facing a gigantic economic recession and fighting two "wars" does not put the current situation into anything remotely resembling the 1940-1945 period. In 1945, 8.2 percent of the U.S. population wore a military uniform. That percentage of today's 305.6 million population would equal 25 million military personnel on active duty — 23.5 million more than are actually serving — plus the complete nationalization of the economy to support the war effort. So until we draft, say, 10 million more people into the Army, please, no comparisons with WWII are allowed to be used to mitigate how bad the current fiscal situation is.)

Better comparisons would be to the New Deal, when the deficit never topped six percent of GDP.

Once the first few hundred days of Obama honeymoon and response to the recession are complete, the prospect of trillion-plus deficits (all but guaranteed in 2009 and 2010, once the stimulus passes, and possible afterwards) will likely focus the Congressional minds on deficit reduction.

Things could revert back to the politics of the 1982-1993 era, where the deficit became the controlling factor in all fiscal debates, and the primary agenda of Congress focused on deficit control. (See Joseph White and Aaron Wildavsky's book *The Deficit and the Public Interest* for the full story.)

This will make the debate on the FY 2010 Congressional budget resolution a pivotal, perhaps *the* pivotal, moment in the first Obama term. The budget resolution re-

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WHAT A DIFFERENCE FOUR MONTHS MAKES

In September 2008, CBO forecast that the FY 2009 unified federal deficit would be -$438 billion. Last week, CBO updated its forecast and estimated the FY 2009 deficit at -$1,186 billion. What changed from September to January?

Sept 2008 Deficit Prediction	**-438**
Changes to Revenue Projections	
Changes in Tax Laws	-104
Changes to Economic Forecasts	-106
Technical Re-estimates*	-152
Total Revenue Changes	**-362**
Changes to Spending Projections	
Changes in Spending Laws	
TARP	184
Unemployment Compensation	9
Other Mandatory	5
Defense Discretionary	-22
Net Interest	3
Subtotal, Legislative Changes	179
Changes to Economic Forecasts	-24
Technical Re-estimates	
Moving Fannie & Freddie On-Budget	218
Re-estimate of FDIC Costs	24
Other Technical Re-estimates	-12
Subtotal, Technical Re-estimates	230
Total Spending (Outlay) Changes	**385**
September 2008 Deficit Prediction	**-438**
Minus Revenue Changes	-362
Minus Additional Spending	-385
January 2009 Deficit Prediction	**-1,186**

*CBO says that "The recent decline in the stock market is the most important cause of the reduction in projected revenues attributable to technical factors. That change has caused CBO to significantly lower its projections of realizations of capital gains by individuals and corporations, distributions received by individuals from their tax-deferred retirement accounts, and the amount of wealth subject to the estate tax."

Budget Forecast

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quires Congress to go on record in favor of specific tax receipt levels and spending levels and a deficit target. As part of that process, the resolution sets a binding cap on discretionary spending and forces committees to report changes in tax law and mandatory spending to meet the targets.

With a handful of exceptions (the two years in FY 1982-1983 where a conservative majority ran the House, and the balanced budget agreement of FY 1998), votes on budget resolutions are almost exclusively party-line votes. Republican votes for the budget will be few and far between. Democrats will have to work a complicated balancing act to minimize defections in order to get the Obama economic plan in place this spring.

In a more long-term frame, the deficit, of course, also adds onto the federal debt. Once a $775 billion stimulus is enacted, the federal debt held by the public (in other words, excluding federal debt held by federal trust funds) will likely top 55 percent of annual GDP in 2011. The debt has not been that high since 1952, after the Korean War added onto the WWII legacy debt.

THE NATIONAL DEBT - UPDATED CBO FORECAST

	Billion Dollars	Pct. of Est. GDP
Debt Held by the Public on 10-1-08	**5,803**	**40.7%**
Plus the Estimated FY 2009 Deficit:	1,186	8.3%
Non-Budgetary Means of Financing:		
Plus TARP Costs	461	3.2%
Plus Fed. Purchase of MBS from GSEs	248	1.7%
Minus Moving Fannie/Freddie On-Budget	-221	-1.6%
Minus Drawdown of Cash Balances	-297	-2.1%
Plus Other Means of Financing	12	0.1%
Est. Debt Held by the Public on 10-1-09	**7,193**	**50.5%**
Plus Fed. Debt in Social Security Trust Fund	2,524	17.7%
Plus Other Debt Held by Fed. Government	1,812	12.7%
Total Federal Debt	**11,529**	**80.9%**

By comparison, at the end of FY 2007, debt held by the public was only 31.1 percent of GDP. (The postwar low: Richard Nixon, 1974, 18.3 percent of GDP.)

