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MONITORING AND ANALYZING DEVELOPMENTS IN FEDERAL TRANSPORTATION AND PUBLIC WORKS POLICY

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Legislative Schedules

Week of March 23, 2009

House

Tuesday — meets at noon for legislative business — eight measures under suspension of the rules.

Wednesday and Thursday — meets at 10 a.m. — Senate amendments to H.R. 146, omnibus public lands, and H.R. 1404, federal land assistance.

Friday — no votes.

Senate

The Senate will convene at 10 a.m. today and thereafter will resume consideration of the motion to proceed to H.R. 1388, national service reauthorization.

Inside This Issue

CBO Says Obama Plan Adds $4.8 Trillion In Debt

Baseline Transportation Outlays Stay Flat Until 2018 Due To Stimulus Phase-Out; House & Senate Panels Will Mark Up FY 2010 Budget Resolutions Tomorrow

The nonpartisan Congressional Budget Office released its initial summary of President Obama's fiscal year 2010 budget outline last Friday, along with CBO's revised spending and revenue "baseline" for the next ten years.

The CBO numbers provoked immediate controversy because they indicated that the enactment of President Obama's budget proposals would increase the cumulative federal deficits and the national debt held by the public by $4.8 trillion over that ten-year period.

CBO's current law "baseline" scenario, which increases mandatory programs for changes in claims and demographics and which increases discretionary programs for inflation, projects a FY 2009 deficit of $1.67 trillion, a FY 2010 deficit of $1.14 trillion, and cumulative deficits/debt increases over the 2010-2019 period of $4.44 trillion.

CBO says that the Obama budget would increase the deficit by $177 billion in 2009 (to $1.85 trillion), by $241 billion in 2010 (to $1.38 trillion) and by $4.83 trillion over ten years — cumulatively, CBO says the Obama budget would double deficits and additional national debt over the next ten years.

All eyes this week are on House Budget chairman John Spratt (D-SC) and his Senate counterpart as they unveil their 2010 budgets.

For its part, the White House's Office of Management and Budget believes that the President's proposals will only add $2.53

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New Analysis Reveals Extent of Highway Trust Fund Woes

Last Friday's updated budget analysis from the Congressional Budget Office underscored the precarious finances of the Highway Trust Fund and the need for significant new revenues for the Trust Fund just to pay for existing spending levels, to say nothing of spending increases.

Short term. The latest CBO projections say that it is still a better than 50-50 proposition that the Highway Account of the Trust Fund will need another bailout from the general fund of the Treasury before September 30 of this year.

CBO projects that the Highway Account will finish FY 2009 with $2.3 billion cash on hand as of September 30, but this amount is misleading. Taxes collected from refineries in the last two weeks of September are transferred to the Highway Account in mid-October and retroactively credited to the prior fiscal year. This payment is expected to be in the neighborhood of $2 billion. So a projected end-of-FY2009 balance of $2.3

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FY 2010 Budget

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trillion to the cumulative deficits and debt over the next ten years.

Most of the discrepancies between the two versions stems from the different economic assumptions used by each scorekeeping body, and most of the differences are in the 2013-2019 period and relate to tax assumptions.

The table in box at right shows the different assumptions used by CBO and OMB, as well as a comparison to the latest *Blue Chip* average of private business economists' fore-casts. The differences in their short-term economic growth as-sumptions and their longer-term interest rate assumptions are sharp.

Democratic leaders in Congress were quick to point out that (a.) the sky-high 2009 through 2011 deficits are mostly due to problems be-queathed to President Obama by the Bush Administration; and (b.) that even though the CBO numbers are bad, CBO still thinks that the Obama budget will cut the deficit in half from its FY 2009 level by the end of FY 2013.

(*Ed. Note:* item (a.) is largely true, but item (b.) is very tricky — such a rationale could lead policymakers to intentionally make the 2009 deficit as bad as possible so that they have more room for higher deficits between now and 2013. For example, the recently enacted economic stimu-lus act will, according to CBO, make the FY 2009 deficit worse to the tune of $185 billion. Yet this allows the White House and Congress to go $92.5 billion deeper into deficit in 2013 and still be able to claim that they are cutting the deficit in half in four years. And a focus on FY 2013 also allows you to ignore the huge problem in the later "out-years" of the Obama budget, as we shall soon see.)

When viewed as a percentage of annual gross domestic product (which is the best way to compare federal spending, revenues and deficits across many years), the CBO baseline projects the deficit to fall below two percent of GDP in 2013 and stay there. CBO projects the deficit under President Obama's budget to stay above four percent of GDP each year for the next ten years (see table and chart at the bottom of this page).

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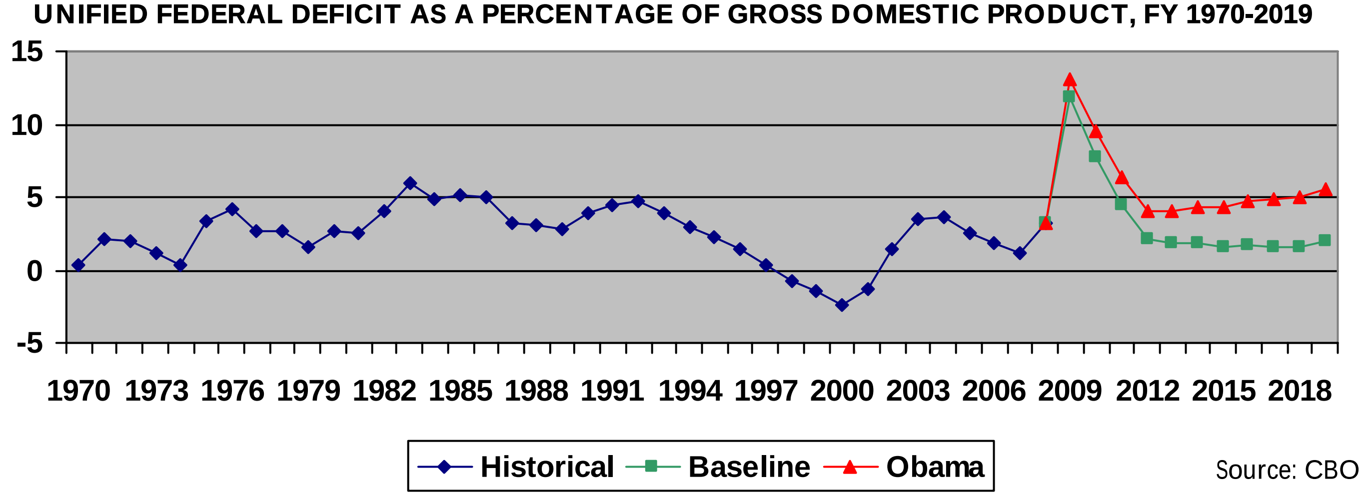
Comparison of Economic Assumptions

	2009	2010	2011
Nominal GDP Annual Growth			
CBO	-1.5%	3.8%	4.5%
Administration	0.1%	4.3%	5.5%
Blue Chip Average	-1.4%	3.2%	5.1%
Real GDP Annual Growth			
CBO	-3.0%	2.9%	4.0%
Administration	-1.2%	3.2%	4.0%
Blue Chip Average	-2.6%	1.9%	3.4%
Inflation (CPI-U) Annual Change			
CBO	-0.7%	1.4%	1.2%
Administration	-0.6%	1.6%	1.8%
Blue Chip Average	-0.8%	1.6%	2.1%
Unemployment Rate			
CBO	8.8%	9.0%	7.7%
Administration	8.1%	7.9%	7.1%
Blue Chip Average	8.6%	9.1%	8.1%
Three-Month T-Bill Rate			
CBO	0.3%	0.9%	1.8%
Administration	0.3%	1.6%	3.4%
Blue Chip Average	0.3%	1.0%	2.8%
Ten-Year T-Bill Rate			
CBO	2.9%	3.4%	4.0%
Administration	2.8%	4.0%	4.8%
Blue Chip Average	2.9%	3.7%	4.5%

Congressional Budget Office Estimate of President Obama's Budget's Effect on Spending, Revenues, and the Federal Deficit

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	5-Year	10-Year
CBO March 2009 Baseline Deficit	-1,667	-1,139	-693	-331	-300	-310	-282	-327	-312	-325	-423	-2,772	-4,441
CBO Est. of Obama Budget Change in Revenues	-26	-45	-198	-169	-187	-205	-223	-240	-257	-276	-297	-804	-2,097
CBO Est. of Obama Budget Change in Mandatory Outlays	125	131	37	99	98	107	112	121	131	136	142	472	1,115
CBO Est. of Obama Budget Change in Discretionary Outlays	25	59	30	33	40	51	63	71	77	82	87	213	593
CBO Est. of Obama Budget Change in Net Interest Outlays	1	6	13	26	48	75	105	137	172	204	239	167	1,023
CBO Est. of Obama Budget Deficit Increase Above Baseline	-177	-241	-278	-327	-373	-438	-503	-568	-637	-698	-765	-1,657	-4,829
CBO Est. of Unified Federal Deficit Under Obama Budget	-1,845	-1,379	-970	-658	-672	-749	-785	-895	-949	-1,023	-1,189	-4,429	-9,270
CBO Baseline Deficit as Percentage of GDP	11.9%	7.8%	4.5%	2.1%	1.8%	1.8%	1.6%	1.7%	1.6%	1.6%	2.0%		
CBO Est. of Obama Budget Deficit as Percentage of GDP	13.1%	9.5%	6.4%	4.1%	4.0%	4.3%	4.3%	4.7%	4.8%	5.0%	5.6%		

UNIFIED FEDERAL DEFICIT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT, FY 1970-2019



Source: CBO

FY 2010 Budget

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But if you want to find the one set of numbers that will give Members of Congress the most heartburn, they are not the annual deficit numbers but the effect that the cumulative deficits have on the national debt.

The data underlying the chart at the bottom of this page is causing much grief on Capitol Hill. It shows the national debt held by the public as a share of annual GDP going back to 1970, through the final 2008 total and looking ahead to the end of 2019 under both the CBO baseline scenario and the CBO assessment of the President's budget.

After staying below 30 percent of GDP in the 1970s, the Reagan-era deficits pushed the debt above 40 percent, peaking at 49.4 percent of GDP at the end of FY 1993. The economic boom under Clinton (and the continuation of the 1990 Budget Enforcement Act provisions) cut that sharply, and then it rose back to 36.9 percent under Bush II at the end of FY 2007, at which point all hell started to break loose.

