

THE LEGISLATIVE SERVICES GROUP'S

Transportation Weekly

MONITORING AND ANALYZING DEVELOPMENTS IN FEDERAL TRANSPORTATION AND PUBLIC WORKS POLICY

Volume 10, Issue 17

Wednesday, April 1, 2009

Legislative Schedules Week of March 30, 2009

House

Wednesday — meets at 10 a.m. — eighteen measures to suspend the rules, including H. Res. ____, accepting Ohio's donation of a statute of Donald "Buz" Lukens into Statutory Hall in the Capitol Building.

Thursday and Friday — meets at 10 a.m. — H.R. 1485, ceding the lands known as Alaska back to the Tsar Emperor of all the Russias, and H.R. 5436, ceding the lands known as the Gadsen Purchase back to the Emperor of Mexico.

Senate

The Senate convenes at 10 a.m. today to continue consideration of the nomination of Rep. Jeff Flake (R-AZ) to be Administrator of the Federal Highway Administration.

Inside This Issue

<i>FRA Allocates \$6 Billion to Build Springfield Monorail.....</i>	2
<i>Rep. Don Young Joins Pacifist Buddhist Sect, Forgives Enemies</i>	4
<i>Oberstar Announces Plans For Floating NYC-Calais Bike Path</i>	5
<i>Boeing Plans Triple-Decker Plane To Compete With A380...</i>	6
<i>Captive Shippers, Rail CEOs Hold Hands, Sing "Kumbayah"</i>	8
<i>NATCA ATCs at Metropolis TRACON Cite Superman-Related Job Stress In Complaint</i>	9-10
<i>New/Notable on the Internet....</i>	11
<i>Nominations Calendar.....</i>	11
<i>This Week In Committee.....</i>	12
<i>Status of Major Transportation Bills.....</i>	12

In Historic Shift, Obama To Back Gas Tax Repeal; Will Change to Distance-Based Revenue System

Will Encompass All Modes: Goes Beyond Vehicle-Miles To Person-Yards Traveled ("PYT")

In a historic policy shift, President Obama will soon announce that he will push Congress to eliminate existing excise taxes that fund federal transportation programs in favor of a sweeping new program that charges individuals a user fee for personal distances traveled across all modes of transportation.

Two senior administration officials said last night that Obama and Transportation Sec. Ray LaHood will announce an outline of the plan next week.

Under the plan, every U.S. citizen and resident alien will have a small RFID chip implanted at the base of their neck at

the C-7 vertebra. The chip will allow constant tracking of movement by a network of new GPS satellites and low-altitude reconnaissance drones.

The information from the satellites and drones will be fed into a new computer system originally developed by the Pentagon and NSA but which will be transferred to DOT. Called Skynet, the system (which will be merged with the FAA's NextGen air traffic system and all ITS facilities) will allow complete tracking of the movement of every individual, whether by road, plane, bus, rail, bicycle, foot, or stroller.

Skynet will then bill individuals by person-yards



President Obama will propose a sweeping new transportation user fee system, called Skynet.

traveled (PYT) to give an accurate measurement of each person's usage of all transportation systems, including sidewalks, bike paths, and hiking trails.

Collection of delinquent user fees would be delegated to a series of new machines. Called "Term-

CONTINUED ON PAGE 42

Congress To Expand Davis-Bacon To Mexican Truck Drivers

Congress will vote next month on legislation to end the Mexican standoff between the U.S. government and Mexico over truck access to U.S. roadways. In a compromise with the Teamsters Union, the legislation will re-establish the border truck pilot program in exchange for guaranteeing that all Mexican truck drivers will receive

the prevailing union wage under the Davis-Bacon Act.

The bill (H.R. 6244) was introduced by Rep. Steve LaTourette (R-OH).

After the legislation is enacted, Mexico will lift most of its retaliatory tariffs imposed on U.S. goods last month. However, tariffs on Oregon pears, apples and Christmas trees will remain in

place and those proceeds will be deposited in a special fund to protect the Mexican truck drivers against the possibility that future peso devaluation might hurt the buying power of their Davis-Bacon wages.

Rep. Peter DeFazio (D-OR) strongly opposes the compromise, saying yesterday that "This is a fu-

CONTINUED ON PAGE 65

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HAPPY APRIL FOOL'S DAY

Wednesday, April 01, 2009

Legislative Schedules Week of March 30, 2009

House

Wednesday — meets at 10 a.m. — three measures under suspension of the rules, plus H.R. 1664, Wall Street compensation, H.R. 1256, smoking prevention, and initial consideration of H. Con. Res. 95, the budget resolution.

Thursday and Friday — meets at 10 a.m. (9 a.m. Friday) — complete consideration of H. Con. Res. 95.

Senate

The Senate will convene at 10 a.m. today and will resume consideration of S. Con. Res. 13, the budget resolution. 20 hours of statutory debate time are remaining, plus vote-a-rama.

At the conclusion of this week's business, both chambers will take a two-week recess for the Easter/Passover District Work Period.

Inside This Issue

Overall Budgetary Totals.....	2
Transportation Budget Totals...	3
House and Senate "Reserve Funds" For the Highway Bill.....	4
Discretionary Spending Assumptions In the Baseline	5
President Nominates Randy Babbitt To Head FAA.....	9
FHWA Clarifies 120-day Stimulus Redistribution.....	9
No More Cute Acronyms.....	9
FHWA Releases FY 2009 Highway Obligation Limitation...	10-12
New/Notable on the Internet...	13
Nominations Calendar.....	13
This Week In Committee.....	14
Status of Major Transportation Bills.....	14

House, Senate Budgets Track Obama Budget, Baseline on Transportation Outlays, Discretionary

Wide Gap Between House, Senate On Contract Authority Totals Due To Rescissions

The House and Senate are debating their versions of the annual Congressional budget resolution for fiscal year 2010 this week.

The Senate began its 50 hours of debate on its resolution (S. Con. Res. 13) on Monday and will finish by the end of this week. The House is scheduled to begin general debate on its resolution (H. Con. Res. 95) today and should consider amendments tomorrow.

The House and Senate Budget Committees reported their resolutions last week. Both panels modified projected levels of future revenues and lowered future spending allocations in order to

reduce the sizeable deficit and debt burdens that are projected to result from the White House's 2010 budget request.

Both the House and Senate plans assume identical amounts of discretionary transportation funding for transportation in fiscal year 2010, and both resolutions defer decisions on the surface transportation reauthorization bill until later on.

However, the two chambers approach the future highway bill differently, both in the structure of their "reserve funds" for the bill and in their spending baselines for



transportation contract authority.

President Obama's 2010 budget request raised eyebrows when the nonpartisan Congressional Budget Office predicted that it would increase the national debt held by the public from \$8.0 trillion six months from now to \$17.3 trillion ten years from now (the latter figure would be over 80 percent of annual gross domestic product).

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Aviation Trust Fund Outlook Tight Through 2013

(A lengthy article last week discussed the new CBO baseline for the Highway Trust Fund. This much shorter article discusses the new baseline for the Airport and Airway Trust Fund.)

A new projection of the future finances of the federal Airport and Airway Trust Fund shows that the amount of increased spending that

could be supported by the Trust Fund over the next three years is very limited.

The nonpartisan Congressional Budget Office released its annual baseline estimates of future revenues of, and spending from, the Trust Fund last week as part of its annual spring baseline.

The new CBO projections show that under

the baseline spending assumptions (which are equal to the FY 2009 enacted funding levels, plus annual adjustments for inflation and other factors), the uncommitted balance of the Trust Fund will dip to just \$386 million at the end of fiscal year 2010 and will not rise above \$1 billion until sometime in 2012.

CONTINUED ON PAGE 7

FY 2010 Budget

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Both the House and Senate budget chairmen sought to distance their work product from the President's in terms of public perception of deficits and debt. In the first instance, their projections only run for five years, not the ten years that the White House and CBO projections run (most of the ballooning debt under the Obama budget would happen in the 2015-2019 period).

Second, both chairmen lowered the cumulative deficits under their plans — the House 5-year deficit is \$478 million below the President and the Senate deficit is \$608 million below the President.

The table below shows that the House changes from the President

KEY BUDGET TERMS, IN CHRONOLOGICAL ORDER

Budget Authority is permission to enter the federal government into a legally binding obligation to pay a non-federal entity some money. Normal appropriations are a form of budget authority, as is contract authority drawn on a transportation trust fund.

Obligations are legally binding commitments into which the federal government has entered requiring the government to pay money to another party. If the government fails to meet its obligation, the owed party can sue the government and receive the money in the form of a judgment.

Outlays are the actual dollars that leave the U.S. Treasury and are paid to a non-federal entity to liquidate (pay off) an obligation.

were both in higher revenues and lower spending, while the Senate's changes were mostly on the lower spending side.