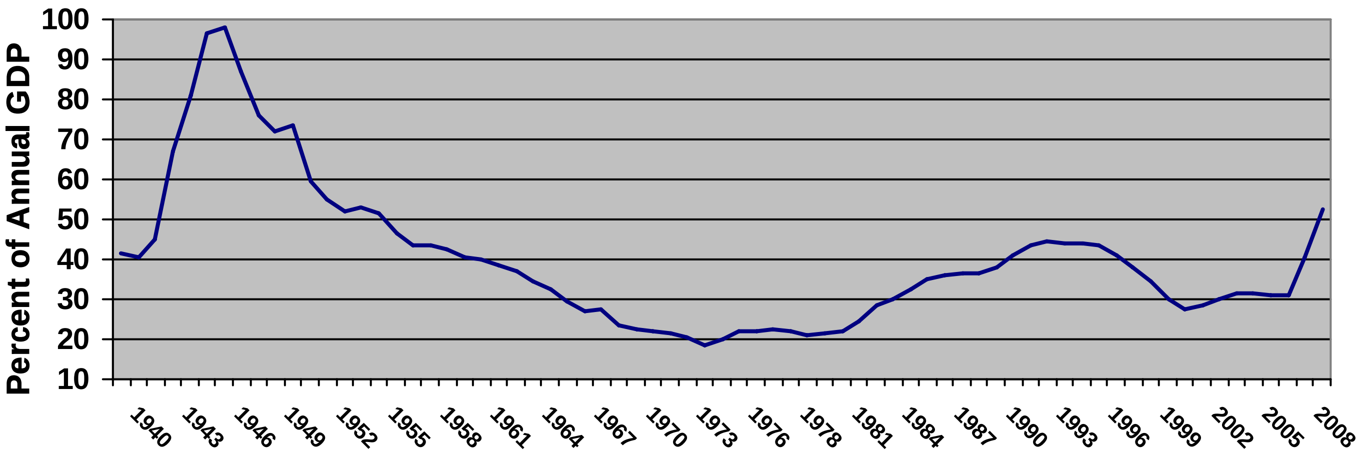
This enormous ballooning of federal debt may have serious consequences. In relations to transportation and infrastructure: many states and localities pay for infrastructure projects by issuing bonds. However, state and "muni" debt is never as secure as federal debt because states and cities can't print their own money to back it.

Will this flood of new U.S. Treasury debt crowd state and local debt out of the market, or force the states and cities to set interest rates on their bonds so high that they can't afford to issue as many?

With news that the Chinese government may seriously curtail its purchases of U.S. debt (in order to fund their own internal stimulus plan), will the "crowding out" of non-Treasury debt by the ballooning federal debt get even worse?

FEDERAL DEBT HELD BY THE PUBLIC AS A SHARE OF GDP, FY 1940-2009

(Assumes CBO forecast for 2009 plus an estimated $300 billion of further debt from pending $775 billion stimulus legislation.)



House Names New Members To Most Committees

Last week, the House of Representatives named new members to most of its committees for the new 111th Congress.

The expanded Democratic majority in the chamber (257 Democrats to 178 Republicans, or 59 percent to 41 percent of the seats) has caused Democrats to expand their ratio on all committees except Ethics and Rules, and this meant a scarcity of new seats for Republicans on almost all panels.

The Transportation and Infrastructure Committee named ten new Democrats and four new Republicans to a panel which now has a +15 ratio (45 D, 30 R). The Democrats were nine freshmen and Rep. Solomon Ortiz (D-TX).