Debt at the end of 2008 rose to 40.8 percent of GDP, and the only real distinction between the baseline and the Obama budget is whether or not the debt will be closer to 54.8 or 56.8 percent of GDP six months from now.

But then the paths start to diverge. The CBO baseline has debt peaking at 62.0 percent of GDP in 2011 and declining to 56.1 percent of GDP ten years from now. CBO has Obama's budget adding debt until it reaches an astounding 82.4 percent of annual GDP in ten years.

To put this in historical perspective, a national debt of 82.4 percent of annual GDP would be the highest level since 1948, when the federal government was busy paying off the debts incurred during World War II. (And lest anyone glibly compare the current situation to WWII, remember that during the war the federal government had to pay the salaries of about 20 percent of the total U.S. population *and* monopolized most industrial output, *and* federal outlays were almost 50 percent of GDP per year.)

Members of Congress will be hard-pressed to support a budget that gets America to a World War II-level of national debt, so Democrats on the House and Senate Budget Committees are crafting alternatives that maintain as many of the President's priorities as possible while lessening the long-term deficits and debt. The House and Senate budget chairmen are scheduled to unveil their plans later today, and both panels will begin to mark up their draft budget resolutions tomorrow.

What does all of this have to do with transportation? Only this — that the window of time during which the President and his allies in Congress are going to be able to spend limitless amounts of money with no regard for the deficit is rapidly coming to an end (it may fall shut before the second half of the TARP bailout money is provided). Once the President's first few months have expired, with the stimulus, the omnibus, and a few other big-ticket legislative victories locked in, the deficit will become the dominant political dynamic that overshadows everything else. The overall deficit picture will act as a great weight pressing down on all other attempts to increase federal spending, including on transportation and public works.

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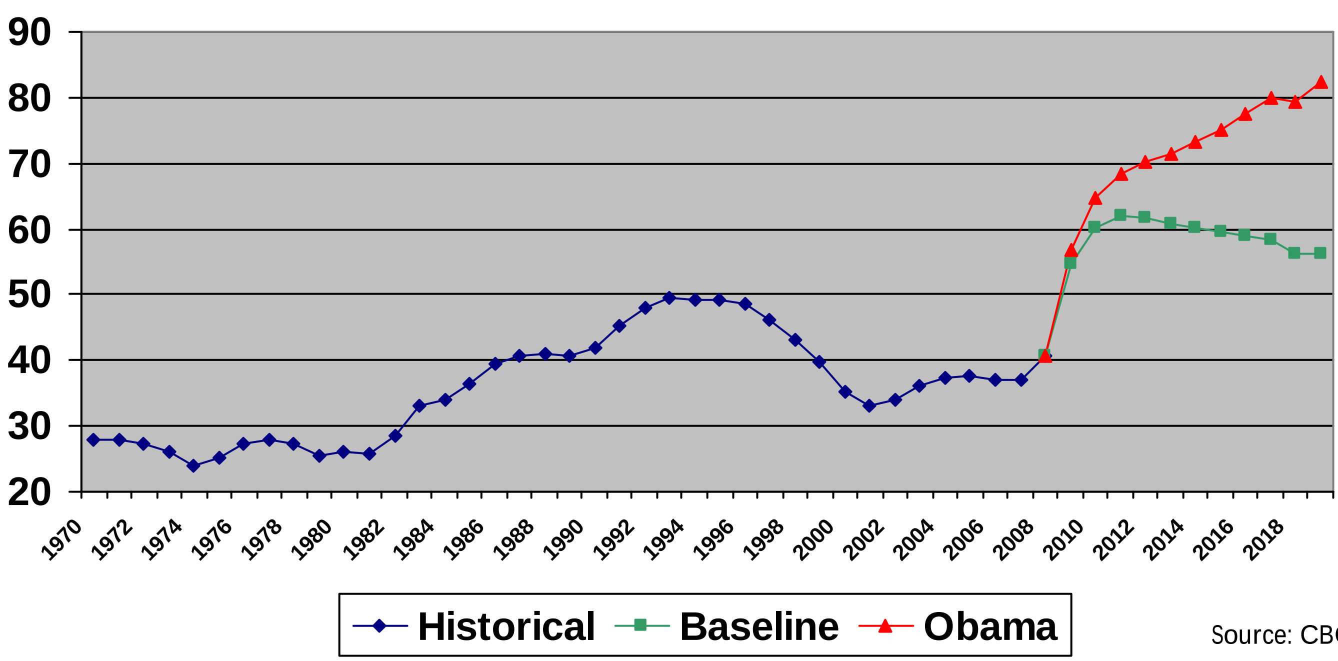
FEDERAL DEBT HELD BY THE PUBLIC AS A PERCENTAGE OF GDP, FY 1970-2019



Source: CBO

FY 2010 Budget

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CBO was unable to perform a detailed analysis of the President's budget framework because the President gave almost no details to analyze. The table at right shows the few numbers that we do know. The President's budget assumes a 2.5 percent increase in total discretionary budgetary resources at the U.S. Department of Transportation in 2010 (this is everything at DOT except $739 million of the highway money and $50 million for Essential Air Service) over the non-stimulus 2009 levels, but after you take out the one big-ticket specific we know (an additional $909 million over the baseline for intercity passenger rail), this means that between $111 million and $220 million above the baseline will be left for the rest of the Department (depending on how you round) — highways, transit, the FAA, safety and the rest would all have to divide up that small increase over the baseline (for baseline levels for each account, see the following three pages).

Beyond that, the Obama budget proposes to increase new DOT spending by less than two percent in each of FY 2011 and 2012 before giving a 2.2 percent increase in 2013. There is no room in there for the ambitious higher spending levels for surface transportation proposed by many.

Looking deeper at FY 2010, one number that came from the Obama budget was a total for transportation obligation limitations from the Highway and Airport Trust Funds of $54.3 billion (frustratingly rounded off to the hundred million by OMB).

The CBO baseline for these programs is $54.252 billion, which is the FY 2009 enacted levels plus an inflation adjustment of 0.9 percent. So the Administration's proposal for these programs is either a freeze at the baseline or up to two-tenths of one percent increase over the baseline, depending on how you round.

The budget authority and obligation totals ignore the stimulus spending provided in FY 2009, but the eventual outlays from that money (slow though they may be) are factored into the CBO baseline.

The chart at the bottom of the page shows how outlays for the transportation budget function would rise sharply in 2010 under the CBO baseline due to the stimulus bill and then basically flat-line until 2015 before dropping slightly and then rising in 2018 and 2019.

The House and Senate budget blueprints will provide functional totals for transportation for mandatory and discretionary spending which can be compared with the CBO baseline on the following pages.

The Obama Transportation Budget and the CBO Baseline

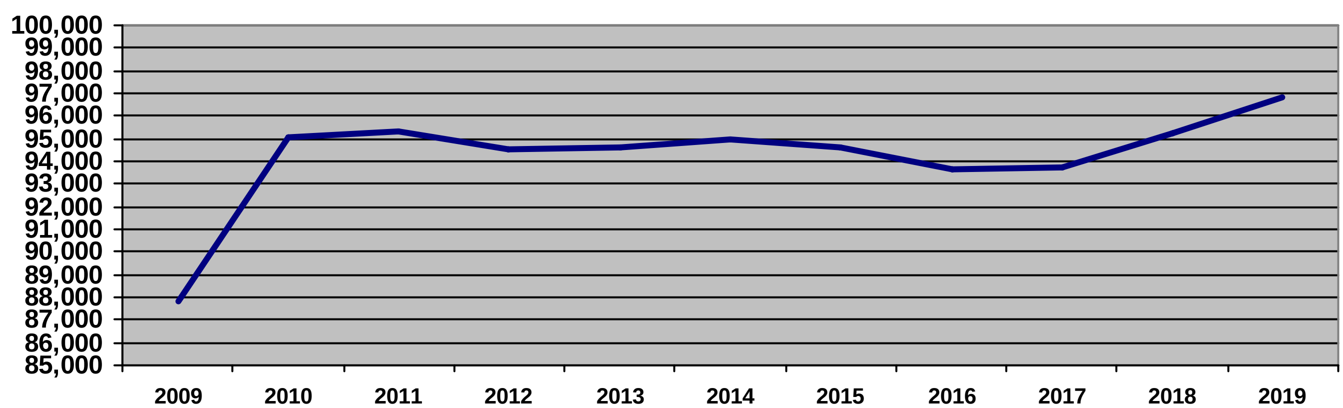
(All numbers are rounded off to the hundred million, as in the White House's budget presentation, so rounding errors are, of course, possible.)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
CBO Baseline USDOT Discretionary Resources	71.4	72.0	72.6	73.1	73.9
Plus Extra $900 Millon/Yr. For High-Speed Rail	0.9	0.9	0.9	0.9	0.9
Total Baseline Plus Obama High-Speed Rail	72.3	72.9	73.5	74.0	74.8
Obama Administration USDOT Budget Proposal*	72.5	73.8	74.2	75.8	77.3
Obama Budget's Room For Non-HSR Increases	0.2	0.9	0.7	1.8	2.5
Obama Budget's Annual USDOT Growth**	2.5%	1.8%	0.5%	2.2%	2.0%

**Modified as directed by OMB to assume rejection of a shift from aviation taxes to user fees.*

***Excludes spending under the economic stimulus act.*

CBO Baseline: Federal Outlays For Function 400 (Transportation) - Includes Outlays From Stimulus Act



	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Function 400 Baseline Outlays	87.8	95.1	95.3	94.5	94.6	95.0	94.7	93.6	93.8	95.2	96.9
Total Federal Baseline Outlays	3,853.0	3,473.0	3,476.0	3,417.0	3,581.0	3,746.0	3,892.0	4,088.0	4,239.0	4,408.0	4,671.0
Function 400 As % of Total	2.3%	2.7%	2.7%	2.8%	2.6%	2.5%	2.4%	2.3%	2.2%	2.2%	2.1%

CBO March 2009 Baseline For Functional Category 400 (Transportation)

(Dollar amounts in millions)

