APTA
LEGISLATIVE Alert
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

February 2, 2010

President Releases Budget Proposal for Fiscal Year (FY) 2011 - $10.8 Billion Recommended for Transit, $1 Billion for High Speed Rail

On Monday, February 1, President Obama released the Administration's budget proposal for FY 2011. The massive $3.8 trillion dollar budget includes proposed funding levels for transportation programs. The budget request seeks $10.8 billion for public transportation programs, and an additional $1 billion for High Speed Rail. Like most domestic programs, this request represents almost no growth for the base transit program from funding levels approved by Congress in FY 2010. However, the President has proposed a new "National Infrastructure Innovation Finance Fund," which if enacted into law by Congress, could provide new funding opportunities for public transportation.

In transmitting the budget request, the President acknowledged that growth in the public transportation program is restrained due to the lack of resources available in the Mass Transit Account of the Highway Trust Fund (HTF), and the absence of a long-term authorization bill. Recent projections released by the Congressional Budget Office indicate that there will be just enough funds left in the HTF to fund the transit program at current levels through the end of FY 2011.

The Administration's budget "reformats and restructures" some programs to implement new policy recommendations. These changes reflect the Administration's "priority emphasis on transportation safety, livable communities and place-based development." Among these proposals are the creation of a new "livable communities" category of funding, new funds to implement its proposed federal rail safety oversight program and the creation of a new "state-of-good-repair" program for transit assets within the formula program.

Federal Transit Administration (FTA)

The $10.8 billion recommended for FTA programs is a $69 million increase (.6 percent) over FY 2010 levels. Within this amount, the budget recommends the following:

• **$8.272 billion for transit formula programs.** This is a $71 million decrease from FY 2010. However, funding for the Job Access and Reverse Commute (JARC) program, Alternatives Analysis and planning programs are moved out of this account, and would be funded under a new "Livable Communities" program.

Within the amounts provided in the transit formula programs, the administration has proposed the creation of a "Bus and Rail State of Good Repair" program. This new initiative would combine funds provided under the Bus and Bus Facilities Program and the Fixed Guideway Modernization into a single account which would provide funds to transit properties for "investments in bus and related capital projects and the acquisition, reconstruction and improvements of equipment and facilities for use on fixed guideways." The Administration asserts this shift will help facilitate the improvement of bus and rail assets to ensure a state-of-good repair for our nation's transit assets.

• **$307 million for a "Livable Communities" program.** The JARC Program, Alternatives Analysis Program and metropolitan and state-wide planning programs would be funded under this new account. These programs were funded at a combined level of $303 million in FY 2010.

• **$1.820 billion for New Starts:** This amount is $178 million less than FY 2010 approved levels.

• **$24 million for the "Rail Transit Safety Oversight Program."** This would fund the Department of Transportation's Safety Oversight Program proposed late last year. The budget summary notes that in addition to this amount, $6 million has been added to the FTA's Administrative budget for the purpose of implementing the program, for a total program cost of $30 million.

• **$53 billion Greenhouse Gas and Energy Reduction grants.** This program would provide funding for "Clean Fuels and Environmental Research" and "Greenhouse Gas and Energy Deployment and Demonstrations." This program would repalce the Transit Investments in Greenhouse Gas and Energy Reduction Program (TIGGER).

• **$29 million for "technical assistance and workforce development."** This new account would combine previously funded technical assistance programs and workforce development programs into a single account to "better address the technical assistance needs of transit providers nationwide" and "develop a workforce with the skill-mix to address public transportation challenges of the future." Funds for the National Transit Institute are included under this account.

• **$30 million for National Research and Technology.** Formerly the Research and University Research Center Program, this new account will provide funds for national transit research and development and the Transit Cooperative Research Program.

• **$114 million for FTA Administrative expenses.** The FTA Administrative budget is expanded to allow the agency to add new staff to implement the Rail Transit Safety Oversight program and to "address current urban and rural transportation challenges, promote livable and sustainable communities and expand efforts to reduce greenhouse gas emissions and energy consumption."