Transportation and Infrastructure
Last Congress: 41 D, 34 R
New Ratio: 45 D, 30 R

Democrats (45)	Republicans (30)
1. James L. Oberstar, MN	1. John L. Mica, FL
2. Nick J. Rahall II, WV	2. Don Young, AK
3. Peter A. DeFazio, OR	3. Thomas E. Petri, WI
4. Jerry F. Costello, IL	4. Howard Coble, NC
5. Eleanor Holmes Norton, DC	5. John J. Duncan, Jr., TN
6. Jerrold Nadler, NY	~~Wayne T. Gilchrest, MD~~
7. Corrine Brown, FL	6. Vernon J. Ehlers, MI
8. Bob Filner, CA	~~Steven C. LaTourette, OH~~
9. Eddie Bernice Johnson, TX	7. Frank A. LoBiondo, NJ
10. Gene Taylor, MS	8. Jerry Moran, KS
11. Elijah E. Cummings, MD	9. Gary G. Miller, CA
12. Ellen O. Tauscher, CA	~~Robin Hayes, NC~~
13. Leonard L. Boswell, IA	10. Henry E. Brown, Jr., SC
14. Tim Holden, PA	11. Timothy V. Johnson, IL
15. Brian Baird, WA	12. Todd Russell Platts, PA
16. Rick Larsen, WA	13. Sam Graves, MO
17. Michael E. Capuano, MA	14. Bill Shuster, PA
18. Timothy H. Bishop, NY	15. John Boozman, AR
19. Michael H. Michaud, ME	16. Shelley Moore Capito, WV
~~Brian Higgins, NY~~	17. Jim Gerlach, PA
20. Russ Carnahan, MO	18. Mario Diaz-Balart, FL
~~John T. Salazar, CO~~	19. Charles W. Dent, PA
21. Grace F. Napolitano, CA	~~Ted Poe, TX~~
22. Daniel Lipinski, IL	~~David G. Reichert, WA~~
~~Nick Lampson, TX~~	20. Connie Mack, FL
~~Zachary T. Space, OH~~	~~John R. "Randy" Kuhl, Jr., NY~~
23. Mazie K. Hirono, HI	21. Lynn A. Westmoreland, GA
~~Bruce L. Braley, IA~~	~~Charles W. Boustany, Jr., LA~~
24. Jason Altmire, PA	22. Jean Schmidt, OH
25. Timothy J. Walz, MN	23. Candice S. Miller, MI
26. Heath Shuler, NC	~~Thelma D. Drake, VA~~
27. Michael A. Arcuri, NY	24. Mary Fallin, OK
28. Harry E. Mitchell, AZ	25. Vern Buchanan, FL
29. Christopher P. Carney, PA	26. Robert E. Latta, OH
30. John J. Hall, NY	**27. Steve Scalise, LA**
31. Steve Kagen, WI	**28. Anh "Joseph" Cao, LA**
32. Steve Cohen, TN	**29. Brett Guthrie, KY**
~~Jerry McNerney, CA~~	**30. Aaron Schock, IL**
33. Laura Richardson, CA	
34. Albio Sires, NJ	
35. Donna F. Edwards, MD	
36. Solomon P. Ortiz, TX	
37. Phil Hare, IL	
38. John A. Boccieri, OH	
39. Mark H. Schauer, MI	
40. Betsy Markey, CO	
41. Parker Griffith, AL	
42. Michael E. McMahon, NY	
43. Thomas S. P. Periello, VA	
44. Dina Titus, NV	
45. Harry Teague, NM	

Ranking Republicans on Subcommittees:
Aviation - Petri
Coast Guard - LoBiondo
ED, PB & EM - Diaz-Balart
Highways & Transit - Duncan
Railroads - Shuster
Water Resources - Boozman

Ortiz has served in the House for 26 years, and it is unusual for a member as senior as Ortiz (he is now tied for 26th in seniority out of 435 House Members) to join a new committee at the bottom of the seniority list at this stage of his career. Ortiz also has other committee assignments (he is the third-most-senior Democrat on the Armed Services Committee and the fifth-most-senior Democrat on the Natural Resources Committee). However, in the 1998 and 2005 highway bills, even the most junior members of the T&I Committee wound up getting more earmarked money than anybody off the committee except full committee chairmen and ranking minority members, members of the party leadership, and a few members with endangered seats designated by their party's campaign committee. So Ortiz's move will probably pay benefits in the short term (the next two to four years until the next highway bill is completed).