	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
Budget Authority	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Discretionary Budget Authority	79,061	30,312	30,717	31,140	31,544	32,105	32,806	33,662	34,545	35,432	36,385
Mandatory Budget Authority	43,741	43,983	44,065	44,173	44,293	44,500	44,604	44,646	44,658	44,682	44,732
Other Receipts	(345)	(353)	(354)	(354)	(355)	(355)	(355)	(355)	(356)	(356)	(356)
Total, Function 400 (Transportation)	**122,457**	**73,942**	**74,428**	**74,959**	**75,482**	**76,250**	**77,055**	**77,953**	**78,847**	**79,758**	**80,761**
Five-Year (FY 2010-2014) Function 400 Total		**375,061**									
Outlays											
Discretionary Outlays	85,668	92,847	93,051	92,082	92,110	92,296	91,863	90,792	90,908	92,372	93,932
Mandatory Outlays	2,458	2,584	2,633	2,768	2,891	3,045	3,149	3,191	3,202	3,227	3,276
Other Receipts	(345)	(353)	(354)	(354)	(355)	(355)	(355)	(355)	(356)	(356)	(356)
Total, Function 400 (Transportation)	**87,781**	**95,078**	**95,330**	**94,496**	**94,646**	**94,986**	**94,657**	**93,628**	**93,754**	**95,243**	**96,852**
Five-Year (FY 2010-2014) Function 400 Total		**474,536**									

CBO March 2009 Baseline For Transportation Trust Fund Obligation Limitations

(Dollar amounts in millions)

	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
	FY 2009	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
FAA Airport Improvement Program	3,515	3,549	3,571	3,594	3,612	3,646	3,692	3,751	3,812	3,871	3,935
FHWA Federal-aid Highways	40,700	41,079	41,329	41,579	41,789	42,163	42,700	43,360	44,060	44,721	45,464
NHTSA Operations and Research	110	112	113	114	115	117	119	121	124	127	129
NTHSA Highway Traffic Safety Grants	620	626	629	633	636	642	650	660	670	680	691
Subtotal, NHTSA	730	738	742	747	751	759	769	781	794	807	820
FMCSA Motor Carrier Safety Grants	307	310	312	313	315	318	322	327	332	337	342
FMCSA Operations and Programs	234	241	245	249	253	258	264	272	279	287	295
Subtotal, FMCSA	541	551	557	562	568	576	586	599	611	624	637
FTA Formula and Bus Grants	8,261	8,335	8,385	8,434	8,476	8,550	8,658	8,790	8,930	9,062	9,211
TOTAL OBLIGATION LIMITATIONS	**53,747**	**54,252**	**54,584**	**54,916**	**55,196**	**55,694**	**56,405**	**57,281**	**58,207**	**59,085**	**60,067**

Congressional Budget Office March 2009 Baseline, By USDOT Modal Administration

Total Budgetary Resources - Mandatory and Discretionary, Obligation Limitations Plus Appropriated Budget Authority

	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
	FY 2009	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Office of the Secretary	1,757	261	263	267	268	271	274	280	284	288	295
Federal Aviation Administration	16,770	15,872	16,084	16,299	16,509	16,798	17,159	17,588	18,033	18,482	18,961
Federal Highway Administration	69,153	42,033	42,284	42,535	42,746	43,122	43,661	44,324	45,027	45,692	46,438
Federal Motor Carrier Safety Admin.	541	551	557	562	568	576	586	599	611	624	637
National Highway Traffic Safety Admin.	857	868	873	880	885	896	908	924	940	956	973
Federal Railroad Administration	11,064	1,820	1,836	1,849	1,859	1,877	1,904	1,936	1,971	2,001	2,037
Federal Transit Administration	18,631	10,325	10,388	10,450	10,504	10,597	10,732	10,897	11,073	11,238	11,425
St. Lawrence Seaway Development	32	32	32	33	33	33	34	34	35	35	36
Maritime Administration	452	308	310	311	313	316	320	323	327	330	336
Pipeline & Hazmat Safety Admin.	97	98	100	100	101	103	105	106	108	109	112
Research & Innovative Tech. Admin.	13	13	13	14	14	14	14	15	15	15	16
Office of the Inspector General	91	74	75	77	78	80	82	85	87	90	93
Surface Transportation Board	26	27	28	28	29	29	30	31	32	33	34
Misc. Adjustments/AIRF	(152)	(100)	(60)	10	80	230	270	240	170	110	70
Total, USDOT	**119,332**	**72,182**	**72,783**	**73,415**	**73,987**	**74,942**	**76,079**	**77,382**	**78,713**	**80,003**	**81,463**

CBO March 2009 Baseline For Functional Category 400 (Transportation)
DISCRETIONARY BUDGET AUTHORITY ONLY—P. 1 OF 2
(Dollar amounts in millions)

	Actual		Congressional Budget Office March 2009 Budget Baseline Projections								
	FY 2009	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Ground Transportation											
FRA Amtrak Efficiency Incentive Grants	(37)	-	-	-	-	-	-	-	-	-	
FRA Amtrak Operating Subsidy Grants	550	555	558	562	564	569	576	585	595	603	613
FRA Amtrak Capital and Debt Service	2,240	948	954	960	964	973	985	1,000	1,016	1,031	1,048
FRA Safety and Operations	159	164	167	170	173	176	181	186	192	197	203
FRA Intercity Passenger Rail Grants	8,090	91	91	92	92	93	94	96	97	99	100
FRA RRIF Program	25	25	25	26	26	26	26	27	27	27	28
FRA Railroad R & D	34	34	35	35	35	35	36	36	37	37	38
STB Salaries and Expenses	26	27	28	28	29	29	30	31	32	33	34
NHTSA Operations and Research	127	130	131	133	134	137	139	143	146	149	153
FTA Administrative Expenses	94	97	99	101	103	105	108	111	115	118	122
FTA Capital Investment Grants	2,559	1,825	1,836	1,847	1,856	1,873	1,896	1,925	1,956	1,985	2,017
FTA Formula and Bus Grants	7,650	-	-	-	-	-	-	-	-	-	-
FTA Research and URCs	67	68	68	68	69	69	70	71	72	73	75
FHWA Federal-aid Highways	27,500	-	-	-	-	-	-	-	-	-	-
FHWA Appalachian Highway System	10	10	10	10	10	10	10	11	11	11	11
FHWA Misc. Senate Earmarks	161	162	163	164	165	167	169	171	174	177	180
FHWA Denali Access System	6	6	6	6	6	6	6	6	6	7	7
OST Discretionary Surface Grants	1,500	-	-	-	-	-	-	-	-	-	-
TSA Surface Transportation Security	50	52	53	54	55	56	58	60	62	63	66
TSA Assessment and Credentialing	116	118	119	120	121	122	124	126	129	131	133
Misc. Rescissions/Offsets	(22)	-	-	-	-	-	-	-	-	-	-
Subtotal, Ground Transportation	**50,905**	**4,312**	**4,343**	**4,376**	**4,402**	**4,446**	**4,508**	**4,585**	**4,667**	**4,741**	**4,828**
Air Transportation											
FAA Operations											
FAA Operations (General Fund)	3,804	3,940	4,009	4,079	4,150	4,241	4,353	4,484	4,619	4,758	4,904
FAA Operations (Trust Fund)	5,238	5,425	5,520	5,616	5,714	5,840	5,994	6,174	6,360	6,551	6,753
Total, FAA Operations	9,042	9,365	9,529	9,695	9,864	10,081	10,347	10,658	10,979	11,309	11,657
FAA Airport Improvement Program	1,100	-	-	-	-	-	-	-	-	-	-
FAA Facilities and Equipment	2,942	2,784	2,808	2,832	2,854	2,889	2,935	2,990	3,049	3,105	3,168
FAA Research, Eng. & Develop.	171	174	176	178	179	182	185	189	193	197	201
OST Essential Air Service	73	74	74	75	75	76	77	78	79	80	81
TSA Federal Air Marshals	819	851	867	883	900	921	946	976	1,007	1,039	1,072
TSA Aviation Security (net of fees)	3,754	2,781	2,822	2,873	2,916	2,983	3,064	3,179	3,299	3,422	3,545
TSA Transportation Security Support	948	971	984	996	1,009	1,025	1,047	1,072	1,099	1,125	1,153
NASA Aeronautics	650	507	511	516	519	525	533	543	554	564	575
Subtotal, Air Transportation	**19,499**	**17,507**	**17,771**	**18,048**	**18,316**	**18,682**	**19,134**	**19,685**	**20,259**	**20,841**	**21,452**
Water Transportation											
FMC Salaries and Expenses	23	24	24	25	25	26	26	27	28	29	30
MARAD Operations and Training	123	126	128	129	131	133	136	139	143	146	150
MARAD Title XI Loans	4	4	4	4	4	4	4	4	4	4	4
MARAD Ship Disposal	15	15	15	15	15	16	16	16	16	16	17
MARAD Assistance to Small Shipyards	118	18	18	18	18	18	19	19	19	19	20
StLSDC Operations and Maintenance	32	32	32	33	33	33	34	34	35	35	36
U.S. Coast Guard Operating Expenses	5,830	5,987	6,060	6,133	6,208	6,308	6,437	6,597	6,753	6,913	7,085
U.S. Coast Guard Reserve Training	131	136	137	139	141	144	147	151	156	160	164
U.S. Coast Guard AC&I	1,553	1,490	1,500	1,510	1,518	1,533	1,553	1,578	1,604	1,630	1,658
U.S. Coast Guard Alteration of Bridges	158	16	16	16	16	17	17	17	17	18	18
U.S. Coast Guard RDT&E	17	17	18	18	18	18	19	19	20	20	21
U.S. Coast Guard Health Care Contrib.	257	261	277	294	313	332	353	375	399	424	450
Misc. Adjustments/Rescissions	(1)	(20)	(20)	(20)	(21)	(21)	(21)	(21)	(22)	(22)	(22)
Subtotal, Water Transportation	**8,260**	**8,106**	**8,209**	**8,314**	**8,419**	**8,562**	**8,740**	**8,955**	**9,172**	**9,393**	**9,631**

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CBO March 2009 Baseline For Functional Category 400 (Transportation)

DISCRETIONARY BUDGET AUTHORITY ONLY—P. 2 OF 2

(Dollar amounts in millions)