• **$150 million for the Washington Area Metropolitan Area Transit Authority Capital Grants.**

Fiscal Year 2011 Transportation Budget Request Comparison

Program	FY 2009 Enacted (Millions)	FY 2010 Enacted (Millions)	FY 2011 Request (Millions)
Total New Budget Authority All FTA Programs	10,231.2	10,730.8	10,799.5
Formula Programs Total	8,260.6	8,343.2	8,271.7
§ 5307 Urbanized Area	4,552.2	4,757.1	4,633.5
§ 5311 Rural Area	538.2	607.0	547.8
Livable Communities Initiative[1]	0.0	0.0	306.9

Energy Efficiency/ Greenhouse Gas Reduction	0.0	0.0	52.7
§ 5309 Capital Investment Programs Total	1,809.3	1,998.0	1.822.1
National Research and Technology[2]	67.0	65.7	29.7
Technical Assistance and Workforce Development	0.0	0.0	28.6
FTA Operations	94.4	98.9	113.6
WMATA Preventative Maintenance and Capital[3]	0.0	150.0	150.0
Rail Transit Safety Oversight	0.0	0.0	24.1
Federal Railroad Administration			
High Speed and Intercity Passenger Rail	8,000.0[4]	2,500.0	1,000.0
Amtrak Operating Grants	550.0	563.0	563.0
Amtrak Capital and Debt Service	940.0	1,001.6	1,005.2
Positive Train Control	0.0	50.0	0.0
Office of the Secretary of Transportation			
National Infrastructure Innovation and Finance Fund	0.0	0.0	4,000.0

---

[1]Includes Jobs Access and Reverse Commute, Alternatives Analysis, and Planning Activities

[2]Formerly the Research and University Centers program account

[3]Funds separately authorized under the Passenger Rail Investment and Improvement Act of 2008

[4]FY09 funds for High Speed and Intercity Passenger Rail and for the Multi-modal (TIGER) grant program included in the American Recovery and Reinvestment Act (ARRA)

Federal Rail Administration

High Speed Rail

The Administration continues its commitment to develop High Speed Rail in the United States by requesting an additional $1 billion for the "Capital Assistance for High Speed Rail Corridors and Intercity Passenger Rail Service" program. It did not however, recommend new funding for the "Next Generation High Speed Rail" program, which supports research and development for new high speed rail related technology.

Positive Train Control

The Administration once again did not recommend new funding for the "Railroad Safety Technology Program," which provides grants to help implement federally mandated positive train control systems. This program, which is authorized at $50 million per year under the Rail Safety Improvement Act of 2008, was fully funded by Congress in Fiscal Year 2010.

Office of the Secretary of Transportation

National Infrastructure Innovation and Finance Fund (NIIFF)
The Administration has proposed $4 billion for a new program to "establish a new direction in federal infrastructure investments that emphasizes demonstrable merit and analytical measures of performance." Intended to fund major projects of national, regional or local significance, the NIIFF program combines elements of the previously proposed National Infrastructure Bank and the Transportation Investment Generating Economic Recovery (TIGER) grants program by making available a mix of grants, loans and loan guarantees for major infrastructure investments. Capital assistance would be available for highway, bridge, tunnel, transit, commuter rail, passenger and freight intermodal facilities, passenger and freight rail, including Amtrak, freight rail, airports, aviation and port and maritime investments. Grants, loans and loan guarantees would also be provided for infrastructure projects that improve the sustainability of regional transportation networks or for transportation elements of non-transportation projects. Grants would be generally be available for no less than $25 million, but smaller grants could be awarded for smaller communities. The Administration's proposal would make approximately half of the total ($2 billion) available for infrastructure grants, and use the remainder to support loans, loan guarantees and planning activities. This new fund would also be used to promote collaboration on major projects among states, municipalities and private investors.

Office of Livable Communities
The Administration requests $20 million to create an "Office of Livable Communities" within the Office of the Secretary to promote collaboration with the Department of Housing and Urban Development and the Environmental Protection Agency to coordinate similar livability and sustainability programs. This office would also provide grants and technical assistance to help states, local and non-profit organizations to improve "performance measure capabilities."

Department of Homeland Security
The Administration's budget proposes $300 Million for Public Transportation Security and Railroad Security grants. This is a flat funding level when compared to FY 2010 Appropriations, but it continues a significant reduction from the FY 2009 funding level of $550 million (which includes a $400 million regular appropriation and an additional $150 million provided in the American Recovery and Reinvestment Act, ARRA). The levels proposed are also far below the $1.1 billion authorized under the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110–53).

