

THE LEGISLATIVE SERVICES GROUP'S

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MONITORING AND ANALYZING DEVELOPMENTS IN FEDERAL TRANSPORTATION AND PUBLIC WORKS POLICY

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Tuesday, October 20, 2009

Legislative Schedules *Week of October 19, 2009*

House

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

Wednesday and the balance of the week — meets at 10 a.m. (9 a.m. Friday) — 12 suspensions plus H.R. 3585, solar technology, and H.R. 3619, Coast Guard authorization.

Senate

The Senate convened at 10 a.m. today, agreed to the conference report to accompany H.R. 2892, Homeland Security appropriations, and is now in morning business.

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Surface Bill Seen As Possible Second Stimulus To Boost Jobs Numbers, But Huge Cost Issues Remain Large General Fund Appropriations For Highways, Transit Could Be An Option

Over the last two weeks, rising unemployment numbers (and the potential political problems caused by those numbers) have caused some senior Democratic leaders to advocate quick action on the stalled surface transportation reauthorization bill as a way to boost job creation before the November 2010 midterm Congressional elections.

The September unemployment rate rose to 9.8 percent, a level not seen since June 1983, and most economists agree that the number will soon rise above ten percent and stay there for many months, as the jobs rate is a "lagging indica-

tor" of the progress of the economic recovery.

However, the November 2010 elections loom. Historically, the best political indicator of how a political party will do in the Congressional midterms is the job approval/disapproval rating for the President if he is of that party (this is closely tied to the generic Congressional ballot question).

Every person who is even remotely interested in this issue, or the 2010 elections in general, should read a recent piece by John Judis in *The New Republic* graphing out how closely the unemployment rate and

the President's job numbers have correlated in recent Administrations and in Obama's first term. That article can be read here:

<http://www.tnr.com/print/article/job-one>

Just after the September jobs numbers came out, the Democratic Congressional leadership went to the White House on October 7 to discuss ways to move the unemployment numbers downwards before the elections legislatively.

In addition to advocating tax credits for jobs created and for new homes sold, members of the Democratic leadership pressed President Obama to re-

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18-Month Surface Extension May Get Senate Floor Debate

The leaders of several Senate committees are trying to "hotline" their eighteen-month extension of expired federal surface transportation authorizations this afternoon. This process involves asking all 100 Senate offices if their Senator would object to a unanimous consent request to take up the bill and pass it without amendment later in the day.

The hotlining process is normally used for non-controversial bills, but it is also used with bills that are slightly more difficult (like the surface extension) as a way to draw out potential objections and amendments before the bill actually goes to the floor.

If, as expected, the principal objection to the "clean" extension of fiscal year 2009 funding levels

and policies under the SAFETEA-LU law comes from Senator George Voinovich (R-OH), who believes that the extension is too long, then there is a strong chance that the legislation will be considered on the Senate floor next week.

The prospect of floor time being given to the extension bill is due to two things: a breakdown in

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verse his Administration's insistence on an eighteen-month extension of current surface transportation policies and funding levels and instead support quick action on a six-year reauthorization bill in the name of job creation.

Obama was reportedly noncommittal but may have asked advisers to look at possible options in this regard.

In terms of spending federal money directly to create or sustain jobs, Congressional Democrats are in a bind. To use some version of the word "stimulus" in relation to a new legislative proposal (even if that is precisely what the new proposal really is) will be viewed in Republican circles as an admission that the first stimulus bill did not accomplish all of the things that it was supposed to accomplish.

However, the surface transportation bill is something that Congress was supposed to deal with this year anyway as part of its regular calendar of business, so it cannot be described as something that Congress is passing only to create jobs because the stimulus law failed.

The problem, however (which may not have been fully addressed in the White House meeting because the principals were unfamiliar with the issue) is that the surface transportation bill is stalled because there is no money to pay for it.

Specifically, the Highway Trust Fund (which funds all highway spending and about 80 percent of transit spending) has needed \$15 billion in bailouts from the general fund in the last thirteen months and will need an estimated \$63 billion in additional tax receipts or more bailouts over the six-year period of the next surface bill just to pay for current (FY 2009) spending levels plus inflation. Also, another \$7 billion or so (\$5 billion for the Highway Account, \$2 billion for the Mass Transit Account) is needed to provide a "cash cushion" so the programs don't run out of money on a day-to-day basis.

No one is quite sure exactly how much money will be needed to support House Transportation and Infrastructure chairman Jim Oberstar's (D-MN) six-year \$450 billion surface bill because Oberstar has not yet said how much of the money goes for highways and how much goes for transit, nor has he said how much of the \$450 billion will be made available for obligation in each fiscal year (both are necessary prerequisites for knowing roughly how many dollars will leave the Treasury in each fiscal year).

On the following page, we show a range of high and low possibilities. Bottom line: \$70 billion (as mentioned above) is needed to cover the existing spending baseline, and another \$75 to \$90 billion would be needed to support the \$125 billion in new spending obligations above the baseline contained in the bill.

The question then arises: where would the extra \$145 to \$160 billion needed to pay for the Oberstar bill come from?