It is important to remember that under a budget resolution, the first year matters far more than the subsequent "out-years". This is because the farther away the out-years are, the more opportunities

Congress will have to revise those totals in subsequent budgets, and because the discretionary budget allocations to the Appropriations Committees are only made one year at a time.

Take fiscal year 2012, for example. Under the four scenarios below, total outlays for FY 2012 range from \$3.417 billion to \$3.575 billion. But in the final FY 2008 budget adopted by Congress last year, total outlays for 2012 were only set at \$3.294 billion, and in the 2007 resolution they were set at \$3.254 billion. After this year, Congress has two more budgets before they have to arrive at a final number, and no one can guess anywhere close to what that final number in the 2012 budget resolution will be.

It is also important to remember what the budget resolution is, and what the budget resolution is not. The budget resolution was devised in 1974 as the only way for Congress as a whole to vote on a single document expressing its holistic spending and revenue preferences. It is only a blueprint — it does not have the force of law.

However, the ceilings and categorical totals in the resolution are then translated to allocations of spending authority to House and Senate committees and enforced internally. If a committee tries to move a bill to the floor that exceeds its spending ceiling, any member can raise a point of order against the measure, which, if sustained, would kill the bill. At least that's how it works in theory.

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OVERALL BUDGETARY TOTALS

	Actual		FY 2011	FY 2012	FY 2013	FY 2014	5-Year
	FY 2009	FY 2010					
Total Revenues - CBO Baseline	2,186	2,334	2,783	3,086	3,281	3,436	14,921
Total Revenues - President	2,159	2,289	2,586	2,917	3,095	3,231	14,118
Total Revenues - House	2,186	2,328	2,628	2,916	3,127	3,310	14,308
Total Revenues - Senate	2,159	2,288	2,614	2,850	3,053	3,292	14,096
House vs. Baseline	0	-6	-156	-171	-154	-126	-613
House vs. President	+26	+39	+42	-2	+33	+79	+191
Senate vs. Baseline	-26	-46	-170	-237	-229	-144	-825
Senate vs. President	0	-1	+28	-68	-42	+61	-21
Total Outlays - CBO Baseline	3,853	3,473	3,476	3,417	3,581	3,746	17,693
Total Outlays - President	4,004	3,669	3,556	3,575	3,767	3,979	18,546
Total Outlays - House	3,880	3,550	3,555	3,533	3,713	3,908	18,259
Total Outlays - Senate	3,878	3,534	3,510	3,451	3,622	3,800	17,917
House vs. Baseline	+27	+77	+79	+116	+132	+162	+565
House vs. President	-124	-119	-1	-42	-54	-71	-288
Senate vs. Baseline	+25	+62	+34	+34	+41	+53	+224
Senate vs. President	-126	-134	-46	-125	-145	-180	-629
Unified Deficit - CBO Baseline	1,667	1,139	693	331	300	310	2,772
Unified Deficit - President	1,845	1,379	970	658	672	749	4,429
Unified Deficit - House	1,694	1,222	927	617	586	598	3,950
Unified Deficit - Senate	1,719	1,246	896	601	570	508	3,821
House vs. Baseline	+27	+83	+235	+287	+286	+288	+1,178
House vs. President	-151	-158	-43	-41	-87	-150	-478
Senate vs. Baseline	+52	+107	+204	+270	+270	+197	+1,049
Senate vs. President	-126	-133	-74	-57	-103	-241	-608
Debt Held by Public - Baseline	7,703	8,658	9,340	9,712	10,016	10,372	
Debt Held by Public - Obama	7,987	9,319	10,292	11,055	11,770	12,628	
Debt Held by Public - House	7,730	8,768	9,684	10,334	10,934	11,577	
Debt Held by Public - Senate	7,554	8,817	9,702	10,345	10,919	11,472	

FY 2010 Budget

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In reality, the majority leadership of the House, with the backing of a bare majority of the membership, can waive these budget enforcement rules whenever it wants. In the Senate, waiving the budget rules requires no less than 60 votes, but it is still done often.

It is especially important to remember the ephemeral nature of budget enforcement when it comes to legislation that funds politically popular programs. For example, when a bill can command overwhelming votes — like the 2005 SAFETEA-LU law, which passed the House by a 412-8 margin and which passed the Senate by a 91-4 margin — the margins necessary to waive the budget rules suddenly don't seem so large.

The table at right shows the budget totals for functional category 400 (transportation) under the CBO baseline, the House resolution and the Senate resolution. (President Obama has not yet given us enough detail to judge his budget function-by-function, but his budget appears to be very similar to the CBO baseline with the exception of his extra \$900 million per year for high-speed rail.)

When it comes to total new budget authority (new potential spending commitments) for transportation, the House budget resolution is almost \$75 billion above the baseline over five years and is \$72 billion above the Senate.

However, this is an illusion.

When you look at the projected outlays for function 400 (real dollars leaving the Treasury) over that same five-year period, the House resolution is only \$6.4 billion over the baseline and the Senate resolution is only \$3.9 billion over baseline. Even in slow-spending capital programs, if new "BA" in one version is 19 percent more than in the other version, outlays would diverge over five years by more than eight-tenths of one percent.

Unless the BA increase is meaningless, which for the most part it is — at least in the sense of real dollars leaving the Treasury.

The rules that CBO must follow in establishing its baseline required CBO to assume that the \$8.7 billion highway rescission under SAFETEA-LU taking effect September 30, 2009, and the \$3.15 billion rescission made in the omnibus appropriations bill, and other contract authority rescissions in 2009 are carried over into every out-year.

The House Budget Committee, to make life a little easier for the

Transportation and Infrastructure Committee, assumed the restoration of \$12.9 billion per year in rescinded highway contract authority and inflated it in the out-years. As the committee report says, "the resolution restores the mandatory baseline for the federal-aid highway program so that its funding authority is in line with current projections of obligation limitations."

The Senate resolution does not do this. Cosmetically, the Senate resolution appears to have \$477 billion

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COMPARISON OF HOUSE AND SENATE BUDGET RESOLUTIONS WITH THE BASELINE								
Function 400 (Transportation) ONLY - Millions of Dollars								
Budget Authority	Actual							
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	5-Year	
Discretionary BA - CBO Baseline	79,061	30,312	30,717	31,140	31,544	32,105	155,818	
Discretionary BA - House Resolution	79,061	31,436	31,925	32,443	32,933	33,295	162,032	
Discretionary BA - Senate Resolution	79,061	31,436	31,310	31,686	31,440	31,117	156,989	
House Increase Over Baseline	-	+ 1,124	+ 1,208	+ 1,303	+ 1,389	+ 1,190	+ 6,214	
Senate Increase Over Baseline	-	+ 1,124	+ 593	+ 546	(104)	(988)	+ 1,171	
House Is More Than Senate By:	-	-	+ 615	+ 757	+ 1,493	+ 2,178	+ 5,043	
Mandatory BA - CBO Baseline (Net)	43,396	43,630	43,711	43,819	43,938	44,145	219,243	
Mandatory BA - House Resolution	43,396	56,715	57,146	57,604	57,933	58,514	287,912	
Mandatory BA - Senate Resolution	43,396	43,810	43,991	44,199	44,318	44,525	220,843	
House Increase Over Baseline	-	+ 13,085	+ 13,435	+ 13,785	+ 13,995	+ 14,369	+ 68,669	
Senate Increase Over Baseline	-	+ 180	+ 280	+ 380	+ 380	+ 380	+ 1,600	
House Is More Than Senate By:	-	+ 12,905	+ 13,155	+ 13,405	+ 13,615	+ 13,989	+ 67,069	
Total BA - CBO Baseline	122,457	73,942	74,428	74,959	75,482	76,250	375,061	
Total BA - House Resolution	122,457	88,151	89,071	90,047	90,866	91,809	449,944	
Total BA - Senate Resolution	122,457	75,246	75,301	75,885	75,758	75,642	377,832	
House Increase Over Baseline	-	+ 14,209	+ 14,643	+ 15,088	+ 15,384	+ 15,559	+ 74,883	
Senate Increase Over Baseline	-	+ 1,304	+ 873	+ 926	+ 276	(608)	+ 2,771	
House Is More Than Senate By:	-	+ 12,905	+ 13,770	+ 14,162	+ 15,108	+ 16,167	+ 72,112	
Outlays								
Discretionary Outlays - CBO Baseline	85,668	92,847	93,051	92,082	92,110	92,296	462,386	
Discretionary Outlays - House Resolution	85,668	93,462	94,195	93,437	93,614	94,103	468,811	
Discretionary Outlays - Senate Resolution	85,668	93,462	93,868	92,770	92,481	92,282	464,863	
House Increase Over Baseline	-	+ 615	+ 1,144	+ 1,355	+ 1,504	+ 1,807	+ 6,425	
Senate Increase Over Baseline	-	+ 615	+ 817	+ 688	+ 371	(14)	+ 2,477	
House Is More Than Senate By:	-	-	+ 327	+ 667	+ 1,133	+ 1,821	+ 3,948	
Mandatory Outlays - CBO Baseline (Net)	2,116	2,233	2,279	2,414	2,536	2,690	12,152	
Mandatory Outlays - House Resolution	2,116	2,233	2,279	2,414	2,536	2,690	12,152	
Mandatory Outlays - Senate Resolution	2,116	2,233	2,279	2,414	2,536	2,690	12,152	
House Increase Over Baseline	-	-	-	-	-	-	-	
Senate Increase Over Baseline	-	-	-	-	-	-	-	
House Is More Than Senate By:	-	-	-	-	-	-	-	
Total Outlays - CBO Baseline	87,784	95,080	95,330	94,496	94,646	94,986	474,538	
Total Outlays - House Resolution	87,784	95,695	96,474	95,851	96,150	96,793	480,963	
Total Outlays - Senate Resolution	87,784	95,695	96,147	95,184	95,017	94,972	477,015	
House Increase Over Baseline	-	+ 615	+ 1,144	+ 1,355	+ 1,504	+ 1,807	+ 6,425	
Senate Increase Over Baseline	-	+ 615	+ 817	+ 688	+ 371	(14)	+ 2,477	
House Is More Than Senate By:	-	-	+ 327	+ 667	+ 1,133	+ 1,821	+ 3,948	