The other new T&I Democrats are Phil Hare (Rock Island, IL), John Boccieri (Alliance, OH), Mark

CONTINUED ON NEXT PAGE

Ways and Means
Last Congress: 23 D, 17 R
New Ratio: 22 D, 16 R

Democrats (22)	Republicans (16)
1. Charles B. Rangel, NY	~~Jim McCrery, LA~~
2. Fortney Pete Stark, CA	1. Wally Herger, CA
3. Sander M. Levin, MI	2. Dave Camp, MI
4. Jim McDermott, WA	~~Jim Ramstad, MN~~
5. John Lewis, GA	3. Sam Johnson, TX
6. Richard E. Neal, MA	~~Phil English, PA~~
~~Michael R. McNulty, NY~~	~~Jerry Weller, IL~~
7. John S. Tanner, TN	~~Kenny C. Hulshof, MO~~
8. Xavier Becerra, CA	4. Ron Lewis, KY
9. Lloyd Doggett, TX	5. Kevin Brady, TX
10. Earl Pomeroy, ND	~~Thomas M. Reynolds, NY~~
11. Mike Thompson, CA	6. Paul Ryan, WI
12. John B. Larson, CT	7. Eric Cantor, VA
~~Rahm Emanuel, IL~~	8. John Linder, GA
13. Earl Blumenauer, OR	9. Devin Nunes, CA
14. Ron Kind, WI	10. Patrick J. Tiberi, OH
15. Bill Pascrell, Jr., NJ	~~Jon C. Porter, NV~~
16. Shelley Berkley, NV	**11. Ginny Brown-Waite, FL**
17. Joseph Crowley, NY	**12. Geoff Davis (KY)**
18. Chris Van Hollen, MD	**13. Dave Reichert (WA)**
19. Kendrick B. Meek, FL	**14. Charles Boustany (LA)**
20. Allyson Y. Schwartz, PA	**15. Dean Heller (NV)**
21. Artur Davis, AL	**16. Peter Roskam (IL)**
22. Danny Davis, IL	
23. Bob Etheridge, AL	
24. Linda Sanchez, CA	
25. Brian Higgins, NY	
26. John Yarmuth, KY	

House Committees

CONTINUED FROM PAGE 8

Schauer (Battle Creek, MI), Betsy Markey (Fort Collins, CO), Parker Griffith (Huntsville, AL), Michael McMahon (Staten Island, NY), Thomas Perriello (Charlottesville, VA), Dina Titus (Las Vegas, NV), and Harry Teague (Hobbs, NM).

The new T&I Republicans are Steve Scalise (Jefferson, LA), Anh "Joseph" Cao (New Orleans, LA), Brett Guthrie (Bowling Green, KY), Aaron Schock (Peoria, IL). Schock is the newly elected successor to Transportation Secretary-designate Ray LaHood (R-IL).

The Appropriations Committee gets a +14 (37 D, 23 R) ratio. However, the ratio on its all-important subcommittees is even greater as a percentage — two to one (8 to 4) on the Transportation-HUD subcommittee, for example.

There are fewer new members on Appropriations because few Democrats on that panel departed and because the number of Republican seats on the panel shrank by six, mostly offsetting eight departures. The new Democrats are Lincoln Davis (Pall Mall, TN) and John Salazar (Manassa, CO). The new Republicans are Steve LaTourette (Bainbridge Township, OH) and Tom Cole (Moore, OK).

LaTourette was a bit a of a surprise—a longtime member of the T&I Committee (he was the seventh-most-senior Republican coming back to that panel), he was a subcommittee chairman from 2001-2006 and was ranking minority member of the Coast Guard subcommittee in the last Congress. LaTourette did not express reasons for the switch, but dissatisfaction with the growing partisanship on the T&I panel and the need for Ohio representation on Appropriations may have played a part.

Carolyn Kilpatrick (D-MI) returns to the "THUD" subpanel after a two-year absence, while all the GOP subcommittee members are new save Frank Wolf (R-VA).