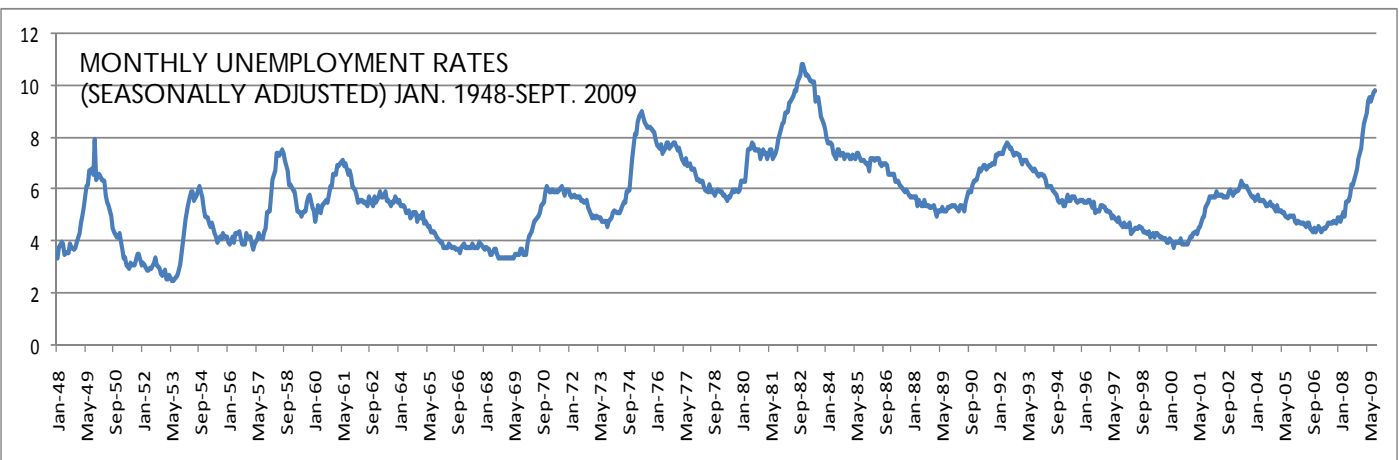
This is a bad time to ask the question, as Congress and the President just got done creating a \$1.4 trillion deficit in fiscal 2009, which rose to a full 10.0 percent of GDP. (See article on page 8.)

Given that the federal government is likely to be in a severe deficit situation for the duration of the next surface bill, there are only four ways to pay for the additional spending that will be incurred by the bill:

- A. Increase taxes and fees directly on the persons and groups who will gain direct benefits from the new spending.
- B. Increase taxes and fees generally, on everyone.
- C. Cut spending elsewhere in the budget to offset the new spending.
- D. Borrow the money from the Chinese (i.e. deficit spending).

Programs funded from a federal trust fund account like the Highway Trust Fund are always supposed to use alternative A (that is the whole point of a trust fund — to tie certain dedicated taxes to a specific set of spending accounts). However, over the last year, the program has been using alternative D, with \$15 billion in deficit spending from the general fund used since September 2008.

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The Obama Administration has consistently opposed alternative A, saying that a recession is no time to increase the federal gasoline tax, and it is likely that a highway bill with a gas tax hike would have to move through Congress on a mostly partisan basis, at least if it is to move before the 2010 elections.

Oberstar, in private discussions, has suggested including a post-dated gas tax increase in the surface bill, to take effect a year or two down the road. But this could backfire by making Democrats take the political hit for the increase in two election cycles — in 2010, when the vote is fresh on people's minds, and in 2012, once the tax increase takes effect.

Option B has no apparent support at all, particularly before the elections. Rep. Pete DeFazio (D-OR), the House Highways and Transit Subcommittee chairman, is still advocating a tax on imported barrels of crude oil. However, this is not just a tax on transportation users — it is also a tax on aviation, the plastics industry, and a burden on little old ladies in New England who rely on home heating oil to keep from freezing to death in the winters. This would mean the official end of the user-financed highways era that lasted from 1956 to 2008 (see more, below).

Option C is always difficult. However, Rep. John Larson (D-CT), a member of the House leadership, has suggested rescinding unused TARP bailout money and using it to finance the highway bill. It is likely that the Treasury Department and the Banking Committees would fight this on institutional grounds, and also, using this money as an offset would also mean the official end of the user-financed highways era that lasted from 1956 to 2008 (see more, below).

And even if alternative A is used, the Highway Trust Fund is so depleted that some sort of general

fund subsidy (alternative D) would be needed in the first two years of the bill to allow new spending quickly (without which no jobs are created between now and the elections). Sen. Richard Durbin (D-IL),

the Senate Democratic Whip and the unofficial White House ambassador to the Senate, was reportedly sounding people out privately last week about a potential compromise

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New Federal Spending Obligations In the March 2009 CBO Baseline For Programs Under the Surface Transportation Bill and Protected by Presumed Extension of TEA21/SAFETEA-LU Special Budgetary Treatment

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>6-Year</u>
Federal-aid Highways (Ob Limit)	41.1	41.3	41.6	41.8	42.2	42.7	250.6
Federal-aid Highways (Exempt)	0.7	0.7	0.7	0.7	0.7	0.7	4.4
NHTSA Ob Limits	0.7	0.7	0.7	0.8	0.8	0.8	4.5
FMCSA Ob Limits	0.6	0.6	0.6	0.6	0.6	0.6	3.4
FTA (HTF) Ob Limit	8.3	8.4	8.4	8.5	8.6	8.7	50.8
FTA General Fund BA	1.9	1.9	1.9	1.9	1.9	2.0	11.5
Total, "Surface Bill"	53.3	53.7	54.0	54.2	54.7	55.4	325.4