It is important to note that the Administration's proposal is just that- a proposal that does not carry the force of law. Any programmatic adjustments and funding levels must be enacted by Congress through the authorization and appropriations process.

For more information on the President's budget request, contact Paul Dean of APTA's staff at (202) 496-4887, or pdean@apta.com.

President Calls On Senate To Pass Jobs Legislation; Transit Funding Could Be Included; Contact Senators To Urge New Transit Investment

In last week's State of the Union address, President Barack Obama called on the U.S. Senate to quickly pass new legislation to encourage job creation. Democratic leaders of the Senate are expected to introduce two separate "jobs" bills in the coming days. Majority Whip Richard Durbin (D-IL) and Democratic Policy Committee Chairman Byron Dorgan (D-ND) have led efforts to develop the proposals, and new investment in public transportation and other transportation infrastructure has been included in draft proposals. In December, the U.S. House of Representatives approved a jobs bill (H.R. 2847) that appropriated $37.3 billion for transportation programs, including $8.4 billion for transit, and $27.5 billion provided for the Federal-Aid Highway Program.

As the Senate prepares for debate on jobs legislation, the inclusion of transportation investment is not guaranteed. Spending in the House-passed bill was offset under budget rules by monies being returned by banks to the Troubled Asset Relief Program (TARP) program. Senate Republicans and some Democrats have signaled opposition to the use of TARP funding as an offset for new spending, thus any bill passed by the Senate will likely not mirror the House-passed bill. The inclusion of transportation funds will also be influenced by discussions on how quickly transportation spending can create jobs. Some economists have argued that transportation investment creates jobs over multiple years, while any jobs bill is designed to spur employment immediately, preferably before the November elections.

In an effort to attract bipartisan support, Senate leaders are considering separate tax and infrastructure jobs bills, with the tax measure likely to move first.

Last Thursday, APTA President Bill Millar sent letters to Senate leaders urging new investment in transit and high-speed passenger rail, including funds for transit operations. The letter points out that transit systems have applied for more than 99 percent of funds available from the American Recovery and Reinvestment Act (ARRA). Without new investment from a jobs bill or a long-term authorization of the federal transit program, no further jobs will be supported or created. The letter also cites that a recent APTA survey that identified more than $15 billion of new “ready to go” projects. To view the letter, click here.

As Senators prepare jobs legislation, they may have to choose between tax credits, tax cuts, spending to aid state and local governments, and other job-creating programs. APTA members are strongly encouraged to contact their Senators immediately to advocate for the inclusion of public transportation investment in any jobs bill.

Action Alert

• Contact your U.S. Senators and urge them to include public transportation investment in any jobs bill.

• Inform Senators that your transit system or company will not create more jobs without new investment from a jobs bill or a long-term authorization bill.

• Explain how transit investment could be put to use quickly in new projects. If your transit system would use funding for transit operations, point out how those funds will help save jobs or avert service cuts.

• Remind your Senator how you have used transit investment from ARRA and point out that all of your transit system’s ARRA funding has been committed to projects.

For more information on the Jobs Bill, contact Homer Carlisle of APTA’s staff at (202) 496-4810, or hcarlisle@apta.com.

President Obama Announces High-Speed Rail Funding Award Recipients

On Thursday, January 28, the Administration announced the recipients of $8 billion in American Recovery and Reinvestment Act (ARRA) funding for the development of a next generation high-speed rail system in the United States. California and Florida received the two largest grants awarded. The California high-speed rail project was awarded $2.25 billion for a corridor that will eventually link Los Angeles to San Francisco via trains reaching speeds of up to 220 miles per hour. In Florida, $1.25 billion was awarded to construct a corridor linking Tampa to Orlando, providing service to passengers at speeds expected to reach up to 168 miles per hour. In addition, funds were spread among several other corridors in the midwest, northeast, and northwest regions and to fund infrastructure improvements to improve travel times between major cities. APTA Presdient Bill Millar joined FRA Administrator Joseph Szabo in Philadelphia last week for the annoucement of a high speed rail grant for the Keystone Corridor, which will connect Philadelphia and Pittsburgh, Pennsylvania.