	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Other Transportation											
OST Salaries and Expenses	98	101	102	104	105	107	109	112	115	118	121
OST Financial Management Capital	5	5	5	5	5	5	5	5	5	5	6
OST Office of Civil Rights	9	9	10	10	10	10	10	11	11	11	12
OST Minority Business Outreach	3	3	3	3	3	3	3	3	3	3	3
OST Transp. Planning, R & D	18	18	18	19	19	19	19	20	20	20	21
OST Minority Business Resource Center	1	1	1	1	1	1	1	1	1	1	1
USDOT OIG Salaries and Expenses	91	74	75	77	78	80	82	85	87	90	93
PHMSA Operations	18	18	19	19	19	19	20	20	21	21	22
PHMSA Hazardous Materials Safety	32	33	34	34	35	36	37	38	39	40	41
PHMSA Pipeline Safety (General Fund)	75	76	77	78	79	80	81	83	84	86	88
PHMSA Pipeline Safety (Trust Fund)	19	19	19	19	19	20	20	20	21	21	21
PHMSA Pipeline User Fees	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(83)	(85)	(87)	(88)
RITA Research and Development	13	13	13	14	14	14	14	15	15	15	16
NTSB Salaries and Expenses	90	93	95	97	99	101	104	107	110	113	117
Subtotal, Other Transportation	**397**	**387**	**394**	**402**	**407**	**415**	**424**	**437**	**447**	**457**	**474**
Total, Function 400 (Transportation)	**79,061**	**30,312**	**30,717**	**31,140**	**31,544**	**32,105**	**32,806**	**33,662**	**34,545**	**35,432**	**36,385**

CBO March 2009 Baseline For Functional Category 400 (Transportation)

MANDATORY BUDGET AUTHORITY ONLY

(Dollar amounts in millions)

	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Federal-aid Highways											
Federal-aid Highways (subject to limit)	28,010	28,174	28,174	28,174	28,174	28,174	28,174	28,174	28,174	28,174	28,174
Federal-aid Highways (exempt)	739	739	739	739	739	739	739	739	739	739	739
Estimated flex transfer to FTA	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Total, Federal-aid Highways	27,749	27,913	27,913	27,913	27,913	27,913	27,913	27,913	27,913	27,913	27,913
NHTSA Operations and Research	100	100	100	100	100	100	100	100	100	100	100
NHTSA Highway Traffic Safety Grants	560	560	560	560	560	560	560	560	560	560	560
FMCSA Motor Carrier Safety Grants	300	300	300	300	300	300	300	300	300	300	300
FMCSA Operations	229	229	229	229	229	229	229	229	229	229	229
FTA Formula and Bus Grants											
FTA Formula and Bus Grants	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261
Estimated flex transfer from FHWA	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total, FTA Formula and Bus Grants	9,261	9,261	9,261	9,261	9,261	9,261	9,261	9,261	9,261	9,261	9,261
Miscellaneous HTF	37	37	37	37	37	37	37	37	37	37	37
FRA RRIF	3	3	6	4	5	5	6	6	7	7	7
Aviation Insurance Revolving Fund (est.)	(130)	(100)	(60)	10	80	230	270	240	170	110	70
Essential Air Service (from fees)	50	50	50	50	50	50	50	50	50	50	50
FAA Airport Improvement Program	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820
TSA Aviation Security Capital Fund	250	250	250	250	250	250	250	250	250	250	250
TSA Flight School Credentialing	3	3	3	3	3	3	3	3	3	3	3
MARAD Ocean Freight Differential	175	145	145	145	145	145	145	145	145	145	145
MARAD Title XI Loan Program	17	-	-	-	-	-	-	-	-	-	-
U.S. Coast Guard Retired Pay	1,238	1,265	1,300	1,337	1,382	1,435	1,494	1,561	1,637	1,716	1,801
U.S. Coast Guard Boat Safety	134	123	127	130	134	138	142	147	152	157	162
PHMSA Hazardous Materials Grants	28	28	28	28	28	28	28	28	28	28	28
Miscellaneous Adjustments/Offsets	(83)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Total, Function 400 (Transportation)	**43,741**	**43,983**	**44,065**	**44,173**	**44,293**	**44,500**	**44,604**	**44,646**	**44,658**	**44,682**	**44,732**

Highway Trust Fund

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billion really means that the Highway Account could have as little as $300 million or so in cash on hand in late September of this year.

At that time of year, cash reimbursements from the Highway Account to state departments of transportation average between $220 million and $240 million on each business day — an unacceptable margin for error. This means that under the CBO forecast, the Federal Highway Administration will be facing another cash crunch this September like the one that took place in September 2008. (On Friday, September 5, 2008, DOT hurriedly announced that they were running out of cash and would stop same-day reimbursements. At the time, the Highway Account was down to about $250 million cash on hand, and FHWA could not wait until the next transfer of tax receipts from the general fund, which at that point were biweekly. FHWA ceased its same-day payments to state DOTs, and Congress quickly appropriated $8 billion from the general fund to bail out the Trust Fund.)

The only question is — when will Congress consider the bailout legislation? Congress is scheduled to leave town on July 31, not to return until September 8. If things play out the way that CBO anticipates they will, then the prudent course would be for Congress to consider bailout legislation by July to prevent cash management problems at FHWA during August or the first two weeks of September.

The Appropriations Committees agreed to the last bailout request handily, as it was an emergency matter, but they might demand other considerations in exchange for future bailouts from the general fund.

Long-term. Looking beyond the next few months, the new CBO baseline projections for the Highway Trust Fund's bottom line are grim. The following table shows CBO's detailed estimate for the Highway Account and the Mass Transit Account (dollar amounts are in millions):

	Actual	Actual	Congressional Budget Office/Joint Committee on Taxation March 2009 Baseline Projections										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highway Account													
Fed-Aid Oblim (Gross)	39,083	41,216	40,700	41,079	41,329	41,579	41,789	42,163	42,700	43,360	44,060	44,721	45,464
Oblim Transfer to Transit (Flexing)	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Safety Resources (Oblim)	1,334	1,241	1,271	1,289	1,299	1,310	1,319	1,334	1,355	1,379	1,405	1,431	1,458
Beginning of Fiscal Year Balance	9,014	8,110	10,045	2,272	-3,857	-9,608	-20,162	-30,435	-41,412	-52,031	-61,400	-70,341	-78,979
Est. Flexing -- Transfer of Cash	-234	-427	-550	-680	-750	-860	-960	-1,010	-1,000	-1,000	-1,000	-1,000	-1,000
Receipts	34,309	31,344	31,610	31,703	32,213	32,941	33,711	34,429	34,965	35,344	35,666	35,941	36,194
General Fund Transfer	0	8,000	0	0	0	0	0	0	0	0	0	0	0
Outlays	34,979	36,999	38,834	37,152	37,213	42,635	43,025	44,395	44,595	43,723	43,617	43,590	44,174
End of Fiscal Year Balance	**8,110**	**10,045**	**2,272**	**-3,857**	**-9,608**	**-20,162**	**-30,435**	**-41,412**	**-52,031**	**-61,400**	**-70,341**	**-78,979**	**-87,947**
Mass Transit Account													
Transit Oblim (Gross, After Flex)	8,224	8,768	9,261	9,335	9,385	9,434	9,476	9,550	9,658	9,790	9,930	10,062	10,211
Beginning of Fiscal Year Balance	6,224	7,306	6,787	5,253	2,990	753	-1,871	-5,312	-9,483	-13,477	-17,135	-20,616	-24,204
Est. Flexing -- Transfer of Cash	234	427	550	680	750	860	960	1,010	990	990	990	990	990
Receipts	5,054	5,043	4,793	4,794	4,843	4,926	5,015	5,095	5,151	5,181	5,201	5,212	5,219
Outlays	4,206	5,989	6,877	7,738	7,830	8,410	9,416	10,277	10,134	9,829	9,672	9,790	9,920
End of Fiscal Year Balance	**7,306**	**6,787**	**5,253**	**2,990**	**753**	**-1,871**	**-5,312**	**-9,483**	**-13,477**	**-17,135**	**-20,616**	**-24,204**	**-27,915**

CBO is careful to make the following point regarding the negative balances shown here in red: "Under current law, the Highway Trust Fund cannot incur negative balances. A negative balance, as shown, represents obligations and the ability of the Trust Fund to pay those obligations. Future spending on programs financed by the Highway Trust Fund would continue, although the rate of outlays would likely slow." However, the cumulative negative balances are useful because they illustrate the amount of additional revenues that must be raised (or additional general fund subsidies that must be appropriated) to support baseline spending levels.

Looking beyond FY 2009, CBO believes that the Highway Account will finish FY 2010 $3.9 billion in the red. This actually understates the actual amount of total highway spending from all sources that will be taking place. For example, that bottom-line assumption is based Highway Account outlays dropping from $38.8 billion in FY 2009 to $37.2 billion in FY 2010 and $37.2 billion again in FY 2011.

Since federal highway spending obligations keep going up, one might wonder why CBO projects the outlays from those obligations to drop for the next two years. The answer: the stimulus bill. CBO is assuming that state DOTs will quickly figure out that the "maintenance of effort" requirements in the stimulus bill (found in sec. 1201 of Division A of Public Law 111-5) are basically toothless and that the amount of money states stand to lose if they violate the maintenance of effort rules is a pittance compared to the amount of money they can use now to plug holes in their budgets. CBO assumes that states will slow their spending of their regular

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federal-aid highway apportionments (which have a 80 percent federal cost share) and replace that money with stimulus money that carries a 100 percent federal share and a quicker expiration date.