Projected Highway Trust Fund Balances Under the August 2009 CBO Baseline Update (Further Updated To Include Actual FY 2010 Beginning-of-Year Balances)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
HTF-HA BOY Balance	8.8	2.3	-4.3	-15.5	-26.4	-37.9
New Receipts	30.4	31.0	32.2	33.2	34.0	34.6
Outlays/Transfers	36.9	37.6	43.4	44.1	45.5	45.7
HTF-HA EOY Balance	2.3	-4.3	-15.5	-26.4	-37.9	-49.0
HTF-MTA BOY Balance	5.2	2.8	0.5	-2.0	-5.5	-9.8
New Receipts/Transfers	5.3	5.5	5.9	5.9	6.0	6.1
Outlays	7.7	7.8	8.4	9.4	10.3	10.2
HTF-MTA EOY Balance	2.8	0.5	-2.0	-5.5	-9.8	-13.9
Total HTF EOY Balance	5.1	-3.8	-17.5	-31.9	-47.7	-62.9

How Much in Extra Taxes/Borrowing Will Be Required To Support The Extra \$125 Billion Above Baseline in the Oberstar Bill Between Now and 9/30/2015? Two Scenarios...

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>6-Year</u>
<i>Back-Ended Scenario:</i>							
Additional Spending Obligations	5.0	10.0	15.0	25.0	30.0	40.0	125.0
Additional Outlays	1.2	4.2	8.2	13.9	20.5	27.6	75.7
<i>Front-Ended Scenario:</i>							
Additional Spending Obligations	15.0	22.0	22.0	22.0	22.0	22.0	125.0
Additional Outlays	3.5	10.8	16.2	19.0	20.7	21.7	91.9

NOTE: These are very rough guesses based on a composite outlay rate for the entire bill that is 80 percent the actual CBO outlay rate for highways and 20 percent an amalgam of transit account outlay rates that we threw together. Nevertheless, it does show the broad range of outlays needed depending on how much front-loading or back-loading of the extra spending is done by Oberstar.

TOTAL NEW TAXES/BORROWING NEEDED TO SUPPORT THE \$450 BILLION OBERSTAR BILL:

Extra Trust Fund receipts needed to support \$325 Billion Baseline:	\$63 billion
Extra Trust Fund receipts to give minimum 9/30/2015 balance of \$7 billion:	\$7 billion
Total Extra Trust Fund receipts needed to support current spending levels:	\$70 billion
Range of extra outlays caused before 9/30/2015 by Oberstar bill:	\$75 billion to \$90 billion
Low end of new taxes/borrowing needed to support Oberstar bill:	\$145 billion
High end of new taxes/borrowing needed to support Oberstar bill:	\$160 billion

Surface "Jobs" Bill

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bill that would contain large general fund deficit spending in the first two years, with a return to Trust Fund financing thereafter (possibly with a gas tax increase, possibly without). (This appears to have been Durbin freelancing, but you never can tell.)

Within this alternative D, there are two ways to go about things — an honest way and a dishonest way. The honest way is to appropriate the money directly, providing new budget authority for the programs which shows up as part of the annual budget totals. (The money would either be subject to the annual discretionary spending total or else declared an off-budget emergency, but either way, it would be a visible part of the annual budget totals). The dishonest way is to continue what took place in September 2008 and July 2009, where "intra-governmental transfers" from the general fund to the Trust Fund are made that do not show up as part of the regular budget totals, taking advantage of a loophole left in the 1974 Budget Act.

The loophole allowing unlimited transfers from the general fund to the Trust Fund is supposed to be enforced by section 401 of the Budget Act, which prohibits any new contract authority from being created unless it is drawn from a "trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury..."

Obviously, the "or will consist" part is open-ended, and since this point of order has never been raised in this precise way, there is no telling what kind of time window the Parliamentarian would use in order to determine whether or not the Highway Trust Fund meets the 90 percent user taxes test. However, any-

where close to \$160 billion in general fund transfers to fund a \$450 billion bill would probably do it.

But this would have to be enforced as a point of order that would kill the entire surface transportation bill, which would increase the likelihood that Congress would waive the point of order.

While in theory there is no Budget Act reason why Congress could not simply transfer, say, \$500 billion from the general fund to the Trust Fund and never have to raise the gas tax again, there is one practical consideration: the statutory limit on the public debt.

As of the close of business on October 16, the total federal debt subject to limit was \$11.853 trillion. The statutory ceiling on the public debt is \$12.104 trillion, leaving room for \$251 billion in additional debt.

Transfers from the general fund to a trust fund automatically create new debt subject to the limit. So if Congress enacted a \$500 billion transfer from the general fund to the Trust Fund tomorrow, only half of the transfer would go through, and it would have the effect of shutting off all new federal borrowing for any other purpose until Congress raised the debt ceiling.

More realistically, while a joint resolution (H.J. Res. 45) raising that debt ceiling to \$13.03 trillion has passed the House, it will take some time and much debate to get that resolution through the Senate. If a surface transportation bill that would generate, say, \$40 or \$60 billion of new debt through a transfer to the Trust Fund or through regular borrowing were to come up while the federal government is only \$50 billion away from the existing debt ceiling, political considerations (if not any actual procedural rule) would make it very difficult or impossible to pass the transportation bill before the debt ceiling was increased.