Appropriations
Last Congress: 37 D, 29 R
New Ratio: 37 D, 23 R

Democrats (37)

1. David Obey, WI
2. John P. Murtha, PA
3. Norman D. Dicks, WA
4. Alan B. Mollohan, WV
5. Marcy Kaptur, OH
6. Peter J. Visclosky, IN
7. Nita M. Lowey, NY
8. Jose´ E. Serrano, NY
9. Rosa L. DeLauro, CT
10. James P. Moran, VA
11. John W. Olver, MA
12. Ed Pastor, AZ
13. David E. Price, NC
14. Chet Edwards, TX

~~Robert E. (Bud) Cramer, Jr., AL~~

15. Patrick J. Kennedy, RI
16. Maurice D. Hinchey, NY
17. Lucille Roybal-Allard, CA
18. Sam Farr, CA
19. Jesse L. Jackson, Jr., IL
20. Carolyn C. Kilpatrick, MI
21. Allen Boyd, FL
22. Chaka Fattah, PA
23. Steven R. Rothman, NJ
24. Sanford D. Bishop, Jr., GA
25. Marion Berry, AR
26. Barbara Lee, CA

~~Tom Udall, NM~~

27. Adam B. Schiff, CA
28. Michael M. Honda, CA
29. Betty McCollum, MN
30. Steve Israel, NY
31. Tim Ryan, OH
32. C. A. Dutch Ruppersberger, MD
33. Ben Chandler, KY
34. Debbie Wasserman Schultz, FL
35. Ciro D. Rodriguez, TX
36. **Lincoln Davis (TN)**
37. **John Salazar (CO)**

Republicans (23)

1. Jerry Lewis, CA
2. C. W. Bill Young, FL

~~Ralph Regula, OH~~

3. Harold Rogers, KY
4. Frank R. Wolf, VA

~~James T. Walsh, NY~~
~~David L. Hobson, OH~~
~~Joe Knollenberg, MI~~

5. Jack Kingston, GA
6. Rodney P. Frelinghuysen, NJ
7. Todd Tiahrt, KS
8. Zach Wamp, TN
9. Tom Latham, IA
10. Robert B. Aderholt, AL
11. Jo Ann Emerson, MO
12. Kay Granger, TX

~~John E. Peterson, PA~~
~~Virgil H. Goode, Jr., VA~~
~~Ray LaHood, IL~~
~~Dave Weldon, FL~~

13. Michael K. Simpson, ID
14. John Abney Culberson, TX
15. Mark Steven Kirk, IL
16. Ander Crenshaw, FL
17. Dennis R. Rehberg, MT
18. John R. Carter, TX
19. Rodney Alexander, LA
20. Ken Calvert, CA
21. Jo Bonner, AL
22. **Steve LaTourette (OH)**
23. **Tom Cole (OK)**

Subcommittee on Transportation, HUD, and Related Agencies

Democrats (8)	Republicans (4)
Olver (D-MA)	Latham (R-IA)
Pastor (D-AZ)	Wolf (R-VA)
Rodriguez (D-TX)	Carter (R-TX)
Kaptur (D-OH)	LaTourette (R-OH)
Price (D-NC)	
Roybal-Allard (D-CA)	
Berry (D-AR)	
Kilpatrick (D-MI)	

Subcommittee on Homeland Security

Democrats (8)	Republicans (5)
Price (D-NC)	Rogers (R-KY)
Serrano (D-NY)	Carter (R-TX)
Rodriguez (D-TX)	Culberson (R-TX)
Ruppersberger (D-MD)	Kirk (R-IL)
Mollohan (D-WV)	Calvert (R-CA)
Roybal-Allard (D-CA)	
Farr (D-CA)	
Rothman (D-NJ)	

Subcommittee on Energy and Water

Democrats (10)	Republicans (6)
Visclosky (D-IN)	Frelinghuysen (R-NJ)
Edwards (D-TX)	Wamp (R-TN)
Pastor (D-AZ)	Simpson (R-ID)
Berry (D-AR)	Rehberg (R-MT)
Fattah (D-PA)	Calvert (R-CA)
Israel (D-NY)	Alexander (R-LA)
Ryan (D-OH)	
Olver (D-MA)	
Davis (D-TN)	
Salazar (D-CO)	

Chairman Obey and Ranking Member Lewis are ex officio members on all subcommittees

