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LEGISLATIVE Alert

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION



April 20, 2011

Congress Completes Fiscal Year (FY) 2011 Appropriations; Final Legislation Includes Significant Cuts to Surface Transportation Programs

On Friday, April 15, President Barack Obama signed H.R. 1473, the Department of Defense and Full Year Continuing Appropriations Act, 2011, (P.L. 112-10) which funds government operations through the remainder of the fiscal year ending September 30. The legislation was approved on Thursday, April 14, in the U.S. House of Representatives by a vote of 260 – 167. The Senate approved the bill by a vote of 81 – 19.

In accordance with the agreement reached, the legislation contains significant reductions to non-Trust Fund transportation programs. Most notably, the appropriations bill provides no funding for high-speed rail in FY 2011 and cuts the Capital Investment Grant (New Starts) program by \$400 million, in addition to a \$280 million rescission of FY 2010 New Starts funds.

The following chart displays an analysis of the FY 2011 enacted legislation compared to FY 2010. The numbers for FY 2011 include the 0.2 percent rescission applied to all non-defense spending accounts.

Fiscal Year 2011 Transportation Appropriations Comparison

Program	FY 2010 Enacted (Millions)	FY 2010 Adjusted (Millions)	FY 2011 Administration Request (Millions)	FY 2011 Final Appropriations (Millions)	Difference Between FY 2010 and FY 2011
Total New Budget Authority All FTA Programs	10,730.8	10,450.8	10,799.5	10,295.2	-4.2%
Formula Programs Total	8,343.2		8,271.7	8,343.2	-
Livable Communities Initiative	0.0		306.9	0.0	-
Energy Efficiency/Greenhouse Gas Reduction (TIGGER)	75.0		52.7	49.9	-33.5%
New Starts/Small Starts	1,998.0	1,718.0	1,822.1	1,594.8	-20.2%
National Research and Technology / Research and University Research Centers	65.7		29.7	58.9	-10.4%
Technical Assistance and Workforce Development	0.0		28.6	0.0	-
FTA Operations	98.9		113.6	98.7	-0.2%
Rail Transit Safety Oversight	0.0		24.1	0.0	-
WMATA Preventive Maintenance and Capital	150.0		150.0	149.7	-0.2%
Federal Railroad Administration					
High Speed and Intercity Passenger Rail	2,500.0	2,100.0	1,000.0	0.0	-100%
Amtrak Operating Grants	563.0		563.0	561.8	-0.2%

Amtrak Capital and Debt Service	1,001.6		1,005.2	921.8	-8.0%
Positive Train Control	50.0		0.0	0.0	-
Office of the Secretary of Transportation					
National Infrastructure Innovation and Finance Fund	0.0		4,000.0	0.0	-
Livable Communities	0.0		20.0	0.0	-
National Infrastructure Investments (TIGER)	600.0		0.0	526.9	-12.2%
Department of Homeland Security					
Rail and Public Transportation Security Grant Program	300.0		300.00	250.0	-20.0%

1. Includes Jobs Access and Reverse Commute, Alternatives Analysis, and Planning Activities
2. The figure requested for 2011 reflects the Administration's proposal for a new account to fund national transit research and the Transit Cooperative Research program
3. The figure requested for 2011 reflects the Administration's proposal for a new account to fund technical assistance and workforce development programs
4. Funds separately authorized under the Passenger Rail Investment and Improvement Act of 2008

Federal Transit Administration (FTA)

As shown in the chart, transit formula programs are funded at \$8.34 billion, the same level provided in FY 2010. Trust fund programs were not subject to the 0.2 percent rescission applied to all other non-defense general fund accounts.

Funding for Capital Investment Grants (New Starts) is reduced by slightly over \$400 million in FY 2011, for a total investment of \$1.59 billion. The legislation also rescinds \$280 million from FY 2010 New Starts funds, for an adjusted FY 2010 total of \$1.718 billion.

The FTA's Energy Efficiency Grants (TIGGER) program was reduced by one-third, to \$49.9 million in FY 2011 and there is a 10.4 percent reduction in the Research and University Research Centers program from \$65.7 million in FY 2010 to \$58.9 million in FY 2011.

Additionally, the Washington Metropolitan Area Transit Authority (WMATA) receives \$149.7 million instead of \$150 million due to the 0.2 percent across-the-board rescission.