If, on the other hand, the general fund/borrowing from the Chinese support for the transportation bill were done honestly, as new appro-

priations of budget authority, a different problem would arise. Since there is no room for this money in the budget totals for FY 2010, the money would have to be designated as an off-budget emergency (as the \$787 billion stimulus bill was, and as the wars in Iraq and Afghanistan are).

With the first stimulus bill, there was an explicit trade-off: since the economic problem was so urgent, and required so much budget-busting emergency spending, no earmarked projects were allowed in the stimulus bill.

If the surface transportation bill is front-loaded with tens of billions of dollars in budget-busting emergency appropriations from the general fund, will it be politically possible to earmark that money? And since the bill would make general fund dollars and trust fund contract authority dollars directly fungible for the first time, would it be politically feasible to earmark that contract authority either?

One can already envision the political attack ads: "Congressman X voted to borrow \$60 billion from the Chinese, which your grandchildren will have to pay back, in order to build more bridges to nowhere" (substitute whatever gigantic clunker earmark gets the most bad press out of the new bill for "bridge to nowhere").

And if the tens of billions in emergency general fund money provided by the Appropriations Committees cannot be earmarked, but the remaining contract authority from the Trust Fund provided by the authorization committees can be earmarked, how will that process work? What incentive will the Appropriations Committees have to participate?

On the other hand, a highway bill without earmarks would not be the legislative behemoth that gets 90+ votes in the Senate and 400+ votes in the House, either — it would be a much more ordinary bill that would have to take into account other po-

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litical considerations and might have trouble meeting Budget Act hurdles.

But regardless of whether alternative B (general non-highway-user tax increase), alternative C (spending cuts as an offset, probably TARP), or alternative D (general fund deficit spending/borrowing from the Chinese) is used, any option other than alternative A (increasing taxes and fees on highway users) would mean the end of the user-pays financing system used for the highway program since the 1956 law that established funding for the Interstate system.

Over the years Highway Trust Fund moneys have been afforded all kinds of special privileges in the budget process because the Trust Fund was wholly financed by highway users. This became untrue in 2008 with the general fund bailouts and will become perpetually untrue if a surface bill is enacted and paid for largely by alternatives B, C or D. Accordingly, there would be great pressure to change the budgetary treatment of the Trust Fund.

For starters, in a bill in which the regular highway program comes both from the general fund and the Trust Fund, it is likely that the White House and the Appropriations Committees would insist on the budget scorekeeping change for the Trust Fund proposed by OMB

earlier this year (abolishing contract authority as scoreable budget authority and making general fund appropriations and obligation limitations fungible).

Also, with perpetual general revenue or general fund borrowing subsidies for Trust Fund programs, there would be no reason for annual RABA adjustments of highway spending to match Trust Fund receipts, nor would there be a compelling justification for continuing the "firewalls" that attempt to segregate Trust Fund programs from the rest of the budget.

It remains to be seen whether this is a price that the transportation authorizers are willing to pay to get a multi-year bill enacted in the current Congress.

Coast Guard Reauthorization Bill Advancing Through House

The House of Representatives is expected to consider the annual Coast Guard authorization bill (H.R. 3619) on the floor later this week.

The House Rules Committee is scheduled to meet at 3:00 p.m. on Wednesday to consider which amendments to allow members to offer to the bill. Any members wanting to offer amendments to H.R. 3619 on the floor must submit 30 copies of the amendment and an explanation to the Rules Committee by 10 a.m. on Wednesday.

The Rules Committee will also have to act as arbiter of the perennial jurisdictional disputes between the Transportation and Infrastructure Committee and the Homeland Security Committee over the Coast Guard bill.

Transportation-HUD Appropriations Still Stalled

Although the House and Senate have both passed differing versions of the fiscal year 2010 Transportation-HUD appropriations bill (H.R. 3288), House leaders are still refusing to take the formal step necessary to send the bill to a House-Senate conference committee for final resolution.

There are several major (billion-dollars-plus) differences between House and Senate on high-speed rail, a National Infrastructure bank, and extra general fund appropriations for highways and transit.

The House refuses to send the bill to conference until these issues are resolved, but the Senate refuses to negotiate the big issues until they are given a definite deadline — a date on which they will go to conference.

Homeland Security Appropriations Bill Cleared for White House

Both the House and Senate have now passed the final conference report version of the fiscal 2010 Department of Homeland Security appropriations bill (H.R. 2892 — conference report is H. Rept. 111-298). The measure is now clear for President Obama's signature.

The House agreed to the conference report on October 15 by a vote of 307-114 after a motion to recommit the report to the conference committee failed by a vote of 193-224.

The Senate agreed to the conference vote on October 20 (earlier today) by a vote of 79-19.

Energy and Water Appropriations Bill Cleared For White House

Both the House and Senate have now passed the final conference report version of the fiscal 2010 energy and water development appropriations bill (H.R. 3183—conference report is H. Rept. 111-278). The measure is now clear for President Obama's signature.

The House agreed to the conference report on October 1 by a vote of 308-114.

The Senate agreed to the conference vote on October 15 by a vote of 80-17.