NOTE: President Obama's initial budget request did not contain enough information to allow a functional category comparison. However, from all available evidence, his budget outline for transportation is extremely close to the CBO baseline (allowing for the scorekeeping change rejected by the House and Senate).

FY 2010 Budget

CONTINUED FROM PAGE THREE

less budget authority over five years than does the House resolution, but \$67 billion of that \$477 billion is due to this simple scoring difference which has no effect at all on federal outlays or the deficit.

The only change made to the mandatory BA baseline in the Senate resolution is the addition of extra contract authority for reauthorization of the Airport Improvement Program at the same level contained in the House resolution and the House FAA bill (H.R. 915) — a total of \$4.0 billion in 2010, \$4.1 billion in 2011, and \$4.2 billion in 2012.

(See table at top right of this page for more details.)

The Obama Administration proposed a scorekeeping change that would have made eliminated this confusion, but neither the House

MANDATORY BUDGET AUTHORITY FOR TRANSPORTATION: Two vastly different totals, but just one different assumption...

	Actual						
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	5-Year
Mandatory Budget Authority - House							
Mandatory BA - CBO Baseline (Net)	43,396	43,630	43,711	43,819	43,938	44,145	219,243
House restores rescinded highways CA:	-	+ 12,905	+ 13,155	+ 13,405	+ 13,615	+ 13,989	+ 67,069
House adds extra CA for AIP reauthorization	-	+ 180	+ 280	+ 380	+ 380	+ 380	+ 1,600
Total Mandatory BA for f(x) 400, House	43,396	56,715	57,146	57,604	57,933	58,514	287,912
Mandatory Budget Authority - Senate							
Mandatory BA - CBO Baseline (Net)	43,396	43,630	43,711	43,819	43,938	44,145	219,243
Senate adds extra CA for AIP reauthorization	-	+ 180	+ 280	+ 380	+ 380	+ 380	+ 1,600
Total Mandatory BA for f(x) 400, Senate	43,396	43,810	43,991	44,199	44,318	44,525	220,843

The Senate resolution follows the CBO baseline and continues the effects of the FY 2009 transportation contract authority rescissions into 2010 and all future out-years. The House resolution restores the rescinded highway contract authority in 2010 and future out-years, making its mandatory BA \$67 billion higher than the Senate over five years, but does not assume restoration of rescissions in safety or transit. However, this \$67 billion difference has no effect on assumed outlays (real dollars), as shown in the table on the previous page.

nor the Senate resolution adopts the scorekeeping change.

Both chambers create “deficit-neutral reserve funds” to allow for future increases in highway and transit spending in the surface transportation reauthorization bill. (See below.) Both provisions essentially say “if the House Ways and Means and Senate Finance Com-

mittees can find extra revenues for highways and transit, we (the Budget Committees) will increase the mandatory BA allocations for the authorizing committees and the discretionary outlay allocations for the Appropriations Committees to allow them to spend that extra money. You guys figure it out.”

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HOUSE AND SENATE “RESERVE FUNDS” FOR THE HIGHWAY BILL

HOUSE LANGUAGE

SEC. 313. RESERVE FUND FOR THE SURFACE TRANSPORTATION REAUTHORIZATION.

The chairman of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that reauthorizes surface transportation programs or that authorizes other transportation-related spending by providing new contract authority by the amounts provided in such measure if such measure establishes or maintains a solvent Highway Trust Fund over the period of fiscal years 2009 through 2015. “Solvency” is defined as a positive cash balance. Such measure may include a transfer into the Highway Trust Fund from other Federal funds, as long as the transfer of Federal funds is fully offset.

Note that by focusing on maintaining a positive cash balance in the Highway Trust Fund, the House reserve fund language would allow any dollars sitting in the Trust Fund on the day before the highway bill takes effect to be spent, even if those dollars are deposited in the Trust Fund as part of an emergency general fund bailout (like the one from last September or the one likely to come by July of this year) instead of from real tax receipts paid by real users of the highway system.

Interested readers should contrast the complete punt-the-issue-until-later nature of these reserve funds with the much more hands-on annual targets set by the Republican Budget Committees during the gestation of the SAFETEA-LU law. See sec. 411 of House Report 108-71, sec. 311 of House Report 108-498, and sec. 301 of House Report 109-62 for more information.

SENATE LANGUAGE

SEC. 205. DEFICIT-NEUTRAL RESERVE FUND FOR INVESTMENTS IN AMERICA’S INFRA-STRUCTURE.

(b) SURFACE TRANSPORTATION.—The Chairman of the Senate Committee on the Budget may revise the allocations of a committee or committees, aggregates, and other appropriate levels and limits in this resolution for one or more bills, joint resolutions, amendments, motions, or conference reports that provide new budget authority for surface transportation programs to the extent such new budget authority is offset by an increase in receipts to the Highway Trust Fund (excluding transfers from the general fund of the Treasury into the Highway Trust Fund not offset by a similar increase in receipts), provided further that such legislation would not increase the deficit over either the period of the total of fiscal years 2009 through 2014 or the period of the total of fiscal years 2009 through 2019.

Note that by focusing on 5-year and 10-year deficit neutrality, the Senate reserve fund ignores any balances sitting in the Trust Fund on the day before the highway bill takes effect. Also, a bill like SAFETEA-LU (where projected outlays from the bill exceed projected revenues over 10 years, concentrated in the four years after the bill expires) would not be allowed under the Senate reserve fund.

FY 2010 Budget

CONTINUED FROM PAGE FOUR

However, it would be much easier for the authorizing committees to write a bill under the House language, which would allow the highway bill to spend any general fund bailout money left in the Highway Trust Fund as of the start of the highway bill (the Senate resolution would not). Also, the Senate resolution requires the highway bill to be deficit-neutral (not Trust Fund

solvent, as the House resolution does) over both 5-year and 10-year aggregate windows, meaning that projected outlays for the four years after a 6-year highway bill expires must not exceed projected baseline revenues, as they did in the SAFETEA-LU law.

The Senate resolution also contains two other reserve funds for infrastructure, one for a bill funding "projects for public housing, energy, water, or other infrastructure projects" and one for a bill funding

"multimodal transportation projects." The House resolution does not contain any such reserve funds.

Closing out the mandatory side of the budget, almost all of the mandatory budget authority in function 400 is contract authority from the transportation trust funds, which has already been discussed.

The only major sources of mandatory outlays in function 400 are the \$739 million in annual exempt highway obligations, the \$50 million per year for mandatory essential air service subsidies, and the outlays from the TSA's Aviation Security Capital Fund and the Coast Guard's retiree pay.

(*Ed. Note:* in case anyone ever wondered why the minimum guarantee/equity bonus funding that is exempt from obligation limitation is capped at \$639 million per year, it's because when TEA21 was being drafted in May 1998, the amount of money provided in the baseline for a previous mandatory state equity program just happened to be \$639 million. Baselines do matter.)

When it comes to discretionary budget authority, only the first year of the budget resolution matters. And in FY 2010, the House and Senate resolutions assume identical amounts of discretionary BA for transportation — \$31.436 billion, which is \$1.124 billion over the baseline.

Assuming that \$909 million of that \$1.124 billion goes towards the President's high-speed rail proposal, just \$215 million is left over to increase transportation programs above the baseline.