Federal Railroad Administration (FRA)

The legislation provides no funding for the High-Speed and Intercity Passenger Rail program in FY 2011. The program was funded at \$2.5 billion in FY 2010, and the bill also rescinds \$400 million from those FY 2010 funds. As a result, the FRA retains \$2.1 billion of FY 2010 high-speed rail funds to distribute. Amtrak Capital and Debt Service Grants were cut by 8 percent to \$921.8 million, while Amtrak Operating Subsidy Grants were reduced by the 0.2 percent across-the-board rescission.

No funding is provided in FY 2011 for the Railroad Safety Technology Program, which was established to fund Positive Train Control (PTC) grants. This funding was eliminated in a short-term continuing resolution passed earlier.

Other Transportation Programs

Funding for National Infrastructure Investments (TIGER) is reduced by 12.2 percent to \$526.9 million, compared to the FY 2010 enacted levels of \$600 million

Transit and rail were not the only transportation modes to receive cuts. The bill contains a \$2.5 billion rescission of prior year highway contract authority, and a \$630 million rescission of highway project earmarks that had been provided in TEA-21 and previous authorizing bills.

Of the twelve appropriations subcommittees, the Transportation, Housing and Urban Development, and Related Agencies jurisdiction experienced the largest reduction in funding. Its discretionary programs were reduced by \$12.4 billion to \$55.5 billion in FY 2011, compared to \$67.9 billion in FY 2010.

Finally, under Department of Homeland Security appropriations, the Rail and Public Transportation Security Grant Program was reduced to \$250 million, a \$50 million cut from FY 2010.

House Passes Budget Resolution Including Significant Projected Cuts to Transportation

Last week, the House of Representatives also passed a Budget Resolution setting broad federal spending levels for FY 2012 and a long-term framework for federal spending through FY 2021. The House passed the measure 235-193, but its prospects in the Senate remain unclear.

The House-passed Concurrent Resolution on the Budget (H. Con. Res. 34) establishes mandatory and discretionary spending limits for general budget categories, such as transportation. If enacted by Congress, it would restrict overall spending available to the House Transportation and Infrastructure Committee for a surface transportation authorization bill. The House-passed resolution assumes that a multi-year authorization bill would need to be funded with existing trust fund revenues or general fund increases that would need to be offset by cuts in other domestic programs. It does not provide the so-called "reserve clause" included in prior year budget resolutions which had permitted authorization increases if Congress increased dedicated revenues to the Highway Trust Fund (including revenues from a gas tax increase).

Based on this budget resolution, the House Budget Committee has projected cuts of 28 percent to highway contract authority. Detailed analysis of the impact on transit programs is more difficult, due to the discretionary general fund component of the program, but transit programs would probably be subject to similar cuts. If the House and Senate are unable to agree upon a concurrent resolution, the spending levels set forth in the House budget can still be expected to influence the spending levels in House Appropriations bills, including the Transportation, HUD Appropriations bill for FY 2012.

House Democratic Alternative Budget

During floor consideration, House Democrats offered an alternative budget resolution aimed at reaching "primary balance" for the budget (exclusive of interest payments on the debt) by FY 2018. The Democratic proposal allowed for higher levels of spending on transportation through FY 2021, and also sought to classify transportation spending as "mandatory", just as the Obama Administration budget proposal and the National (Simpson-Bowles) Commission on Fiscal Responsibility and Reform had proposed. The Democratic alternative failed by a vote of 166-259.

Obama Administration and "Gang of Six"

The Obama Administration responded to the budget debate in the House with its own deficit reduction proposal and issued a call for bipartisan talks to resolve budget deficit and national debt reduction talks by early summer. The Obama Administration plans draws heavily from the Simpson-Bowles Commission recommendations. While the Senate has yet to act on a Budget Resolution, a bipartisan "Gang of Six" Senators has been actively working on a broad deficit reduction package, which also uses the Simpson-Bowles recommendations and may play a significant role in House-Senate negotiations.

Action Alert

- During the Spring congressional recess period, APTA members are urged to contact their Members of Congress to ask that they oppose additional cuts in the FY 2012 budget to general fund transportation programs, such as New Starts and high-speed and intercity rail programs;
- Tell them about what a nearly 30 percent cut in future year federal funding would do to your ability to serve your community's growing transportation needs;
- Urge your Members of Congress to oppose restrictions in the budget resolution that would preclude authorizing and tax committees from finding additional revenues for transportation;
- Continue to make the case about the importance of continued transportation funding to maintain transit assets in a state of good repair and allow for the expansion of mobility options in our nation, which are critical as gas prices continue to rise.

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