The final legislation provides a total of \$5.445 billion for the civil works (water resources) program of the U.S. Army Corps of Engineers.

Surface Extension

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the process by which the Senate has been considering appropriations bills (the Senate failed to invoke cloture on the Commerce-Justice-State bill last week because the majority and minority could not agree on an amendment list) and a delay in getting a compromise health care bill ready for Senate consideration.

In the absence of appropriations and health care, the opening on the floor is potentially available for the surface extension.

The actual form of the legislation is an amendment in the nature of a substitute to the House-passed three-month surface transportation extension (H.R. 3617).

If Voinovich is determined to filibuster the eighteen-month version of the amendment because its duration is too long (echoing the House

position, which is great for Voinovich, who is not running for reelection and whose term expires in fifteen months, fifteen being less than eighteen), the Senate would have to spend several days on the floor debating the bill and waiting for the clock to run out on multiple cloture petitions to break the filibuster (getting 60 votes to shut off debate on this bill should not be a problem).

The political optics of this situation will be pleasing to Democrats. After all, this is a bill that the state governors desperately want, which has bipartisan support, and which will prevent layoffs. If a Republican Senator wants to filibuster a bipartisan bill on the grounds that it does not raise taxes (specifically, gasoline taxes), which has been a key part of Voinovich's previous remarks on the subject (Voinovich has the lame-duck freedom to advocate unpopular but needed tax increases which most of his colleagues lack),

Democrats fail to see how this spectacle could be bad for them. Republicans, meanwhile, are not likely to be caught standing in the same camera frame as Voinovich while this is going on.

Once the Senate passes its eighteen-month amendment to the House three-month bill, it will be up to the House and Senate leadership (and the White House) to settle things. House Transportation and Infrastructure chairman Jim Oberstar's (D-MN) leverage probably diminishes once a bill is in conference, since the Obama White House has a track record of staying out of Congress's way as legislation makes its way through the chambers but coming in late and imposing its will in the House-Senate conference stage.

The conference (or non-conference amendment-between-the-Houses negotiation) will be the chance to see just how supportive the White House still is of the eighteen-month extension it originally proposed.

House Hearing Examines High-Speed Rail Program

A House hearing last week examined the progress made, and future of, the Federal Railroad Administration's high-speed and intercity passenger rail program.

On October 14, the House Railroads, Pipelines and Hazardous Materials subcommittee heard testimony from government, industry and stakeholder officials. Most of the testimony was predictable: to paraphrase, the Federal Railroad Administration ("we're doing the best we can to implement this huge new program") to the GAO ("be very careful how you spend this money so you don't waste it"), manufacturing unions ("Buy American"), rail labor unions ("use Amtrak to operate all high-speed rail, since they are already as completely unionized as it is possible to be"), etc.

As far as news went, the FRA Administrator did say that the initial awards of grants under the \$8 billion in high-speed rail money from

OBAMA ADMINISTRATION SPLITS HIGH-SPEED/ INTERCITY RAIL FUNDING INTO FOUR CATEGORIES:		
<u>Category</u>	<u>Speed</u>	<u>Corridor length</u>
Conventional rail	79-90 mph	Any
Emerging high-speed rail	90-110 mph	100-500 miles
High-speed regional rail	110-150 mph	100-500 miles
High-speed rail express (Express = few stops)	150+ mph	200-600 miles

the stimulus act will not be made until January 2010 at the earliest, which is slower than FRA had earlier projected.

There were a few other moments of interest, such as when Transportation and Infrastructure chairman Jim Oberstar (D-MN) admitted that a wide array of Buy American waivers would be needed to get the program off the ground relatively quickly due to a present lack of domestic manufacturing capacity, or when the GAO representative said that separate right-of-way (i.e. not sharing track with freight trains) was essential for high-speed rail to

be competitive with aviation since separate right-of-way is the only way to ensure on-time performance.

A group called America 2050 gave an interesting presentation suggesting ways that FRA should prioritize various regional applications for high-speed rail corridor service.

They suggest judging potential service areas on several criteria: city and metropolitan area population, distance between city pairs, transit connectivity, productivity (measured by per-capita metropolitan GDP), levels of auto congestion, and whether or not the metropoli-

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House HSR Hearing

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tan area is within a “megaregion” — a network of metropolitan regions with shared economies, infrastructure and natural resource systems (see map below).

The America 2050 methodology should be taken with a grain of salt, since it was produced by a New York City-centric planning agency. Nevertheless, some elements are worth discussion, particularly its focus on the population of cities within large metropolitan area as opposed to the population of the metro area itself.

Consider the utility of a high-speed train connecting downtown Washington DC with downtown Philadelphia. Should the benefits of this line be judged based on the popula-

tions of the entire Philadelphia-Camden-Wilmington Metropolitan Statistical Area and the Washington-Arlington-Alexandria Metropolitan Statistical Area? Because that high-speed rail line will not be particularly helpful to many people living on the edges of those MSAs.