CBO believes that this will cause Highway Account outlays to drop by $7.15 billion over FY 2010 and 2011, with that $7.15 billion to be made up for through higher outlays over the FY 2012-2016 period. The following table shows the effect that this assumption has on CBO's Highway Account outlay and end-of-year balance forecasts:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highway Account Outlays - CBO Baseline	38,834	37,152	37,213	42,635	43,025	44,395	44,595	43,723	43,617	43,590	44,174
Change in Highway Account Outlays If There Had Been No Stimulus Bill		+3,465	+3,685	-1,265	-1,182	-2,282	-1,870	-550			
Total Highway Account Outlays If There Had Been No Stimulus Bill	38,834	40,617	40,898	41,370	41,843	42,113	42,725	43,173	43,617	43,590	44,174
End-of-Year Highway Account Balance - CBO Baseline	2,272	-3,857	-9,608	-20,162	-30,435	-41,412	-52,031	-61,400	-70,341	-78,979	-87,947
Change in Highway Account Outlays If There Had Been No Stimulus Bill		-3,465	-3,685	+1,265	+1,182	+2,282	+1,870	+550			
End-of-Year Highway Account Balance If There Had Been No Stimulus Bill	2,272	-7,322	-13,293	-18,897	-29,253	-39,130	-50,161	-60,850	-70,341	-78,979	-87,947

Expressed as percentages, the new CBO forecast shows that over the next ten years, baseline outlays from the Highway Account will average between 16 and 29 percent higher than annual receipts. The imbalance is even more striking in the Mass Transit Account, where baseline outlays will vary from between 43 and 102 percent above projected revenues, to wit:

	Actual	Actual	Congressional Budget Office/Joint Committee on Taxation March 2009 Baseline Projections										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
HA Outlays as % of Receipts	102%	118%	123%	117%	116%	129%	128%	129%	128%	124%	122%	121%	122%
MTA Outlays as % of Receipts	83%	119%	143%	161%	162%	171%	188%	202%	197%	190%	186%	188%	190%

Baseline. All of this serves to underscore one crucial point: CBO believes that under current tax law, the receipts deposited in the Highway Trust Fund will come nowhere close to being able to support baseline Trust Fund spending levels in 2010 and thereafter. But what are these "baseline" spending levels? Translating the outlays for the Highway Account and the Mass Transit Account to obligation numbers comparable to the annual appropriations bill, the spending baseline for Highway Trust Fund programs looks like this, in terms of obligation limitations (numbers for highways and transit are "pre-flex" and do not reflect the flexing of funds from one account to the other):

	Congressional Budget Office March 2009 Baseline Projections										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Federal-aid Highways (Ob Limit)	40,700	41,079	41,329	41,579	41,789	42,163	42,700	43,360	44,060	44,721	45,464
Federal-aid Highways (Exempt)	739	739	739	739	739	739	739	739	739	739	739
FMCSA	541	551	557	562	568	576	586	599	611	624	637
NHTSA	730	738	742	747	751	759	769	781	794	807	820
Total, Highway Category Obligations	**42,710**	**43,107**	**43,367**	**43,627**	**43,847**	**44,237**	**44,794**	**45,479**	**46,204**	**46,891**	**47,660**
Mass Transit Category Obligations	**8,261**	**8,335**	**8,385**	**8,434**	**8,476**	**8,550**	**8,658**	**8,790**	**8,930**	**9,062**	**9,211**
Total New HTF Obligations	**50,971**	**51,442**	**51,752**	**52,061**	**52,323**	**52,787**	**53,452**	**54,269**	**55,134**	**55,953**	**56,871**
Annual Percentage Increase		***+0.9%***	***+0.6%***	***+0.6%***	***+0.5%***	***+0.9%***	***+1.3%***	***+1.5%***	***+1.6%***	***+1.5%***	***+1.6%***

The obligation totals for Trust Fund spending under the new CBO baseline increase by less than one percent each year until FY 2015, when they increase by 1.3 percent over FY 2014. The ongoing recession will presumably keep inflation very low, and that in turn lowers the amount of increase in the baseline in each of the next few years.

To reiterate: current tax rates are unlikely to bring in anywhere near the amount of revenues needed to pay for the spending levels enacted into law earlier this month in the omnibus appropriations bill, plus less than one percent per year increases for inflation. And the current spending levels are widely regarded as being woefully insufficient for the task of keeping the existing surface transportation system in a state of good repair, to say nothing of the extra sums that would be necessary to upgrade and expand the existing system.

How much money is needed just to pay for the baseline? Well, first the decision must be made whether or not to continue with the post-1956 principle that all highway spending should be paid for by taxes and fees levied on highway users. If that is the case, then the math is simple. By the end of FY 2015

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(which is the endpoint of a hypothetical six-year surface transportation reauthorization bill), the total Highway Trust Fund deficit will be $65.5 billion (see table at right). But simply raising that much revenue only gets the Trust Fund to zero at the end of the bill.

The Federal Highway Administration for decades has urged Congress not to intentionally spend down Trust Fund revenues below the point where cash on hand equals about three months worth of outlays — to prevent cash management problems like those that took place last September. In order to restore a three-month minimum balance to the Highway and Mass Transit Accounts would require an additional $13.7 billion.

Filling the Highway Trust Fund Revenue Gap Under CBO Baseline Spending

	2010	2011	2012	2013	2014	2015
Highway Account EOY Balance	-3,857	-9,608	-20,162	-30,435	-41,412	-52,031
Transit Account EOY Balance	2,990	753	-1,871	-5,312	-9,483	-13,477
Total HTF EOY Balance	-868	-8,854	-22,032	-35,747	-50,895	**-65,508**

25 Percent of Highway Account FY 2015 Estimated Outlays:	11,149
25 Percent of Mass Transit Account FY 2015 Estimated Outlays:	2,534
Total Minimum Balance of 3 Months Worth Of Outlays By End of 2015:	**13,682**
Additional Revenues Needed For the Trust Fund Over the 2010-2015 Period To Pay For CBO Baseline Spending <u>and</u> Maintain A Minimum Balance Equal To Three Months Worth of Outlays:	**79,190**
The National Surface Transportation Infrastructure Financing Commission says that to raise an extra billion dollars per year for the Trust Fund it is necessary to increase the taxes on gasoline and diesel fuel by 0.56 cents per gallon. Dividing the needed revenues into over 6 years gives this per year:	13,198
	x 0.56
	7,391

7.4 cents per gallon tax increase needed

In total, an extra $79.2 billion must be deposited in the Trust Fund over the next six years (above and beyond the taxes that current law will bring in) just to pay for the baseline spending and a prudent minimum balance. If one relies solely on the proven generators of big money — the federal excise taxes on gasoline and diesel fuel — the National Surface Transportation Infrastructure Financing Commission estimates that to raise each $1 billion per year of additional Trust Fund revenues, the fuel taxes must be increased by 0.56 cents per gallon (the tax rates flowing into the Trust Fund are currently 18.3 cents per gallon for gasoline and 24.3 cents per gallon for diesel).

Using the math shown above, <u>it would require an increase in the gasoline and diesel taxes of about 7.4 cents per gallon to pay for baseline spending levels over the next six years, plus a prudent minimum balance, if one maintains the user-pays principle and relies solely on the fuel taxes for the additional revenue</u>.

Growth. But as we showed earlier, the baseline only increases spending by less than one percent per year over 2010-2014. How much would have to be raised to pay for a significantly increased surface transportation program?

House Transportation and Infrastructure Chairman James Oberstar (D-MN) has spoken of possibly introducing a six-year, $450 billion reauthorization bill in the next few months. As shown in the table below, the comparable baseline figure for those programs over the next six years is $326 billion, so the Oberstar plan is $124 billion over the CBO baseline obligation levels. Oberstar has released no specifics of his plan, making it impossible to analyze. But if a $450 billion bill sticks to the traditional 80-20 shares (roughly 80 percent of total obligations for highways and 20 percent for mass transit, and within transit, 80 percent supported from the Trust Fund and 20 percent supported by the general fund), then a $450 billion bill would obligate about $119 billion from the HTF over the baseline.

<u>If one were to raise an additional $119 billion over six years solely by increasing gasoline and diesel taxes, a tax increase of up to 11.1 cents per gallon would be required</u>. The needed increase might not be quite that high depending on how much of the bill's outlays above the baseline are back-ended so they occur after September 30, 2015 — perhaps it would be in the

CBO March 2009 Baseline for Total 6-Year "Highway Bill" Obligations

	2010	2011	2012	2013	2014	2015	Total
Highways (Ob Limit)	41,079	41,329	41,579	41,789	42,163	42,700	**250,639**
Highways (Exempt From Limit)	739	739	739	739	739	739	**4,434**
FMCSA Obligations	551	557	562	568	576	586	**3,400**
NHTSA Obligations - HTF Only	738	742	747	751	759	769	**4,506**
FTA Obligations	10,325	10,388	10,450	10,504	10,597	10,732	**62,996**
Total "Highway Bill" Obligations	**53,432**	**53,755**	**54,077**	**54,351**	**54,834**	**55,526**	**325,975**
Oberstar Proposal:							450,000
Oberstar Proposal Increase Over CBO Baseline:							**+124,025**
Less General Fund Transit If Traditional 80-20 Splits Are Maintained:							-4,961
Oberstar Assumed Increase in HTF Obligations Over Baseline:							**+119,064**
Fuel Tax Increase Needed To Raise $119 Billion Over Six Years:							**11.1 cents per gallon**
Plus Fuel Tax Increase Needed To Pay For Baseline Spending:							**+7.4 cents per gallon**
Total Fuel Tax Increase Needed For $450 Billion Bill:							**18.5 cents per gallon**

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8 to 10 cent per gallon range. In combination with the tax increase necessary to pay for baseline spending, the required fuel tax increase needed to pay for a $450 billion bill could be between 15.5 and 18.5 cents per gallon — more than doubling the existing federal gas tax of 18.4 cents per gallon.

This is in the same ballpark as last month's recommendations from the Financing Commission, which recommended an immediate tax increase of 10 cents per gallon on gasoline and 15 cents per gallon on diesel, to be indexed annually for inflation, as well as increases in the other existing taxes and fees that support the Trust Fund.

However, the Obama Administration continues to be unreceptive. Just last week, Transportation Secretary Ray LaHood told a House Appropriations Committee hearing that "This Administration is not in a mood to raise gasoline taxes when the economy is as bad as it is. So you are not going to see us promoting the idea of a raise in the gasoline tax to plus up the Highway Trust Fund...look, there is a realization that the Highway Trust Fund is not going to fund all of the things that all of us want to do in meeting our transportation needs. And so we have to think creatively. We have to think outside the box, and I hope people are willing to do that."

But the specific ideas LaHood and others frequently mention for "thinking outside the box" — increased tolling, public-private partnerships, a National Infrastructure Bank — all share one thing in common: they cannot be used to support federal appropriations or contract authority. So to the extent that there is direct federal spending for these programs, that spending can only be supported by two things: increased deposits into the Trust Fund, or new direct appropriations from the general fund.

Direct General Fund Appropriations. The only absolute constraints on general fund spending are political constraints — how high are Congress and the President willing to let federal deficits and debt get, and how much money are they willing to print? But there are also procedural constraints. Under the present system, if the Appropriations Committees want to appropriate money from the general fund to pay directly for highways or transit, every dollar that they appropriate counts against their budget ceiling (the "302(b)" allocation) for the Transportation-HUD subcommittee. Every dollar appropriated for directly for highways or transit is one dollar less that the THUD subcommittee can spend on public housing or the FAA or high-speed rail.