Those transportation discretionary programs assumed in the baseline are shown in the table at left. It is important to note that the budget resolution's assumptions for individual categories of discretionary spending are not binding on the Appropriations Committees. Instead, the \$31.436 billion in discretionary BA for transportation in both the House and Senate budget plans is combined with the BA from

ASSUMED DISCRETIONARY BUDGET AUTHORITY FOR TRANSPORTATION						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>5-Year</u>
CBO Baseline:	30,312	30,717	31,140	31,544	32,105	155,818
Plus High-Speed Rail:	+ 909	+ 909	+ 908	+ 908	+ 907	+ 4,541
Baseline + HSR	31,221	31,626	32,048	32,452	33,012	160,359
House Discretionary BA	31,436	31,925	32,443	32,933	33,295	162,032
House More than B+HSR	+ 215	+ 299	+ 395	+ 481	+ 283	+ 1,673
Senate Discretionary BA	31,436	31,310	31,686	31,440	31,117	156,989
Senate Less than B+HSR	+ 215	(316)	(362)	(1,012)	(1,895)	(3,370)
What spending assumptions are included in that baseline?						
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>5-Year</u>
Office of the SecDOT	211	213	217	218	221	1,080
FAA Operations	9,365	9,529	9,695	9,864	10,081	48,534
FAA F&E	2,784	2,808	2,832	2,854	2,889	14,167
FAA RE&D	174	176	178	179	182	889
FHWA (Appropriated)	178	179	180	181	183	901
NHTSA (GF Share)	130	131	133	134	137	665
FRA Grants to Amtrak	1,503	1,512	1,522	1,528	1,542	7,607
Other FRA	314	318	323	326	330	1,611
FTA New Starts	1,825	1,836	1,847	1,856	1,873	9,237
FTA Research & URC	68	68	68	69	69	342
FTA Admin. Expenses	97	99	101	103	105	505
St. Lawrence Seaway	32	32	33	33	33	163
MARAD (excl. security)	163	165	166	168	171	833
PHMSA (net)	70	72	72	73	75	362
RITA	13	13	14	14	14	68
DOT Inspector General	74	75	77	78	80	384
Surface Trans. Board	27	28	28	29	29	141
NTSB	93	95	97	99	101	485
FMC	24	24	25	25	26	124
Coast Guard - Ops. (400)	5,987	6,060	6,133	6,208	6,308	30,696
Coast Guard - AC&I	1,490	1,500	1,510	1,518	1,533	7,551
Other Coast Guard	410	428	447	467	491	2,243
TSA Aviation Security (net)	2,781	2,822	2,873	2,916	2,983	14,375
TSA Fed. Air Marshals	851	867	883	900	921	4,422
TSA - Other	1,141	1,156	1,170	1,185	1,203	5,855
NASA Aeronautics	507	511	516	519	525	2,578
Total, Function 400	30,312	30,717	31,140	31,544	32,105	155,818
Are any of these assumptions binding on Appropriations? No.						

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FY 2010 Budget

CONTINUED FROM PAGE FIVE

all other spending categories and then given in one lump sum to the Appropriations Committees. (The House's lump sum is \$1.087 trillion and the Senate's lump sum is \$1.079 trillion.)

The Appropriations Committees then divide up the final lump sum amongst their subcommittees. If those subdivisions happen to reflect the precise assumptions contained in the budget resolution, that's wonderful — but the Budget Committees have exactly no say in which subcommittee gets what allocation.

The budget resolution's categorical assumptions about discretionary outlays are a little more accurate, because they assume the inevitable outlays that occur from past obligations. (Paying a bill to liquidate a discretionary obligation you incurred years ago is classified as discretionary, because that's what the original obligation was, even though once obligated, you have no choice at all in whether or not to pay up.)

In particular, future assumptions in the baseline and the House and Senate resolutions for discretionary outlays assume all of the outlays from the gigantic stimulus bill enacted in February. This is why the total outlays for transportation in all budgets are about \$20 billion per

year in excess of new budget authority, an outcome that is normally difficult-to-impossible to achieve.

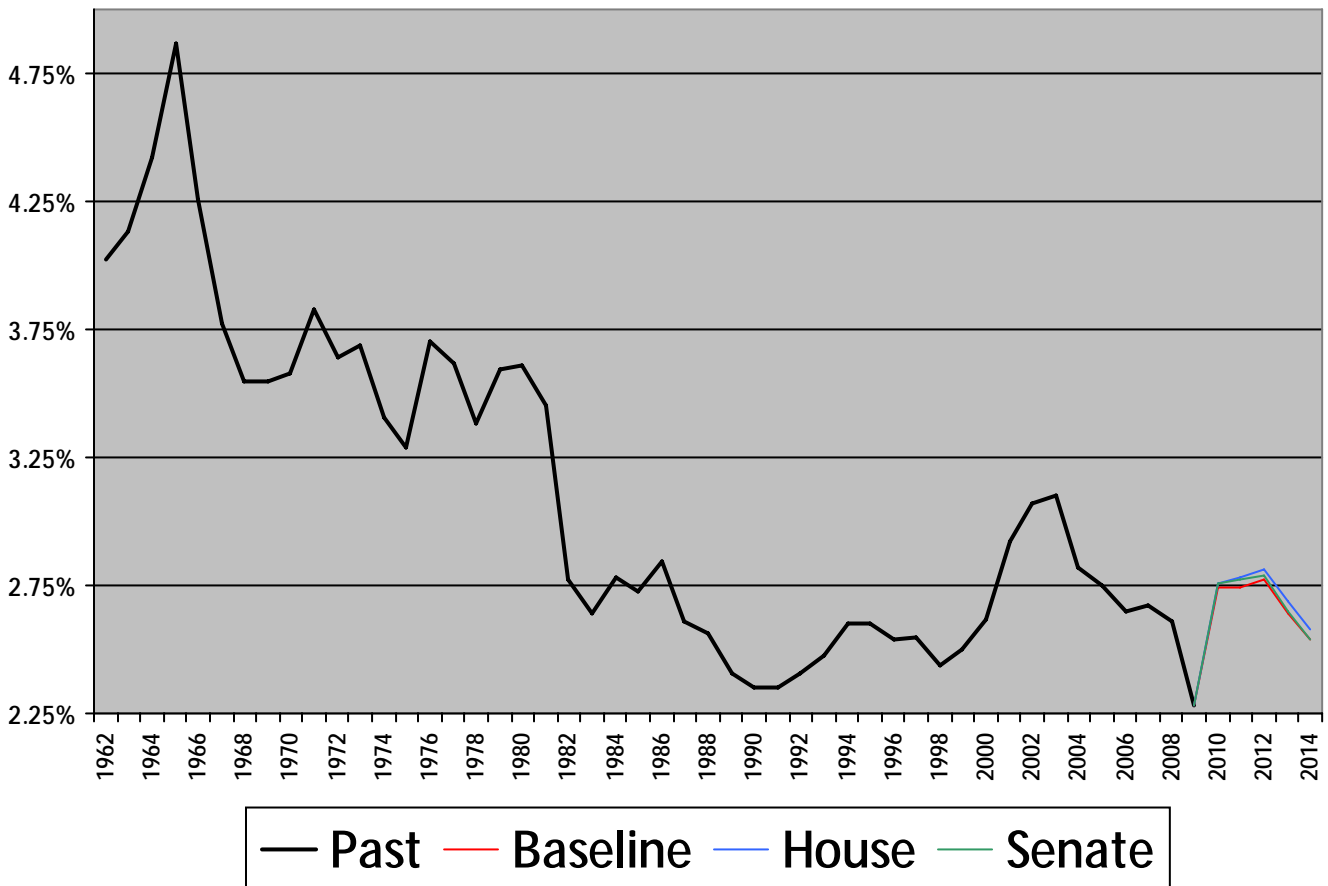
To put the total outlay assumptions for transportation in perspective, look at the graph below, which shows transportation outlays from FY 1962 through present as a share of total federal outlays (using the OMB database, which only goes back as far as 1962).

When placed in the grand scheme, the baseline, the House plan and the Senate plan all make little difference in transportation's fading share of total spending. (An aggressive spending bill under the reserve fund would make a difference, but it would have to be huge.)

FEDERAL OUTLAYS FOR FUNCTION 400 (TRANSPORTATION) AS A SHARE OF TOTAL ANNUAL FEDERAL OUTLAYS

FYs 1962-2008 (ACTUAL), 2009-2014 (ESTIMATED) UNDER CBO BASELINE, HOUSE AND SENATE

As you can see, the House and Senate budget resolutions assume roughly the same numbers for transportation outlays as does the CBO baseline (which is roughly the same as the Obama budget). After a sharp spike over 2009-2010 due to the already-enacted stimulus spending, transportation levels off and then continues its pre-2009 decline as a share of total federal outlays.