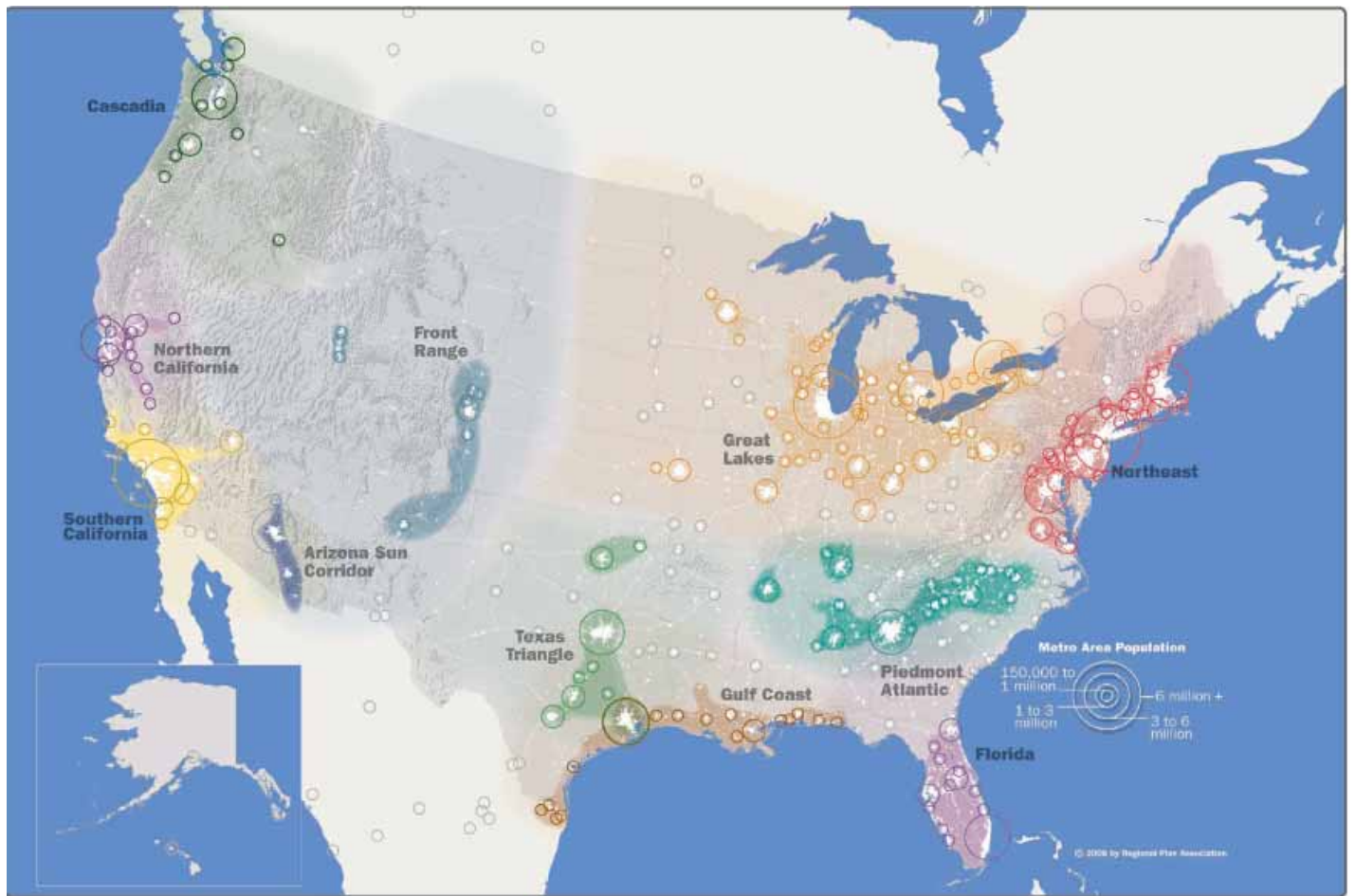
For example, Cecil County, Maryland is in the Philly MSA. It is an awfully short hop across the Bay Bridge from Cecil County to Prince Georges County, Maryland, which is the easternmost edge of the DC MSA (whereas it is a long haul from Cecil County to downtown Philadelphia). Likewise, getting from Leesburg, Virginia (the western end of the DC MSA) to Reading, PA (the western end of the Philly MSA) will probably always be easier by car than by going to and from downtown to catch the high-speed rail.

This is not to say that all of the residents of a large metro area won't get some kind of benefit from high-speed rail, only that the outliers won't get as much benefit as the downtowners and perhaps should be weighted accordingly in the cost-benefit models.

(Ed. Note: Rep. Steve Cohen (D-TN) gained entry to the TW Hall of Fame during this hearing by asking FRA Administrator Joe Szabo whether or not he had ever heard of Alex Chilton (who sang the lyrics “Gimme a ticket for an aeroplane / Ain't got time to take a fast train” when he was with the Box Tops). Tragically, Cohen did not press Szabo about Chilton's subsequent work with Big Star, or he would have reached a permanent #1 in the TWHall of Fame.)

Emerging “Megaregions” Where High-Speed Rail Might Work Best

(Courtesy America 2050 and the Regional Plan Association)



Final FY 2009 Deficit Was \$1.417 Trillion, A Post-WWII Record 10.0% of GDP

The Treasury Department and the Office of Management and Budget last week announced that the unified federal deficit for fiscal year 2009 was \$1.417 trillion, equivalent to 10.0 percent of an estimated gross domestic product of \$14.218 trillion.