In its budget, the Obama Administration has put a much bigger priority on public housing spending than it has on any transportation spending with the notable exception of high-speed rail. The CBO forecast says that FY 2010 Highway Account outlays will exceed Highway Account receipts by about $3.9 billion in FY 2010 (we will assume that a general fund bailout gets the Trust Fund through the end of 2009 with a zero balance). Round up to, say, $5 billion for safety's sake in case the estimates are off. Now compare that $5 billion with the CBO baseline for the entire Department of Transportation's FY 2010 discretionary spending (shown in the table at right) and figure out where you would cut $5 billion, or even $2 or $3 billion, to make room for highways. And remember that the White House's priority number one is an extra $909 million for intercity passenger rail above the baseline.

CBO Baseline for USDOT Discretionary Appropriations

USDOT Discretionary Budget Authority	FY 2010 Baseline
FAA Operations	9,365
FAA Facilities and Equipment	2,784
FAA Research & Development	174
FTA Capital Investment Grants	1,825
FTA Research & University Centers	68
FTA Administrative Expenses	97
FRA Grants to Amtrak	1,503
FRA Safety and Operations	164
FRA Intercity Passenger Rail	91
NHTSA Operations and Research	130
Maritime Administration	163
All other USDOT	814
Total, USDOT Discretionary Baseline	**17,178**

Some of the money could come from cutting the HUD budget, but as noted above, housing is a top Obama priority, and legislators don't want to be seen as throwing poor people out of their homes in the middle of a recession.

The other answer is to increase the budget allocation for the Transportation-HUD subcommittee to make room for $5 billion in direct appropriations for highways, but that would involve cutting other programs or increasing the deficit — and as the lead article in this week's issue shows, the deficit is going to be a major political issue when the budget is considered.

These are painful choices. And while the whole point of the budget process is to force decisionmakers to make painful choices, those decisionmakers really hate being put on the spot. If a way can be found to please everybody, Congress will try to find it, even if it means sacrificing honesty and common sense.

We have seen that the only two honest ways to meet the baseline spending levels for highway and transit, much less give the programs any increase, are increasing the taxes and fees that support the Highway Trust Fund or else providing direct appropriations for these programs from the general fund of the Treasury. But there are dishonest ways to get the job done.

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General Fund Bailout of the Trust Fund. Transportation trust funds and the contract authority that they support exist in a budget process that is different than anything else in the federal government, made possible by a loophole left in the 1974 Budget Act. Because present scorekeeping rules classify contract authority as mandatory spending but classify the obligation limitations and outlays as discretionary, some legerdemain is possible in transportation that will not work anywhere else in the budget.

Last fall, Congress passed a law (P.L. 110-318) which said that "there is hereby appropriated to the Highway Trust Fund $8,017,000,000." Normally, when a Congress moves legislation that appropriates money, someone is held accountable for the spending — it counts against some committee's budget ceiling, or requires an offsetting spending cut or tax increase under the PAYGO rules. But not this money — it's an "intra-governmental transfer" and does not score. <u>A bailout of the Trust Fund by the general fund to allow the continued liquidation of contract authority is a consequence-free, though patently dishonest, way around the revenue constraints</u>.

Procedurally, there is no reason why Congress could not simply appropriate $100 billion, or even $1,000 trillion, to the Highway Trust Fund — the loophole in the budget process is that glaring, and such an appropriation would not be scored as costing any money (though it could affect Treasury debt levels). Politically, it would be a little more difficult, as all of the budget-oriented legislators know how ridiculous the loophole is. And such a bailout would require even the most diehard authorizers to finally give up the claim that the Highway Trust Fund is a wholly self-supporting, user-financed fiefdom that should be completely separate from the rest of the federal government.

And even if you appropriated $1,000 trillion in bailout cash from the general fund to the Trust Fund, Congress would still have to issue contract authority or make appropriations to allow that money to be spent. Which brings up another existing loophole in the budget law: contract authority, the rescission thereof, and its budget scorekeeping.

Contract Authority Scorekeeping. In the last few years, the Appropriations Committees have used rescissions of contract authority (which are fiscally meaningless without a corresponding reduction in obligation limitations) to offset real new appropriations — in 2009, the $17 billion DOT discretionary budget appears almost $3.5 billion lower because of this trickery. And the SAFETEA-LU law itself has an $8.7 billion rescission of highway contract authority set to take effect on September 30, 2009. These contract authority rescissions do not make one thin dime's worth of difference in the amount or timing of outlays leaving the federal Treasury and entering the economy. But they are going to have a tremendous effect on how the transportation budget fits into the big picture this year.

CBO is required by current scorekeeping rules to assume that expiring contract authority levels are continued into the out-years at the final enacted level, while obligation limitations get increased each year for inflation. But because of the rescissions and a few other factors, the final end-of-FY-2009 contract authority levels for several programs, especially highways, are significantly below the obligation levels, to wit:

CONTINUED ON NEXT PAGE

Transportation Trust Fund Contract Authority, Obligation Limitations, and Outlays - CBO Baseline

	Actual	Congressional Budget Office March 2009 Budget Baseline Projections									
	FY 2009	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
FAA AIP CA	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820
FAA AIP Ob Limit	3,515	3,549	3,571	3,594	3,612	3,646	3,692	3,751	3,812	3,871	3,935
FAA AIP Outlays from CA	3,680	3,624	3,488	3,531	3,585	3,609	3,640	3,682	3,733	3,791	3,850
Federal-aid Highways CA (subject to limit)	28,010	28,174	28,174	28,174	28,174	28,174	28,174	28,174	28,174	28,174	28,174
Federal-aid Highways Ob Limit	40,700	41,079	41,329	41,579	41,789	42,163	42,700	43,360	44,060	44,721	45,464
Federal-aid Highways Outlays From CA	37,089	38,737	39,275	40,074	40,684	41,022	41,590	42,034	42,469	43,054	43,631
NHTSA CA	660	660	660	660	660	660	660	660	660	660	660
NHTSA Ob Limits	730	738	742	747	751	759	769	781	794	807	820
NHTSA Outlays From CA	689	736	746	746	747	753	762	772	783	796	809
FMCSA CA	529	529	529	529	529	529	529	529	529	529	529
FMCSA Ob Limits	541	551	557	562	568	576	586	599	611	624	637
FMCSA Outlays From CA	535	547	555	565	571	578	591	598	605	618	631
FTA Formula & Bus Grant CA	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261	8,261
FTA Formula & Bus Grant Ob Limit	8,261	8,335	8,385	8,434	8,476	8,550	8,658	8,790	8,930	9,062	9,211
FTA Formula & Bus Grant Outlays from CA	6,286	7,405	7,862	8,114	8,310	8,508	8,523	8,632	8,682	8,799	8,928
Total Transportation CA	**41,280**	**41,444**	**41,444**	**41,444**	**41,444**	**41,444**	**41,444**	**41,444**	**41,444**	**41,444**	**41,444**
Total Transportation Ob Limits	**53,747**	**54,252**	**54,584**	**54,916**	**55,196**	**55,694**	**56,405**	**57,281**	**58,207**	**59,085**	**60,067**
Total Outlays From Transportation CA	**48,279**	**51,049**	**51,926**	**53,030**	**53,897**	**54,470**	**55,106**	**55,718**	**56,272**	**57,058**	**57,849**

NOTE: Outlays and CA do not reflect "flex" transfers from highway to transit and outlays do not reflect the depressive effect CBO assumes in 2010 and 2011 from stimulus spending.

Highway Trust Fund

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It is, of course, plainly impossible for the limitations on the exercise of contract authority to be meaningful if they are $151 billion higher over ten years than the actual amount of the contract authority being limited — obligation limitation is meaningless if there is nothing to limit. And it is *really* impossible for outlays to exceed new contract authority every year, forever, since outlays only come about as the end product the exercise of budget authority. But in the Wonderland of transportation budgeting, you have to be prepared, as the Red Queen told Alice, to believe six impossible things before breakfast.*

This discrepancy has an interesting consequence for the FY 2010 budget resolution. The budget will give each Congressional authorizing committee, like House Transportation and Infrastructure and Senate Environment and Public Works, a one-year allocation of mandatory budget authority and mandatory outlays for FY 2010 and a either a five-year (prior practice) or a ten-year (Obama proposal) allocation for the FY 2010-2014 period or the 2010-2019 period. But the allocation will judged against a baseline of the post-rescission contract authority numbers for these programs, not the "real" new spending level which most people agree is the obligation limitation level.

This means that the baseline for the T&I Committee's budget authority allocation for FY 2010 will be $12.8 billion lower than what should be the "real" baseline number. This also means that <u>if you simply want to increase T&I's allocation in the budget up to the 2010 baseline obligation level (which is the FY 2009 enacted level plus a 0.9 percent inflation increase), it will look like T&I is getting a 31 percent increase above baseline when in fact T&I will only be getting the "real" baseline level</u>. And if you want to increase spending for these programs significantly in 2010, as many legislators do, that 31 percent has to be added to whatever real increase you want to give. So a 10 percent real increase in contract authority spending would require a 41 percent increase in T&I's budget allocation, et cetera, et cetera. Over the five-year period, a $67.4 billion increase in the allocation for contract authority programs would be required just to get contract authority to the baseline for obligation limitations (a 33 percent increase).

Just as it was hard for legislators to say "no" to the authorizers last fall when a general fund bailout of the Trust Fund was needed to keep daily payments to states flowing because the bailout money didn't score, it may be hard for Congress to say "yes" to the authorizers when their demand for an increase in their allocation to the "real" FY 2010 baseline level is scored as a 31 percent increase in their allocation.

What to do?

Scorekeeping change? The White House has proposed a change in the scorekeeping rules that would fix many of these problems and end most of the loopholes. The proposal would count the obligation limitations as the "real" budget authority for scorekeeping purposes instead of contract authority. If the 2010 budget resolution includes this scorekeeping change, then the FY 2010 discretionary baseline for DOT would be $71.4 billion, not $17.2 billion. And the Appropriations Committees would then be free to lower obligation limitations on contract authority and replace them with general fund appropriations, and otherwise restructure the priorities and projects of the authorizing committees with their own priorities and projects.

The authorizing committees, naturally, are waging an all-out fight to prevent this scorekeeping change from going through, and the state DOTs are on their side, as the current CA + Ob Lim system at least gives states a virtual certainty of getting 80 to 90 percent of a certain funding level four or five years in advance, and the appropriators have not yet demonstrated that they could maintain multi-year spending commitments in that manner.