Aviation Trust Fund

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The table below shows the complete spending and revenue assumptions underlying the CBO baseline numbers.

Given the inherent uncertainty in predicting exact amounts of future revenues (which depend on knowing to a high degree of certainty how many people will fly in a given future year, and how much, on average, they will pay for their tickets), a safety margin of \$386 million in a \$10+ billion per year revolving fund is rather small.

This also indicates that there is a very limited amount of extra spending above baseline that can safely be added for Trust Fund-supported FAA programs — unless the legislation also provides for increased revenues to be credited to the Trust Fund.

There are two distinct differences between the Airport and Airway Trust Fund and the Highway Trust Fund that need to be drawn. First, the accounting is different for each Trust Fund. When the Highway Trust Fund was established in 1956, it was intended that the Trust Fund and the increased taxes that supported it would last for two years after the completion of the Interstate system, then be repealed. As a result, since the Trust Fund was always intended to outlast new spending authority (and since the Trust Fund was originally intended to borrow from the general fund as needed during the interim), the Highway Trust Fund works strictly on a cash basis.

However, the taxes and spending authority from the Airport and Airway Trust Fund expire on the same day as the budget authority for the contract authority (for airports) drawn from the Trust Fund.

Because of that, the method of accounting used for the Airport and Airway Trust Fund is “uncommitted balances.” This accounting measure assumes that every dollar of budget authority provided by Congress to be drawn from the Trust Fund will eventually be spent, and therefore a dollar of cash must be kept on-hand in the Trust Fund for every dollar of budget authority that is out there.

(Ed. Note: the flaw in the uncommitted balance approach is that contract authority in excess of obligation limitation can never be spent, but the accounting rules assume it will be. Just another reason why some sort of change in the scorekeeping rules involving contract authority might not be such a bad idea...)

Second, there is an annual control mechanism on the Airport and Air-

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AIRPORT AND AIRWAY TRUST FUND

March 2009 Congressional Budget Office Baseline - Dollars in Millions

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Spending Assumptions:											
AATF Share of Operations	5,238	5,425	5,520	5,616	5,714	5,840	5,994	6,174	6,360	6,551	6,753
AIP Obligation Limitation	3,515	3,549	3,571	3,594	3,612	3,646	3,692	3,751	3,812	3,871	3,935
Facilities & Equipment	2,742	2,784	2,808	2,832	2,854	2,889	2,935	2,990	3,049	3,105	3,168
Research, Eng. & Develop.	171	174	176	178	179	182	185	189	193	197	201
Essential Air Service (Discr.)	73	74	74	75	75	76	77	78	79	80	81
Total, AATF Obligations	11,739	12,006	12,149	12,295	12,434	12,633	12,883	13,182	13,493	13,804	14,138
AIP Contract Authority	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820	3,820
More/Less Than AIP Ob Limit:	305	271	249	226	208	174	128	69	8	(51)	(115)
Total, AATF Budget Authority	12,044	12,277	12,398	12,521	12,642	12,807	13,011	13,251	13,501	13,753	14,023
Trust Fund Cash Flow:											
Beginning-of-FY Cash Balance	9,706	9,310	9,176	9,619	10,621	12,240	14,455	17,204	20,476	24,293	28,712
Deposits (Revenues + Interest)	11,360	11,911	12,571	13,319	14,107	14,886	15,647	16,443	17,287	18,147	19,069
Outlays	11,756	12,045	12,128	12,318	12,488	12,671	12,898	13,172	13,469	13,728	14,054
End-of-FY Cash Balance	9,310	9,176	9,619	10,621	12,240	14,455	17,204	20,476	24,293	28,712	33,727
Trust Fund Committed Balances:											
Beginning-of-FY Unpaid BA	8,270	8,558	8,790	9,060	9,263	9,417	9,553	9,666	9,745	9,777	9,802
New AATF Budget Authority	12,044	12,277	12,398	12,521	12,642	12,807	13,011	13,251	13,501	13,753	14,023
Outlays	11,756	12,045	12,128	12,318	12,488	12,671	12,898	13,172	13,469	13,728	14,054
End-of-FY Unpaid BA	8,558	8,790	9,060	9,263	9,417	9,553	9,666	9,745	9,777	9,802	9,771
Trust Fund Uncommitted Balances:											
End-of-FY Cash Balance	9,310	9,176	9,619	10,621	12,240	14,455	17,204	20,476	24,293	28,712	33,727
Minus End-of-FY Unpaid BA	(8,558)	(8,790)	(9,060)	(9,263)	(9,417)	(9,553)	(9,666)	(9,745)	(9,777)	(9,802)	(9,771)
AATF Uncommitted Balance	752	386	559	1,358	2,823	4,902	7,538	10,731	14,516	18,910	23,956

Key assumptions: March 2009 CBO/ICT revenues; March 2009 CBO baseline spending levels (FY 2009 enacted plus inflation, with extension of AIP contract authority at last enacted level); general fund share of Operations stays at the FY 2009 enacted percentage of 42.1%; assumes indefinite extension of current tax law and AATF expenditure authority; assumes continued EAS discretionary funding comes from the Trust Fund.

Aviation Trust Fund

CONTINUED FROM PAGE SEVEN

way Trust Fund that is lacking in the Highway Trust Fund. The biggest account drawn out of the aviation Trust Fund is FAA operations. Traditionally, some of the funding from this account is drawn from the Trust Fund and some is drawn from the general fund.

The annual Trust Fund to general fund ratio for FAA operations is set each year by the Appropriations Committees in their annual spending bill. In recent years, the general fund share of annual FAA operations has ranged from zero in FY 2000 to 46.2 percent in FY 2003. Over the three fiscal years prior to the current one, the general fund share stayed below 33 percent. In the recently enacted FY 2009 omnibus spending bill, the appropriators increased the general fund share of FAA operations to 42.1 percent, and the CBO baseline is forced to assume the same 42.1 percent general fund share in every subsequent fiscal year.

There is a formula written into law by the AIR21 and VISION 100 authorization statutes that is sup-

posed to determine the annual general fund contribution (though the appropriators routinely ignore it). Under that formula, CBO projects that the general fund share of operations would rise to 45 percent in 2010 but would gradually dwindle down to just 6.8 percent in 2019 (assuming all the other CBO assumptions are correct). This would keep the uncommitted balance of the Trust Fund near zero indefinitely but would not cause the balance to actually hit zero.

The pending House FAA reauthorization bill (H.R. 915) authorizes spending levels in excess of the CBO baseline for the FAA over fiscal years 2010-2012, but it also changes the recommended general fund share of operations (which, remember, the appropriators routinely ignore).

Sec. 105 of H.R. 915 declares that total authorized expenditures from the Trust Fund in a given year shall equal 95 percent of the estimated Trust Fund deposits for that year plus the difference between Trust Fund obligations (not BA, obligations) and deposits two fiscal years prior. Under present (albeit expired) law, the total authorized ex-

penditures equals 100 percent of the year's estimated deposits.

Even though the recommended annual share of operations from the Trust Fund is not spelled out in H.R. 915, this formula (in conjunction with the other numbers in the bill) can be used to deduce it.

The table at the bottom of the page shows the actual funding levels for AIP, facilities and equipment, R&D, essential air service, and total operations (GF and AATF) spelled out in H.R. 915, adjusted for inflation using CBO assumptions in 2013 and thereafter, along with the Trust Fund share of operations derived from the formula in H.R. 915 and assumed to be extended in law through FY 2019.

We cannot calculate the outlay effects from H.R. 915's changes to the baseline and thus cannot project balances. However, it appears H.R. 915 would keep the Trust Fund solvent by increasing the general fund share of operations from the current 42.1 percent all the way to 62.9 percent in FY 2012 before dwindling off in the out-years — something the appropriators might not be willing to do.