Competition for the $8 billion program was intense, with 24 states requesting funding for projects totaling over $55 billion. In all, awards for 13 major corridors were granted to projects in 31 states. Projects receiving funding range from investments towards the creation of an entire high-speed rail corridor, to planning activities to develop future corridors, to individual projects that will result in improvements to existing rail networks.

The funding is expected to create tens of thousands of new construction and manufacturing jobs, spurring the economy while also creating the foundation for future rail projects. In addition to the initial $8 billion provided under ARRA, the Administration has requested $1 billion per year over the next 5 years for future high-speed rail projects.

For a complete list of projects receiving funding, click here.

For more information on the High Speed Rail program, contact Joni Zielinski of APTA's staff at (202) 496-4887, or jzielinski@apta.com.

Department of Transportation Rescinds 2005 "Dear Colleague" Letter On New Starts Funding

At the Transportation Research Board annual conference on Wednesday, January 13, Department of Transportation Secretary Ray LaHood announced major changes to the selection criteria for projects that are funded through the New Starts and Small Starts programs. The agency's recently announced livability and sustainability principles will be the new basis for project selection. The Secretary stated that the 2005 FTA policy statement that limited New Starts funding to projects that received a "medium" or higher rating for cost effectiveness will immediately be revoked. Instead of limiting selection criteria to how much commuting time is saved in relation to the project's cost, the full range of benefits that transit provides will be evaluated. These benefits include economic development, environmental, social, and congestion relief.

These benefits and criteria are already referenced in statute: Sections 5309(d) and (e) of Title 49, United States Code, as amended. Therefore, in order to be eligible to receive a New, Small, or Very Small Starts grant, the project must receive an overall rating of "medium," which means receiving "medium" or higher ratings on both project justification criteria and local financial commitment criteria.

Secretary LaHood also indicated that FTA will soon begin a rulemaking process to implement new regulations that more completely and accurately reflect the variety of benefits that are produced from major transit investments.

APTA has long advocated this change, as well as other measures to simplify and streamline the New Starts process to enhance the efficiency and effectiveness of the program.

For more information on the New Starts Program, contact Paul Dean of APTA's staff at (202) 496-4887, or pdean@apta.com.

Natural Gas Tax Credit Awaits Senate Finance Committee Action

As previously reported, the alternative fuels tax credit for liquefied and compressed natural gas expired at the end of 2009. Public transportation operators who utilize alternative fuels, including compressed natural gas (CNG) and liquid natural gas (LNG) are eligible for a 50 cent per gallon equivalent tax credit. This tax credit is an important source of revenue for many public transportation agencies that utilize natural gas for a portion or all of their fleet fueling needs.

Earlier in December, the U.S. House of Representatives passed a bill providing for a one year extension of the tax credit as part of a larger package of similar expiring provisions titled the "Tax Extenders Act of 2009" (H.R.

4213). On December 8, 2009 the Administration issued a Statement of Administration Policy expressing support for passage of H.R. 4213. However, with the focus of the U.S. Senate squarely on health care reform, Congress ran out of time to extend the tax credit before its expiration. With this realization, the bipartisan leadership of the Senate Finance Committee released a joint statement on December 22, 2009 declaring their intent to address the various expiring tax provisions early in 2010.

APTA recently wrote again to Senate Finance Committee Chairman Max Baucus (D-MT) and ranking Republican Senator Charles Grassley (R-IA) urging them to pass this important legislation. While the broad bipartisan support for the extension of this package of expired tax provisions remains, it is unclear when the Senate Finance Committee will be able to act on the legislation and move it to the full Senate for a vote.

APTA members are urged contact their Senators, particularly members of the Senate Finance Committee to express support for extending the alternative fuels tax credits.

Action Alert

• Contact your Senators and urge them to enact tax legislation to extend the expired Alternative Fuels Tax Credit.

• Explain to them the importance of this tax credit to your agency's operating budget.

• Urge them to ensure that the tax extension applies retroactively to the beginning of 2010.

For additional information on this legislation, please contact Brian Tynan of APTA's Government Affairs Department at (202) 496-4897, or btynan@apta.com.

American Public Transportation Association
Unsubscribe here

1666 K St., NW. Washington, DC 20006
(202) 496-4800 | www.apta.com