In the absence of a strong push in favor of the scorekeeping change from the Appropriations Committees and the Democratic leadership, it seems unlikely that the Budget Committees will agree to the Administration's proposal this month, but it is likely that the White House will continue to push for it (or something like it) as the negotiations on the next highway bill take place.

(*Ed. Note:* While the White House's proposal may or may not be the right solution, if you have read to the end of this article, it should be clear that the existing budget scorekeeping system for these programs ranges from misleading to plainly dishonest to downright absurd — and that the existing system makes it possible for Congress to continue avoiding the difficult revenue decisions that will be necessary to pay for existing surface transportation spending levels and needed spending increases in the future. In order to build a surface transportation system for the future, the President and legislators need the political courage to raise <u>real</u> revenues and the honesty to fully account for how they spend that money.)

**Really savvy budget geeks will remember that former Senate Budget Committee counsel Bill Dauster used to publish a helpful book called <u>Budget Process Law Annotated</u>, which Dauster said was inspired by Lewis Carroll scholar Martin Gardner's <u>The Annotated Alice</u>.*

Letter To All U.S. House Members From Transportation Chairmen

March 18, 2009

Dear Colleague:

We would like to bring your attention to a potential crisis that could undermine Congress' ability to address the significant needs of our nation's surface transportation system.

Recent revenue projections by the Congressional Budget Office show that the primary source of funding for highway and transit investment - the Highway Trust Fund ("Trust Fund") -is facing a severe shortfall. ***Without taking steps to address this situation, the Highway Trust Fund will only support a highway investment level of approximately $20.5 billion in* FY *2010, one-half of the amount that we are investing this year. The Federal transit programs would also face a significant cut in FY2010.***

Last year, the National Surface Transportation Policy and Revenue Study Commission identified a significant surface transportation investment gap, and called for an annual investment level of between $225 billion and $340 billion (by all levels of government and the private sector) over the next 50 years to upgrade all modes of surface transportation to a state of good repair. The current annual capital investment from all sources in all modes of transportation is $85 billion. This significant investment gap was confirmed by the National Surface Transportation Infrastructure Financing Commission in February. The Financing Commission found that revenues raised by all levels of government for capital investment will total only one-third of the amount necessary each year to maintain and improve the nation's highways and transit systems. At the current investment rate, the Finance Commission found that the Federal highway and transit investment gap will total approximately $400 billion over the period of the next reauthorization.

Congress must act to authorize the nation's surface transportation programs by September 30, 2009, when the current authorization - the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ('SAFETEA-LU") - expires. If we do not address the long-term solvency of the Trust Fund by passing the next surface transportation authorization by the September 30th deadline, the result will be drastic for every state. As the attached state-by-state breakdown clearly illustrates, this reduction in Federal highway investment would seriously damage the ability of States and Metropolitan Planning Organizations to plan and carry out infrastructure projects.

These cuts would unquestionably cause construction to halt on many critical projects throughout the nation and would negate the stimulative effect of the American Recovery and Reinvestment Act of 2009.

The unreliable outlook for future Federal funding complicates Congress' efforts to enact a multi-year authorization of these vital programs. This authorization bill is Congress' opportunity to address the long-term issues impacting our surface transportation programs, including how we will finance future infrastructure investments. The September 30,2009 expiration date for SAFETEA-LU is fast approaching and we can't afford any temporary extensions while we negotiate the new bill. States need a reliable financing mechanism to plan new projects. If we do not complete an authorization bill on time, States will be left without that reliable funding source. During the 12 extensions of the Transportation Equity Act for the 215' Century before SAFETEA-LU was signed into law, States significantly pulled back on investments in highway construction projects because of uncertainty regarding how much Federal funding the State would receive.

Since the beginning of the 110thCongress, the Committee on Transportation and Infrastructure has been working to develop the transformational surface transportation legislation necessary to meet the needs of our transportation network. We fully intend to have legislation considered by the House in June and to have a bill on President Obama's desk before the September 30th deadline.

We look forward to working with each of you to complete the next surface transportation authorization bill.

Sincerely,

James L. Oberstar, Chairman
Transportation and Infrastructure Committee

Peter A. DeFazio, Chairman
Highways and Transit Subcommittee

Ed. Note: This "Dear Colleague" letter was accompanied by a state-by-state table showing how each state's annual highway formula obligations could be reduced in FY 2010 <u>if</u> new apportionments and obligations are limited to the amount necessary to match Trust Fund outlays with receipts estimated to be deposited into the Trust Fund by taxes alone. The national apportioned total would be reduced from $32.7 billion to $15.9 billion, a reduction of 51.3 percent. Each state's apportionment would be cut between about 45 percent and about 55 percent depending on equity bonus and other apportionment factors. <u>However, these funding cuts will only take place if the supporters of the highway program choose to limit themselves to legitimate revenues deposited into the Trust Fund by the excise taxes and fees paid by motorists and trucking companies</u>. As the previous article demonstrates, we faced this doomsday scenario last summer, but no funding cuts ever took place — in fact, funding in many states went up, because <u>Congress realized that they can simply write a check and have the general fund of the Treasury bail out the Trust Fund and avoid any highway spending cuts</u>.

If no multi-year authorization can be placed on President Obama's desk by September 30, will Oberstar and his colleagues accept 50 percent cuts in new highway spending in exchange for preserving the "user pays" principle and the "sanctity" of the Trust Fund, or will they keep spending at around the present levels and accept repeated bailouts from the general fund that drive the stake into the already-dying user-pays highway financing system?

Obama Nominates Two To Senior Dept. of Transportation Posts

Last week, President Obama announced two more senior-level nominees for the U.S. Department of Transportation — Robert S. Rivkin, as General Counsel, and Joseph Szabo as Federal Railroad Administrator.

Bob Rivkin is currently Vice President and Deputy General Counsel—Americas of Aon Corporation, a Chicago-based global risk management and insurance brokerage firm. In that capacity, he is responsible for the business counseling, litigation, regulatory affairs, employment law and government affairs functions that support all of Aon's businesses across the Americas. Rivkin has significant experience with transportation issues. From 2001 to 2004, he served as General Counsel of the Chicago Transit Authority, America's second-largest transportation system, and has also served on the Transportation Committee of the Chicago-based Metropolitan Planning Council. Rivkin helped establish and lead the Obama for America transportation policy committee, and was a member of the USDOT transition team. Previously, he practiced law as a partner at the Chicago law firm now know as Schiff Hardin, L.L.P., served as Director of Programs and Policy for the City of Chicago's Law Department, and prosecuted federal criminal cases as an Assistant United States Attorney for the Northern District of Illinois.

He graduated magna cum laude from Harvard College, received his J.D. from Stanford Law School, where he was an associate editor of the Stanford Law Review. Rivkin and his wife, Cindy Moelis, have two daughters (Stephanie and Claire) and a son (Alexander).

Joe Szabo is currently the Illinois State Legislative Director for the United Transportation Union. As State Director, he has provided vision and direction to rail safety and regulatory issues and worked with business and civic leaders in the advancement of freight and passenger rail service. Szabo also serves as an alternate member of the Federal Railroad Administration's Rail Safety Advisory Committee participating in the development of federal regulations on rail safety.

Prior to this, Szabo served as the Mayor of the Village of Riverdale after serving ten years as a Village Trustee.

(*Ed. Note:* It is deeply, painfully sad that longtime UTU National Legislative Director Jim "Brokenrail" Brunkenhoefer did not live to see a UTU man become FRA Administrator.)

Six-Month FAA Extension Bill Cleared For White House

Last week, both chambers of Congress easily passed legislation providing a six-month extension of the expenditure authority from the federal Airport and Airway Trust Fund and of the excise taxes and fees that support the Trust Fund.

H.R. 1512, the Federal Aviation Administration Extension Act of 2009, has been cleared for President Obama's signature. He is expected to sign the bill into law before the expiration of the taxes and the expenditure authority on March 31.

The House passed the bill on March 18 by voice vote after brief debate (no one from the Transportation and Infrastructure Committee showed up to speak — the scant minutes of debate were entirely handled by Ways and Means), and the bill passed the Senate a few hours later by unanimous consent with no debate.

The bill will extend the fees and expenditure authority until September 30, 2009 and will also provide the Airport Improvement Program with enough contract authority to fulfill its obligation schedule for the remainder of the year.

The Senate Commerce, Science and Transportation is scheduled to hold a hearing on its FAA reauthorization plans tomorrow afternoon.

VMT Dropped Again In January

New data from the U.S. Department of Transportation show that driving on U.S. roads fell again in January, for the fourteenth consecutive month. This is the first January to January drop since 1982:

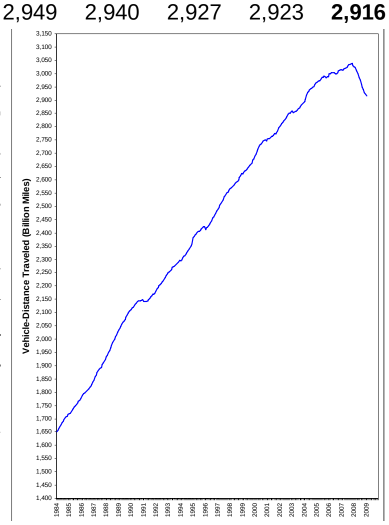
Annual U.S. Vehicle-MilesTraveled, All Roads

In Billion VMT, 12-Month Rolling Average, Oct 2007-Jan 2009

Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
3,037	3,038	3,030	3,026	3,024	3,013	3,009	2,999

Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Jan**
2,985	2,976	2,961	2,949	2,940	2,927	2,923	**2,916**

The chart at right shows the monthly moving annual VMT totals from 1984 through January 2009. The "fishhook" at the top right of the chart is obviously steeper than at any time since that recession. This is an annualized decrease of 3.1 percent, which should be reflected in gas and diesel tax payments.



Mexico Details Tariffs Levied In Retaliation For Dorgan Amendment

As promised, the government of Mexico levied tariffs on a wide series of mostly agricultural goods last Wednesday in retaliation for a recent U.S. law eliminating the access Mexican truckers have to U.S. highways (which was guaranteed by the 1993 NAFTA trade agreement).

The highest tariff level (45 percent) is levied on fresh grapes, a slap at California. None of the other tariffs tops 20 percent, — farm goods such as pears, Christmas trees, dates, apricots, cherries, and strawberries, as well as finished goods like deodorant, pencils and appliances. A full list is linked on the following page, and a letter relating to the tariffs appears below along with our clarifying notes.