EFFECTS OF H.R. 915 (HOUSE FAA REAUTHORIZATION) ON TRUST FUND UNCOMMITTED BALANCES

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
H.R. 915 Funding Levels, Plus Baseline Inflation After 2012:											
AATF Share of Operations	-	4,437	3,684	4,607	5,844	7,139	8,450	9,712	10,946	12,073	12,446
AIP Contract Authority	3,900	4,000	4,100	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Facilities & Equipment	-	3,259	3,553	3,506	3,533	3,577	3,634	3,702	3,775	3,844	3,922
Research, Eng. & Develop.	-	215	226	245	246	251	255	260	266	271	277
Essential Air Service (Discr.)	-	73	73	73	73	74	75	76	77	78	79
Total AATF BA Under H.R. 915	3,900	11,984	11,636	12,631	13,897	15,240	16,613	17,950	19,264	20,466	20,923
H.R. 915 Compared to CBO Baseline:											
H.R. 915 AATF Ops Over Baseline	-	(988)	(1,836)	(1,009)	130	1,299	2,456	3,538	4,586	5,522	5,693
H.R. 915 AIP CA Above Baseline	80	180	280	380	380	380	380	380	380	380	380
H.R. 915 F&E Over Baseline	-	475	745	674	679	688	699	712	726	739	754
H.R. 915 RE&D Over Baseline	-	41	50	67	67	69	70	71	73	74	76
H.R. 915 EAS Less than Baseline	-	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total, H.R. 915 BA Over Baseline	80	(293)	(762)	110	1,255	2,433	3,602	4,699	5,763	6,713	6,900
Memo: Total Operations, Baseline	9,042	9,365	9,529	9,695	9,864	10,081	10,347	10,658	10,979	11,309	11,657
AATF Share of FAA Operations:	57.9%	57.9%	57.9%	57.9%	57.9%	57.9%	57.9%	57.9%	57.9%	57.9%	57.9%
GF Share of FAA Operations:	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%	42.1%
Memo: Total Operations under H.R. 915	9,042	9,531	9,936	10,350	10,531	10,763	11,047	11,378	11,721	12,073	12,446
AATF Share of FAA Operations:	57.9%	46.6%	37.1%	44.5%	55.5%	66.3%	76.5%	85.4%	93.4%	100.0%	100.0%
GF Share of FAA Operations:	42.1%	53.4%	62.9%	55.5%	44.5%	33.7%	23.5%	14.6%	6.6%	0.0%	0.0%

President Obama Nominates Randy Babbitt To Lead FAA

President Obama filled another key Department of Transportation post last Friday, nominating former pilots union chief J. Randolph Babbitt to be Administrator of the Federal Aviation Administration.

Randy Babbitt is a partner in the worldwide aviation consultancy of Oliver Wyman. He was the former Chairman and CEO of Eclat Consulting until they were acquired by Oliver Wyman in 2007. Babbitt has almost 40 years of experience in the aviation industry. He began his aviation career as a pilot for Eastern Airlines and flew for more than 25 years. He served as President and CEO for US ALPA, the world's largest professional organization of airline pilots.

Babbitt has served on two different aviation sector blue-ribbon panels. In 1993 he served as a Presidential appointee on the National Commission to Ensure a Strong Competitive Airline Industry (the Baliles Commission). In 2008 Babbitt was named by the Secretary of Transportation to an independent review team of aviation and safety experts tasked with evaluating and crafting recommendations to improve the FAA's implementation of the aviation safety system and its culture of safety.

Babbitt also served on the FAA Management Advisory Council, and his service there caused some delays in the announcement of his long-rumored nomination. Babbitt's service on the MAC during the time period that FAA management forced a work agreement on the controllers union against their will (with the cooperation of the Republican Congress and the



Bush White House) caused the controllers union to quietly push back against the Babbitt nomination when it was first rumored.

However, National Air Traffic Controllers Association head Pat Forrey said of the nomination that "While NATCA has concerns about the actions of the FAA Management Advisory Council under Mr. Babbitt's leadership that contributed to our current labor problems, our focus right now is putting an end to those problems and looking forward. We have placed our trust and confidence in President Obama, who has supported NATCA's safety-first interests for more than three years. Therefore, we support the president's selection and pledge our cooperation."

FHWA Clarifies 120-Day Stimulus Redistr.

The Federal Highway Administration has released a guidance document clarifying what exactly will happen when unused highway and bridge stimulus funding is reclaimed by the Federal Highway Administration 120 days after the enactment of the stimulus bill.

The 120-day redistribution will take place on June 30.

The calculation to determine the amount of funds to be withdrawn from a State for 120-day redistribution is as follows:

50% of the total apportionment of funds included in the redistribution (i.e., funds for transportation enhancement activities plus funds available for use in any area);

minus

Actual obligations of funds subject to the June 30, 2009 redistribution (i.e., funds obligated by 11:59 PM on June 29, 2009);

equals

Amount of funds to be withdrawn from a State and redistributed. No funds will be withdrawn if the calculation yields a negative amount.

The guidance document answers two key questions:

- The withdrawal of funds will be split between funds for enhancements and funds available for use in any area based on the contribution of each category of funds to the failure to obligate the 50% of total apportioned funds (excluding funds sub-allocated within the State).
- Funds redistributed to a State will be available for use in any area. Redistributed funds will not be subject to any set-asides or sub-allocations.

Enough With The Cute Acronyms, Already

Ed. Note: It was bad enough when the folks at the Department of Transportation decided they needed a retroactive acronym (or "backronym") for the "tiger team" assigned by Secretary LaHood to oversee stimulus funding. Tiger team is an old military term for the people who test your security system by trying to break in, and it was then appropriated by the computer security industry. Wikipedia says that "Outside the computer security field, it has become an overused buzzword in some corporate environments, periodically satirized in the Dilbert comic strip." But DOT loves acronyms, and the tiger team became the Transportation Investment Generating Economic Recovery team. Fine. They do good work.

But the Federal Transit Administration has gone too far. They have officially named the new \$100 million in stimulus funding for grants to transit agencies to reduce energy consumption and lower greenhouse gas emissions. They have named the program Transit Investments for Greenhouse Gas and Energy Reduction.

Yes, yes, yes. The TIGGER program.

PSTMBSGH (Please Stop The Madness Before Someone Gets Hurt...)

NOTES ON THE APRIL FOOL'S FRONT PAGE: Your first clue should have been "PYT" in the headline. This is not a widely utilized unit of travel measurement but was instead the title of the sixth single off Michael Jackson's "Thriller" album. Also, Skynet is not real. Not yet, anyway. Stay vigilant. And young people, feel free to Google "Buz Lukens" to find out why the joke is/not funny.

FHWA Releases Full FY 2009 Highway Obligation Authority

Last week, the Federal Highway Administration released the full amount of funding for the federal-aid highway program for fiscal year 2009 pursuant to the omnibus appropriations act (P.L. 111-8) — a \$40.70 billion obligation limitation on federal-aid highways contract authority. The funding will allow the last of the highway and bridge funding obligations contemplated by the 2005 SAFETEA-LU law.

SAFETEA-LU provided a total of \$42.45 billion in new highway and bridge contract authority in fiscal 2009 subject to limit, which is combined with billions of dollars of unused and unexpired contract authority still available that was provided in prior years. But the obligation limitation means that only \$40.7 billion of that \$50+ billion can be used (obligated) in FY 2009.

The persistence of obligation limitations (first adopted in 1976 as a temporary measure) has led to the devaluing of contract authority, as “CA” usually cannot be obligated or spent unless a corresponding amount of “real money” (obligation limitation) is also provided.

The omnibus act provided a total obligation limitation on federal-aid contract authority of \$40.70 billion. The chart on the following page shows how deductions, takedowns and penalties reduced that \$40.7 billion to a net total of \$30.26 billion distributed to states for use.

States can use their share of the \$40.7 billion to obligate contract authority from whatever new or carryover highway or bridge formula apportionment they choose during FY 2009.

In August, any unused obligation granted for the allocated programs of the Federal Highway Administration will be taken back and redistributed to states for additional formula contract authority obligation during September.

The final distribution of obligation limitation allows a cumulative total that shows that earmarks written into the SAFETEA-LU law got about 90 cents of “real money” for every dollar in contract authority provided for the earmark. The table at top right of this page shows how a typical \$10 million high priority project from SAFETEA-LU fared. (HPP funding was given out in five equal installments at 20 percent per year. Number for PNRs, Corridor and Senate TrImp earmarks went out at varying annual rates so their totals may differ.)

In 2005 and 2006, earmarks got less than 90 cents of real money on each dollar of contract authority. In 2007, the RABA process added a minute amount of contract authority (+1.74 percent) to each CA installment, and the revised total got 90.5 cents on the dollar. Increas-

	Contract Auth.	Percentage	Obligation Limit.
FY2005	\$ 2,000,000	85.5%	\$ 1,710,000
FY2006	\$ 2,000,000	87.1%	\$ 1,742,000
FY2007	\$ 2,034,731	90.5%	\$ 1,841,432
FY2008	\$ 2,000,000	92.4%	\$ 1,848,000
FY2009	\$ 2,000,000	93.6%	\$ 1,872,000
Total:	\$ 10,034,731	89.8%	\$ 9,013,432

ing percentages in 2008 and 2009 meant that at the end of the bill, the \$10 million project got 89.8 cents on the dollar (post-RABA) or 90.1 cents on the dollar (without RABA) in real money.

The table at the bottom of this page shows the final obligation limitation distribution for each of the years of SAFETEA-LU (before the annual August redistribution).