This is almost one trillion dollars worse than the final FY 2008 deficit, as this table shows:

	FY 2008	FY 2009
Receipts	2,524	2,105
Outlays	2,978	3,522
Deficit	-455	-1,417

Total tax receipts dropped 16.6 percent (\$419 billion) from the FY 2008 actual, while spending outlays increased by 18.3 percent (\$544 billion).

For a historical comparison, the dollar amounts are much less useful than a percentage of annual GDP. The chart below shows the unified deficit as a percentage of GDP from FY 1946 through the end of FY 2009. (Think back in history how the deficit was the biggest political issue in D.C., most of the time, from the early 1980s through the mid-1990s and then look at the

chart and see how puny those deficits were compared to what now faces Congress. The annual budget process in the next few years will be nothing short of gruesome.)

The joint statement of the Treasury Secretary and the OMB Director was focused on the “good news” — namely, that the final deficit was significantly lower than what was forecast just two months ago by OMB in the Mid-Session Review. Their summary for the Department of Transportation said that: “Outlays for the Department of Transportation were \$73 billion, \$7.5 billion lower than projected in the MSR. Actual outlays for DOT Recovery Act programs were \$4.5 billion less than estimated, with the difference primarily in highway, transit, and rail programs. This was largely because of the time and steps required by project sponsors to start work on a new set of previously unplanned projects.”

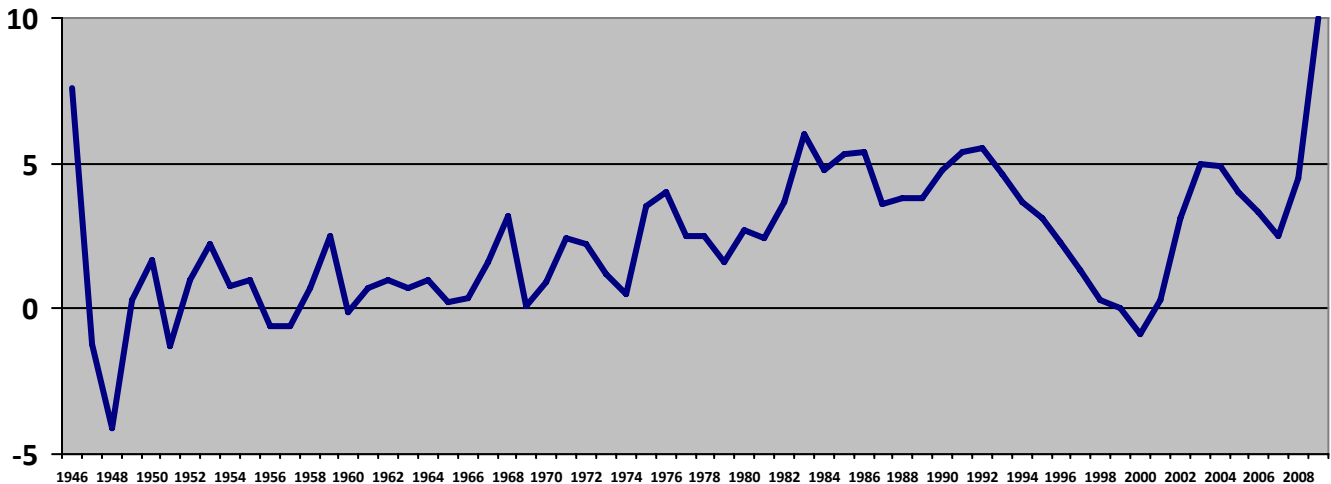
(Ed. Note: while the numbers released in the *Monthly Treasury Statement* generally only showed outlay totals at the bureau/agency level, Treasury did break out the \$27.5 billion in general fund stimulus

appropriations for the federal-aid highway program. The joint Treasury/OMB statement said that both the original President’s Budget and the MSR projected that \$5.5 billion of the \$27.5 billion in highway stimulus would be outlaid from the Treasury by September 30. In actuality, only \$2.417 billion of the highway stimulus money was outlaid during that time. Fairness forces us to point out that the Congressional Budget Office’s spring 2009 baseline projected that only \$2.75 billion of the highway stimulus money would be outlaid by September 30. So CBO’s projection was 14 percent high while OMB’s projection was 128 percent high. This is reason #7376 why Congress generally trusts CBO’s numbers more than those of the White House — of any White House. See the table below for a further comparison of CBO and OMB projections of Recovery Act FY 2009 outlays compared with the actuals.)

		OMB	CBO	Actual
FAA	Facilities & Equip.	80	20	2
FAA	Airport Grants	110	55	179
FHWA	Federal-aid Highways	5,500	2,750	2,417
FRA	High-Speed Rail	160	160	2
FTA	Fixed Guideway Mod.	165	68	76
FTA	Formula Grants	1,518	621	570

FEDERAL DEFICITS AND SURPLUSES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT, FY 1946-2009

Deficits are shown as positive numbers and surpluses are shown as negative numbers. Source: *Historical Tables of the Budget of the United States Government* for all years except FY 2009, which is taken from the September 2009 *Monthly Treasury Statement*. All numbers are in terms of the unified budget deficit.