Dear President Obama: March 20, 2009

As you are aware, Mexico has announced $2.4 billion in retaliatory tariffs against the United States because Congress terminated the Cross Border Truck Safety Inspection Program.

These tariffs are illegal and should be treated as nothing more than political gamesmanship. Mexico has no legal grounds to implement any of these tariffs. Even if there was a legal basis for the tariffs, the $2.4 billion price tag is a disproportionate response, and the 90 U.S. products targeted for tariffs were illegally selected.

The United States must not cave in to these scare tactics and sacrifice the safety of the traveling public on our highways. As you will recall, when you served in the U.S. Senate you joined an overwhelming majority of Congress in repeatedly rejecting this notion. We must call Mexico's bluff.

In 2001, a NAFTA arbitration panel found that the U.S. refusal to permit entry to any Mexican truck carriers was NAFTA illegal, but the panel also made it clear that U.S. safety standards do not need to be waived to comply with NAFTA. In response to the ruling, the Bush Administration established the Cross Border Truck Safety Inspection Program. Under this program, the free trade ideologues within the Bush Administration falsely claimed Mexican and U.S. track safety laws were equivalent.

However, repeated studies by the U.S. Department of Transportation's own Inspector General showed that neither Mexico's carrier truck fleet nor its driver licensing and safety rules meet the requirements of U.S. law. In addition, federal studies have shown that Mexican trucks are three times more likely to have safety deficiencies than U.S. trucks. In defense of families who share the same highways with these trucks, Congress has firmly rejected the demonstration inspection program.

The path foreword is clear. Your administration can be compliant with the 2001 NAFTA arbitration panel by allowing Mexican trucks access to the U.S roadways if those carriers can prove they meet U.S. safety standards regarding hours of service, driver training, licensing, drug testing and vehicle safety. This is entirely reasonable. And your administration has clearly indicated this is the path it intends to take, making the Mexican tariff threat a political stunt. Any action to impose a tariff would be illegal.

Putting aside the lack of a legal basis, the $2.4 billion value of the proposed tariffs is grossly distorted and not supported by the facts. Mexico has no legal basis to impose greater costs on the United States than the supposed costs on the Mexican economy.

Mexico has made it clear that it chose products for retaliatory tariffs that would harm the districts or states of Members of Congress who led the charge to rid this program. For example, Oregon exports were specifically targeted including Christmas trees, wine, potatoes, pears, onions, and cherries. In essence, the government of Mexico is targeting U.S. elected officials who stand up for the safety of Americans. As you well know, such arbitrary tariffs are prohibited under the terms of WTO and NAFTA.

Compare those tactics to how the U.S. government tries to help Mexico cope with a major crime problem. The United States and Mexico have initiated the Mérida Initiative, a multi-year proposal for $1.4 billion in U.S. assistance to Mexico and Central America aimed at combating drug trafficking and organized crime. The FY 2009 Omnibus Appropriations bill provides $405 million for this initiative.

If the Mexican government continues to threaten the United States and its elected officials, then I suggest you withhold the $405 million in taxpayer dollars destined for the Mérida Initiative. We cannot allow the Mexican government to hold us hostage. I ask that your administration challenge the legality of the tariffs.

To be honest, this issue provides a clear example of why NAFTA should be renegotiated. Even if Mexican carriers meet all U.S. safety requirements, the low wages of Mexican drivers will still drive U.S trucking companies out of business. This continues a disturbing trend of American job losses through outsourcing. The difference is that we are allowing foreign workers making foreign wages to enter our nation and unfairly compete for American jobs.

Sincerely,
Peter DeFazio

TW Editor's Notes:

"These tariffs are illegal" — the *Washington Post*, in its lead editorial dated March 23, 2009, felt differently, saying that "Mexico's action is fully legal under the arbitrators' ruling."

Yes, then-Senator Obama voted with the majority on September 11, 2007 when the Dorgan amendment banning Mexican trucks passed the Senate by a 75 to 23 vote. An identical amendment offered in the House by Rep. Peter DeFazio (D-OR), the author of this letter, passed by voice vote on July 24, 2007.

Actually, the IG said that it couldn't verify the average road-worthiness of a Mexican truck because too few trucks participated in the program and the solution would be for more Mexican trucks to come in: http://www.oig.dot.gov/item.jsp?id=2426

"The path foreword is clear" - Yes, Mr. DeFazio misspelled "forward" in this context in his letter to the President. And his press release announcing the letter misspelled "border". But it's not as bad as the recent AASHTO press release that misspelled President Obama's first name…

This is true -- the tariffs were selected to punish particular U.S. legislators. And while they may be "illegal", remember that NAFTA was ratified in 1993, and it took until 2001 to get the American refusal to allow Mexican trucks decided by an arbitration panel. So even if the tariffs are excessive, they may be here for a while.

At this point, DeFazio leaves planet Earth behind and proposes unilateral surrender to Mexican narcoterrorist cartels in retaliation for the tariffs. Evidently he did not clear this with Speaker Pelosi, who said last week she is thinking of increasing funding for this program, not decreasing it.

Here's the real objection to Mexican trucks: "Even if Mexican carriers meet all U.S. safety requirements, the low wages of Mexican drivers will still drive U.S. trucking companies out of business." This may well be true, and DeFazio's final proposed remedy-renegotiation of NAFTA-is the only way to deal with the issue legally and fairly.

NEW AND NOTABLE ON THE INTERNET

Congressional Budget Office

The full document giving CBO's initial analysis of President Obama's 2010 budget is here:

http://www.cbo.gov/ftpdocs/100xx/doc10014/03-20-PresidentBudget.pdf

Economic Stimulus Act—Implementation

FHWA has published a calendar of reporting and other dates associated with the $27.5 billion in highway and bridge funding in the stimulus bill:

http://www.fhwa.dot.gov/economicrecovery/calendar.htm

The House Transportation and Infrastructure Committee has posted the forms it wants states and localities to fill out to justify how they are spending their transportation stimulus funding. The letters and forms are here:

http://transportation.house.gov/singlepages/singlepages.aspx?NewsID=852

House Budget Committee

When Chairman Spratt's draft of the FY 2010 budget is released to the public it will be posted here:

http://budget.house.gov/

Joint Committee on Taxation

JCT has released its latest incredibly valuable "blue book", *General Explanation of Tax Legislation Enacted in the 110th Congress*, which is available here:

http://www.house.gov/jct/s-1-09.pdf

Mexican Tariffs In Retaliation For Dorgan Amendment

A translated list of the tariffs levied by the government of Mexico against U.S. goods last week is here:

http://mexicotrucker.com/wp-content/plugins/download-monitor/download.php?id=74

Senate Budget Committee

The Republican staff of the Senate Budget Committee includes an article about the highway and transit "firewalls" starting on page 3 of its last issue of the *Budget Bulletin*, here:

http://budget.senate.gov/republican/analysis/BB-Latest.pdf

U.S. Government Accountability Office

A recent GAO report entitled *Highway Infrastructure: Federal Efforts to Strengthen Security Should Be Better Coordinated and Targeted on the Nation's Most Critical Highway Infrastructure* is online here:

http://hsc.house.gov/SiteDocuments/highwaygao.pdf

STATUS OF TRANSPORTATION-RELATED NOMINATIONS

Agency	Nominee	Position	Senate Committee	Latest Action
Department of Transportation	Ray LaHood	Secretary	Commerce, Science and Transportation	Sworn into office 1/23/09
Department of Transportation	Roy Keinitz	Under Secretary for Policy	Commerce, Science and Transportation	Nomination transmitted 3/16/09
Department of Transportation	Robert Rivkin	General Counsel	Commerce, Science and Transportation	Nomination announced 3/19/09
Department of Transportation	Dana Gresham	Assistant Secretary for Governmental Affairs	Commerce, Science and Transportation	Nomination transmitted 3/10/09
Federal Railroad Administration	Joseph Szabo	Administrator	Commerce, Science and Transportation	Nomination announced 3/18/09

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THIS WEEK IN COMMITTEE

Tuesday, March 24, 2009 - House Transportation and Infrastructure — Subcommittee on Coast Guard and Maritime Transportation — subcommittee hearing on Coast Guard acquisition policies and programs — *10:00 a.m., 2167 Rayburn.*

Wednesday, March 25, 2009 - Senate Environment and Public Works — full committee hearing on transportation investment — *10:00 a.m., SD-406 Dirksen.*

House Budget — full committee markup of the fiscal year 2010 Congressional budget resolution — *10:30 a.m., 210 Cannon.*

Senate Budget — full committee markup of the fiscal year 2010 Congressional budget resolution — *2:30 p.m., SD-608 Dirksen.*

Senate Commerce, Science and Transportation — Subcommittee on Aviation Operations, Safety and Security — subcommittee hearing on FAA reauthorization, focusing on NextGen — *2:30 p.m., SR-253 Russell.*

Thursday, March 26, 2009 - Senate Budget — full committee markup of the fiscal year 2010 Congressional budget resolution (continued from previous day) — *10:00 a.m., SD-608 Dirksen.*

House Transportation and Infrastructure — full committee hearing on the Department of Transportation's Disadvantaged Business Enterprise program — *11:00 a.m., 2167 Rayburn.*

STATUS OF MAJOR TRANSPORTATION BILLS — 111th CONGRESS

BILL	HOUSE ACTION	SENATE ACTION	RESOLUTION
FY 2009 Omnibus Appropriations Act	H.R. 1105 passed House 2/25/09 by a vote of 245-178	H.R. 1105 passed Senate 3/10/09 by voice vote	Public Law 111-8 3/11/09
Economic Stimulus Appropriations & Tax Cuts	H.R. 1 conference report passed House 2/13/09 by 246-183-1	H.R. 1 conference report passed Senate 2/13/09 by a vote of 60-38	Public Law 111-5 2/17/09
FY 2010 Congressional budget resolution	Budget resolution scheduled for committee markup on 3/25/09		
FY 2010 Transportation-HUD Appropriations			
FY 2010 Energy and Water Appropriations			
FY 2010 Homeland Security Appropriations			
Federal Aviation Admin. Reauthorization Bill	H.R. 915 ordered reported 3/5/09 by House T&I Committee		
Surface Transportation Reauthorization Bill			
Water Resources Development Act			
FY 2010 Coast Guard Authorization			