NEW AND NOTABLE ON THE INTERNET

Congressional Budget Office budget and economic forecast

The new CBO outlook for the next ten years may be found online here:
http://www.cbo.gov/ftpdocs/99xx/doc9957/01-07-Outlook.pdf

And the acting CBO director's testimony explaining the report is here:
http://www.cbo.gov/ftpdocs/99xx/doc9958/01-08-Outlook_Testimony.pdf

House Transportation and Infrastructure Committee proposal for infrastructure stimulus

The text of the T&I proposal can be found here:
http://transportation.house.gov/Media/File/Full%20Committee/20090107/Rebuild%20America%20(updated%2012-12-08%20proposal).pdf

The text of the additional T&I proposal on how to "ensure accountability" in the funding is here:
http://transportation.house.gov/Media/File/Full%20Committee/20090107/Process%20for%20Ensuring%20Transparency%20and%20Accountability.pdf

And the proposed T&I definition of a "shovel-ready" project is here:
http://transportation.house.gov/Media/File/Full%20Committee/Stimulus/shovel%20ready%20projects.pdf

Buy America requirements for mass transit

A FAQ document on the Federal Transit Administration's Buy America requirements is here:
http://www.fta.dot.gov/laws/leg_reg_464.html

The regulations governing the Federal Transit Administration's Buy America requirements are here:
http://www.access.gpo.gov/nara/cfr/waisidx_02/49cfr661_02.html

A list of all recent applications to FTA for Buy America waivers, and their disposition, is here:
http://www.fta.dot.gov/printer_friendly/leg_reg_598.html

Miscellaneous

Interesting *Los Angeles Times* editorial about bipartisan plans to cut public transit spending:
http://www.latimes.com/news/opinion/editorials/la-ed-transit12-2009jan12,0,4337031.story

Interesting *New York Times* article revealing a widespread federal investigation into corruption in the process by which financial advisors help states and municipalities issue tax-exempt debt:
http://www.nytimes.com/2009/01/09/business/09insure.html?_r=1&scp=2&sq=bond%20investigation&st=cse

STATUS OF TRANSPORTATION-RELATED NOMINATIONS

Agency	Nominee	Position	Senate Committee	Latest Action
Department of Transportation	Ray LaHood	Secretary	Commerce, Science and Transportation	Nomination announced 12/19/08

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THIS WEEK IN COMMITTEE

Wednesday, January 14, 2008 — Senate Commerce, Science and Transportation — full committee hearing on the nomination of Ray LaHood to be Secretary of Transportation — *2:30 p.m., SR-253 Russell.*

Thursday, January 15, 2008 — Senate Homeland Security and Governmental Affairs — full committee hearing on the nomination of Janet Napolitano to be Secretary of Homeland Security — *10:00 a.m., SD-342 Dirksen.*

House Transportation and Infrastructure — full committee meeting to organize the committee for the 111th Congress — *11:00 a.m., 2167 Rayburn.*

UPCOMING CALENDAR

Tuesday, January 20, 2009 — President Barack Obama and Vice President Joe Biden are inaugurated.

Monday, February 2, 2009 — Statutory deadline for the President to submit the FY 2010 budget (though Obama will undoubtedly submit a current services, or placeholder, budget initially).

Friday, March 6, 2009 — Current continuing resolution expires.

Tuesday, March 31, 2009 — Current extension of federal aviation taxes and spending authority expires.

Wednesday, September 30, 2009 — Expiration of fiscal year 2009 and expiration of spending authority for surface transportation programs under the SAFETEA-LU law.

STATUS OF MAJOR TRANSPORTATION BILLS — 111th CONGRESS

BILL	HOUSE ACTION	SENATE ACTION	RESOLUTION
FY 2009 Omnibus Appropriations Act			
Economic Stimulus Appropriations & Tax Cuts			
FY 2010 Congressional budget resolution			
FY 2010 Transportation-HUD Appropriations			
FY 2010 Energy and Water Appropriations			
FY 2010 Homeland Security Appropriations			
Federal Aviation Admin. Reauthorization Bill			
Surface Transportation Reauthorization Bill			
Water Resources Development Act			
FY 2010 Coast Guard Authorization			