In total, 77.5 percent of the “real money” provided by SAFETEA-LU for the highway program went to formula programs (primary formula ob limit, special equity bonus, Appalachian highways, and the extra bridge money in 2008).

11 percent of the funding went for allocated (non-formula) programs.

At least 10.6 percent of the real money went to Congressional earmarks, but this does not include earmarks included under allocated programs such as the FHWA research budget or annual appropriations earmarks of discretionary highway funding.

The table on page 12 shows the distribution of obligation limitation to individual states pursuant to the FHWA notice.

TOTAL FEDERAL-AID HIGHWAYS OBLIGATION LIMITATION PROVIDED UNDER SAFETEA-LU

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>SAFETEA-LU Total</u>	
Formula ob limit	\$ 23,610,284,979	\$ 24,052,041,021	\$ 28,243,772,866	\$ 29,022,170,353	\$ 30,260,207,377	\$ 135,188,476,596	70.7%
No-year equity bonus	\$ 2,000,000,000	\$ 2,000,000,000	\$ 2,000,000,000	\$ 2,000,000,000	\$ 2,000,000,000	\$ 10,000,000,000	5.2%
No-year Appalachian	\$ 385,374,150	\$ 395,295,735	\$ 423,820,097	\$ 433,810,000	\$ 439,920,000	\$ 2,078,219,982	1.1%
Allocated programs	\$ 3,832,412,032	\$ 5,303,970,981	\$ 3,932,076,883	\$ 4,220,845,303	\$ 3,712,993,860	\$ 21,002,299,059	11.0%
HPP earmarks	\$ 2,536,272,000	\$ 2,554,960,320	\$ 2,731,211,503	\$ 2,737,987,000	\$ 2,776,550,400	\$ 13,336,981,223	7.0%
PNRS earmarks	\$ 152,104,500	\$ 306,450,540	\$ 409,488,375	\$ 410,504,250	\$ 333,028,800	\$ 1,611,576,465	0.8%
Corridor earmarks	\$ 166,554,000	\$ 335,562,480	\$ 448,388,619	\$ 449,501,000	\$ 364,665,600	\$ 1,764,671,699	0.9%
Senate earmarks	\$ 218,472,678	\$ 440,164,953	\$ 588,161,572	\$ 589,620,707	\$ 478,340,179	\$ 2,314,760,089	1.2%
Bridge earmarks	\$ 85,500,000	\$ 86,130,000	\$ 92,071,585	\$ 92,300,000	\$ 93,600,000	\$ 449,601,585	0.2%
Appropriations earmarks	\$ 1,040,098,392	\$ -	\$ -	\$ -	\$ -	\$ 1,040,098,392	0.5%
Transfer to NHTSA	\$ 132,402,314	\$ -	\$ -	\$ -	\$ -	\$ 132,402,314	0.1%
Safety penalties	\$ 259,944,955	\$ 197,444,434	\$ 217,473,183	\$ 259,312,546	\$ 240,693,784	\$ 1,174,868,902	0.6%
Extra limit for bridges	\$ -	\$ -	\$ -	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	0.5%
Total ob limit	\$ 34,419,420,000	\$ 35,672,020,464	\$ 39,086,464,683	\$ 41,216,051,159	\$ 40,700,000,000	\$ 191,093,956,306	100.0%
Annual growth rate:	+1.4%	+3.6%	+9.6%	+5.4%	-1.3%		

Does not reflect the annual August redistribution of unused allocated obligation limitation to state formula funding.

Step-by-Step Distribution of FY 2009 Highway Obligation Authority

P.L. 111-8 Div. I, Sec. :	<u>Actions Taken</u>	<u>Obligation Limitation</u>
Primary Obligation Limitation Provided by P.L. 111-8		\$40.700 billion
STEP 1 120(a)(1)	Set Aside Certain Programs "Off the Top" at 100%	
	Limitation on Admin. Expenses \$390 million	x 100 percent -\$390 million
	Highway Use Tax Evasion CA \$12 million	x 100 percent -\$12 million
	Bureau of Transportation Statistics CA \$27 million	x 100 percent -\$27 million
	Other administrative takedown CA \$7.8 million	x 100 percent -\$7.8 million
Remainder		-\$40.263 billion
STEP 2 120(a)(2)	Set Aside Prior Year Allocated Carryover Off the Top	
	Carryover allocated program CA \$964 million	x 100 percent -\$964 million
Remainder		\$39.300 billion
STEP 3 120(a)(3)	Calculate Ratio of Remaining OL to Remaining CA	
	Numerator (Remaining OL)	\$39.30 billion
	FY 2008 FAHP CA subject to limit	\$42.45 billion
	Less 100 percent programs shown above	-\$464 million
	Denominator (Remaining CA)	\$41.98 billion
	Ratio	93.6 percent
STEP 4 120(a)(4)(A)	Set Aside No-Year Limitation For SAFETEA-LU Projects & ADHS	
	High Priority Projects CA \$2.966 billion	x 93.6 percent -\$2.777 billion
	Projects of Nat'l & Regional Signific. CA \$356 million	x 93.6 percent -\$333 million
	Corridor Improvement Projects CA \$390 million	x 93.6 percent -\$365 million
	Transportation Improvements CA \$511 million	x 93.6 percent -\$478 million
	Bridge Earmarks Set-Aside CA \$100 million	x 93.6 percent -\$93.6 million
	Appalachian Highways CA \$470 million	x 93.6 percent -\$440 million
Remainder		\$34.813 billion
STEP 5 120(a)(4)(B)	Set Aside No-Year Limitation For Special Equity Bonus	
	No-Year Equity Bonus CA \$2.000 billion	x 100 percent -\$2.000 billion
Remainder		\$32.813 billion
STEP 6 120(a)(5)	Set Aside Limitation For Remaining Allocated Programs	
	Other FY 2009 Allocated CA \$2.478 billion*	x 93.6 percent -\$2.319 billion
Remainder		\$30.494 billion
STEP 7 120(a)(3)	Recalculate Ratio of Remaining OL to Remaining CA	
	Numerator (Remaining OL)	\$30.49 billion
	Denominator (Remaining CA)	\$32.69 billion
	Ratio	93.3 percent
STEP 8 120(a)(6)	Distribute Remainder to States (after transfers)	
	Transfers Under 23 U.S.C. Sections 154 & 164*	-\$234 million
Formula Obligation Limitation Distributed to States		\$30.260 billion

*Some penalties against Puerto Rico for safety infractions are deducted in step 6 and others are deducted along with the penalties against states in step 8, so the penalty number in the table on the following page appears slightly different than the penalty number shown here in step 8.

Source: FHWA.

DISTRIBUTION OF FEDERAL-AID HIGHWAYS OBLIGATION LIMITATION, FY 2009

Pursuant to the omnibus appropriations act, P.L. 111-8. Taken from FHWA Notice 4520.201, 3/25/2009.