NEW AND NOTABLE ON THE INTERNET

Coast Guard Reauthorization (House)

The text of H.R. 3619, the Coast Guard bill, as reported from the T&I Committee is here:

http://www.rules.house.gov/111/LegText/111_hr3619_txt.pdf

And the text of the explanatory committee report is here:

http://www.rules.house.gov/111/CommJurRpt/111_hr3619_rpt.pdf

FY 2009 Final Budget Numbers

The September 2009 Monthly Treasury Statement is here:

<http://www.fms.treas.gov/mts/mts0909.pdf>

And a table showing how those numbers aren't nearly so bad, when compared to the earlier OMB estimates, is here:

http://www.treas.gov/press/releases/docs/yes09_tables.pdf

High-Speed Rail Hearing

Testimony from last week's House T&I hearing on high-speed rail can be found here:

<http://transportation.house.gov/hearings/hearingdetail.aspx?NewsID=1024>

STATUS OF PENDING TRANSPORTATION-RELATED NOMINATIONS

Agency	Nominee	Position	Senate Committee	Latest Action
Department of Transportation	Chris Bertram	Assistant Secretary for Budget and Programs	Commerce, Science and Transportation	Nomination confirmed 8/7/09
Department of Transportation	Susan Kurland	Assistant Secretary for Aviation and Int'l Affairs	Commerce, Science and Transportation	Nomination confirmed 8/7/09
DOT-Federal Motor Carrier Safety Admin.	Anne Ferro	Administrator	Commerce, Science and Transportation	Hearing held on 9/23/09
DOT-National Highway Traffic Safety Admin.	Charles Hurley	Administrator	Commerce, Science and Transportation	Nomination reportedly will be withdrawn
DOT—Pipeline and Hazard. Materials Adm.	Cynthia Quarterman	Administrator	Commerce, Science and Transportation	Hearing held on 9/23/09
National Transport. Safety Board	Christopher Hart	Member for a term expiring 12/31/2012	Commerce, Science and Transportation	Nomination confirmed 8/7/09
National Transport. Safety Board	Mark R. Rosekind	Member for a term expiring 12/31/2014	Commerce, Science and Transportation	Nomination transmitted 10/1/09
Surface Transportation Board	Daniel Elliott	Chairman	Commerce, Science and Transportation	Nomination confirmed 8/7/09
Department of the Army	Jo-Ellen Darcy	Assistant Secretary for Civil Works	Armed Services <i>and</i> Enviro. & Public Works	Nomination confirmed 8/7/09
Department of Homeland Security	Erroll Southers	Assistant Secretary for Transport. Security	Commerce, Science and Transportation	Nomination transmitted 9/17/09

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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, October 20, 2009 — House Transportation and Infrastructure — Subcommittee on Subcommittee on Economic Development, Public Buildings, and Emergency Management — subcommittee hearing on disaster response for the young, elderly and those with special needs — *2:00 p.m., 2167 Rayburn.*

Wednesday, October 21, 2009 — House Rules — full committee hearing on a special order for consideration of H.R. 3619, Coast Guard Authorization — *3:00 p.m., H-313, The Capitol.*

NOTE: THE HOUSE TRANSPORTATION AND INFRASTRUCTURE HEARING ON DISTRACTED DRIVING THAT WAS SCHEDULED FOR 10 A.M. ON THE 21st HAS BEEN RE-SCHEDULED FOR 9:30 A.M. ON THE 29th.

Thursday, October 22, 2009 — House Homeland Security — Subcommittee on Border, Maritime and Global Counterterrorism — subcommittee on cargo security at land ports of entry — *10:00 a.m., 311 Cannon.*

FANTASY FOOTBALL SCORE OF THE WEEK

Team
LaTourette



108.5

Team
Davis



102.5

STATUS OF MAJOR TRANSPORTATION BILLS — 111th CONGRESS

BILL	HOUSE ACTION	SENATE ACTION	RESOLUTION
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. 85 passed House 4/2/09 by vote of 233-196	S. Con. Res. 13 passed Senate 4/2/09 by vote of 55-43	Conference report (H. Rept. 111-89) agreed to 4/29/09
FY 2010 Transportation-HUD Appropriations	H.R. 3288 passed House 7/23/09 by a vote of 256-168	H.R. 3288 passed Senate amended 9/17/09 by vote of 73-25	
FY 2010 Energy and Water Appropriations	H.R. 3183 passed House 7/17/09 by a vote of 320-97	H.R. 3183 passed Senate amended 7/29/09 by vote of 85-9	Conference report (H. Rept. 111-278) passed Senate 10/15/09
FY 2010 Homeland Security Appropriations	H.R. 2892 passed House 6/24/09 by a vote of 389-37	H.R. 2892 passed Senate amended 7/9/09 by a vote of 84-6	Conference report (H. Rept. 111-298) passed Senate 10/20/09
Federal Aviation Admin. Reauthorization Bill	H.R. 915 passed House 5/22/09 by a vote of 277-136	S. 1451 reported 9/29/09 S. Rept. 111-82	
Surface Transportation Reauthorization Bill	Subcommittee marked up draft bill on 6/24/09		
Short-Term Extension of Surface Transportation Laws	H.R. 3617 passed House 9/23/09 by a vote of 335-85	S. 1498 reported 7/22/09 S. Rept. 111-59	
Water Resources Development Act			
FY 2010 Coast Guard Authorization	H.R. 3619 reported 10/16/09 H. Rept. 111-303	S. 1194 ordered reported 7/8/09 by Senate Commerce Committee	
Transportation Security Admin. Reauthorization	H.R. 2200 passed House 6/4/09 by a vote of 397-25		