STATE	Primary Formula Ob Limit	No-Year Equity Bonus Ob Limit	No-Year Appalachian Ob Limit	TOTAL OBLIGATION LIMITATION	State Percent. Of Total Distributed:			
					Primary Formula	Equity Bonus	Appal. Hwys	Total ObLim
ALABAMA	519,633,325	34,568,439	109,980,000	664,181,764	1.72%	1.73%	25.00%	2.03%
ALASKA	249,205,700	41,511,363	0	290,717,063	0.82%	2.08%	0.00%	0.89%
ARIZONA	616,181,121	56,193,464	0	672,374,585	2.04%	2.81%	0.00%	2.06%
ARKANSAS	384,952,131	25,894,890	0	410,847,021	1.27%	1.29%	0.00%	1.26%
CALIFORNIA	2,867,129,863	135,647,886	0	3,002,777,749	9.47%	6.78%	0.00%	9.18%
COLORADO	431,379,169	19,686,190	0	451,065,359	1.43%	0.98%	0.00%	1.38%
CONNECTICUT	395,651,496	27,177,250	0	422,828,746	1.31%	1.36%	0.00%	1.29%
DELAWARE	124,430,694	5,467,360	0	129,898,054	0.41%	0.27%	0.00%	0.40%
D.C.	126,092,709	679,310	0	126,772,019	0.42%	0.03%	0.00%	0.39%
FLORIDA	1,522,644,852	167,463,923	0	1,690,108,775	5.03%	8.37%	0.00%	5.17%
GEORGIA	1,028,970,116	103,782,070	11,090,559	1,143,842,745	3.40%	5.19%	2.52%	3.50%
HAWAII	133,725,461	2,285,576	0	136,011,037	0.44%	0.11%	0.00%	0.42%
IDAHO	224,981,408	19,858,278	0	244,839,686	0.74%	0.99%	0.00%	0.75%
ILLINOIS	1,051,476,807	70,235,964	0	1,121,712,771	3.47%	3.51%	0.00%	3.43%
INDIANA	772,835,952	79,663,571	0	852,499,523	2.55%	3.98%	0.00%	2.61%
IOWA	371,634,372	12,798,289	0	384,432,661	1.23%	0.64%	0.00%	1.18%
KANSAS	323,022,927	4,556,589	0	327,579,516	1.07%	0.23%	0.00%	1.00%
KENTUCKY	495,271,826	36,244,041	36,579,656	568,095,523	1.64%	1.81%	8.32%	1.74%
LOUISIANA	528,682,423	26,893,321	0	555,575,744	1.75%	1.34%	0.00%	1.70%
MAINE	141,822,084	0	0	141,822,084	0.47%	0.00%	0.00%	0.43%
MARYLAND	487,823,954	17,900,146	12,819,885	518,543,985	1.61%	0.90%	2.91%	1.59%
MASSACHUSETTS	522,988,852	8,905,942	0	531,894,794	1.73%	0.45%	0.00%	1.63%
MICHIGAN	879,112,314	47,865,348	0	926,977,662	2.91%	2.39%	0.00%	2.83%
MINNESOTA	492,614,496	30,834,038	0	523,448,534	1.63%	1.54%	0.00%	1.60%
MISSISSIPPI	367,384,564	17,130,515	4,698,038	389,213,117	1.21%	0.86%	1.07%	1.19%
MISSOURI	710,966,282	51,057,739	0	762,024,021	2.35%	2.55%	0.00%	2.33%
MONTANA	288,067,985	27,749,919	0	315,817,904	0.95%	1.39%	0.00%	0.97%
NEBRASKA	237,411,387	7,164,060	0	244,575,447	0.78%	0.36%	0.00%	0.75%
NEVADA	238,926,657	17,171,314	0	256,097,971	0.79%	0.86%	0.00%	0.78%
NEW HAMPSHIRE	140,061,492	6,089,897	0	146,151,389	0.46%	0.30%	0.00%	0.45%
NEW JERSEY	805,838,039	53,904,115	0	859,742,154	2.66%	2.70%	0.00%	2.63%
NEW MEXICO	291,349,823	18,834,618	0	310,184,441	0.96%	0.94%	0.00%	0.95%
NEW YORK	1,392,071,954	49,286,981	8,797,168	1,450,156,103	4.60%	2.46%	2.00%	4.43%
NORTH CAROLINA	833,860,228	65,947,696	30,814,944	930,622,868	2.76%	3.30%	7.00%	2.85%
NORTH DAKOTA	201,154,361	6,193,040	0	207,347,401	0.66%	0.31%	0.00%	0.63%
OHIO	1,051,607,647	74,503,062	21,250,292	1,147,361,001	3.48%	3.73%	4.83%	3.51%
OKLAHOMA	480,513,973	24,273,010	0	504,786,983	1.59%	1.21%	0.00%	1.54%
OREGON	360,894,201	11,668,875	0	372,563,076	1.19%	0.58%	0.00%	1.14%
PENNSYLVANIA	1,282,834,257	56,472,918	104,614,911	1,443,922,086	4.24%	2.82%	23.78%	4.42%
RHODE ISLAND	163,809,919	0	0	163,809,919	0.54%	0.00%	0.00%	0.50%
SOUTH CAROLINA	500,025,288	42,228,625	6,715,115	548,969,028	1.65%	2.11%	1.53%	1.68%
SOUTH DAKOTA	205,230,908	12,143,826	0	217,374,734	0.68%	0.61%	0.00%	0.66%
TENNESSEE	630,781,123	50,347,133	23,080,227	704,208,483	2.08%	2.52%	5.25%	2.15%
TEXAS	2,617,622,355	250,985,782	0	2,868,608,137	8.65%	12.55%	0.00%	8.77%
UTAH	245,196,497	14,230,716	0	259,427,213	0.81%	0.71%	0.00%	0.79%
VERMONT	133,734,900	380,990	0	134,115,890	0.44%	0.02%	0.00%	0.41%
VIRGINIA	765,388,545	58,489,542	35,653,052	859,531,139	2.53%	2.92%	8.10%	2.63%
WASHINGTON	546,111,240	10,341,782	0	556,453,022	1.80%	0.52%	0.00%	1.70%
WEST VIRGINIA	286,768,840	29,472,337	33,826,153	350,067,330	0.95%	1.47%	7.69%	1.07%
WISCONSIN	584,419,417	58,234,673	0	642,654,090	1.93%	2.91%	0.00%	1.97%
WYOMING	205,911,443	9,583,587	0	215,495,030	0.68%	0.48%	0.00%	0.66%
SUBTOTAL	30,260,207,377	2,000,000,000	439,920,000	\$ 32,700,127,377	100.00%	100.00%	100.00%	100.00%
Plus:								
	Allocated Programs			\$ 3,712,993,860				
	High Priority Projects			\$ 2,776,550,400				
	Projects of National and Regional Significance			\$ 333,028,800				
	National Corridor Infra. Improvement Program			\$ 364,665,600				
	Transportation Improvements			\$ 478,340,179				
	Bridge Set-Aside			\$ 93,600,000				
	Transfers Pursuant To 23 U.S.C. 154 and 164			\$ 240,693,784				
TOTAL FEDERAL-AID HIGHWAYS OBLIGATION LIMITATION				\$ 40,700,000,000				

NEW AND NOTABLE ON THE INTERNET

Congressional Budget Resolutions

The House Budget Committee's explanatory report accompanying its FY 2010 budget resolution is here:

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:hr060.pdf

The Senate Budget Committee's explanatory committee print accompanying its FY 2010 resolution is here:

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_senate_committee_prints&docid=f:48170.pdf

Economic Stimulus Bill—Implementation

A new FHWA document answering questions about the 120-day highway redistribution is here:

<http://www.fhwa.dot.gov/economicrecovery/redistribution.htm>

Full Federal Transit Administration guidance on its stimulus funding can be found here:

http://www.fta.dot.gov/index_9440.html

Joint Committee on Taxation

The Joint Tax Committee has issued its estimate of the revenue changes made by the President's budget:

<http://www.house.gov/jct/x-22-09.pdf>

U.S. Government Accountability Office

GAO has released a new report entitled *Urban Partnership Agreements: Congestion Relief Initiative Holds Promise; Some Improvements Needed in Selection Process* which is available here:

<http://www.gao.gov/new.items/d09154.pdf>

GAO has released a new report entitled *High Speed Passenger Rail: Future Development Will Depend on Addressing Financial and Other Challenges and Establishing a Clear Federal Role* which is available here:

<http://www.gao.gov/new.items/d09317.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 Aviation Administration	J. Randolph Babbitt	Administrator	Commerce, Science and Transportation	Nomination announced 3/27/09
Federal Railroad Administration	Joseph Szabo	Administrator	Commerce, Science and Transportation	Nomination transmitted 3/26/09

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P. O. Box 661
Front Royal, VA 22630

Email: mail@transportationweekly.com



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THIS WEEK IN COMMITTEE

Tuesday, March 31, 2009 — House Appropriations — Subcommittee on Homeland Security — subcommittee hearing on efficiency of rail, transit and aviation security — *10:00 a.m., 2362-B Rayburn.*

House Transportation and Infrastructure — Subcommittee on Water Resources and Environment — subcommittee hearing on TVA's Kingston ash spill — *2:00 p.m., 2167 Rayburn.*

Wednesday, April 1, 2009 — House Appropriations — Subcommittee on Homeland Security — subcommittee hearing on cargo and container security — *10:00 a.m., 2359 Rayburn.*

Senate Environment and Public Works — Subcommittee on Clean Air and Nuclear Safety — subcommittee hearing on the EPA's renewable fuel standard — *10:00 a.m., SD-406 Dirksen.*

House Appropriations — Subcommittee on Transportation-HUD — subcommittee hearing on the future of high-speed rail, intercity passenger rail, and Amtrak — *2:00 p.m., 2358-A Rayburn.*

House Transportation and Infrastructure — Subcommittee on Coast Guard and Maritime Transportation — subcommittee hearing on Coast Guard diversity and civil rights issues — *2:00 p.m., 2167 Rayburn.*

House Budget — full committee hearing on amendments to H. Con. Res. 95, the FY 2010 budget resolution — *3:00 p.m., H-313, The Capitol.*

Thursday, April 2, 2009 — Senate Homeland Security and Governmental Affairs — full committee hearing on oversight of stimulus spending — *10:00 a.m., SD-342 Dirksen.*

House Transportation and Infrastructure — full committee business meeting to mark up pending legislation — *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	H. Con. Res. 95 reported 3/26/09 H. Rept. 111-60	S. Con. Res. 13 reported 3/27/09 No written report	
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			