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## LEGISLATIVE Alert

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION



February 16, 2011

### **President Obama Releases Budget Blueprint for Fiscal Year (FY) 2012, Includes Authorization Proposal that Calls for \$556 Billion in Transportation Investment Over Next Six Years!**

On Monday morning, the Obama Administration released its budget blueprint for FY 2012. While the federal budget calls for spending cuts and freezes in most domestic programs, the Administration prioritizes infrastructure spending and calls for significant increases for public transportation. The 2012 budget requests \$129 billion in funding for the Department of Transportation, including \$22.4 billion for public transportation programs and \$8 billion for High-Speed Rail.

The funding proposed for FY 2012 would represent the first installment of a proposed \$556 billion six-year authorization bill that includes an up-front investment of \$50 billion in highway, rail, transit, and aviation systems to jumpstart economic growth, following up on the concept originally introduced in a speech last September. The Administration's budget outlines a bold proposal for the next surface transportation authorization bill that would significantly increase funding for transportation infrastructure investments for fiscal years 2012-2017, restructures and renames the Highway Trust Fund, establishes a new High Speed Rail Program and a new National Infrastructure Bank for investment in major capital projects.

#### **FY 2012 Budget Request for Public Transportation Programs**

The President's Budget requests \$22.4 billion for public transportation programs for FY 2012, a 109 percent increase over FY 2010. This includes a portion of the proposed \$50 billion in front-loaded investment in transportation programs as part of the first year of the six-year authorization proposal. Funds would be distributed under new, restructured program headings, which are outlined and described in further detail below. The proposal also includes \$8 billion for investment in a new High-Speed Rail program. Due to significant program restructuring, comparisons to previous year budgets are difficult to list.

<b>Budget Proposal for FY 2012 - Public Transportation</b>	
<b>Program Account</b>	<b>FY 2012</b>
<b>Transit Formula Grants</b>	
Urbanized Area Formula	6,492
Non Urbanized Area Formula	766
Consolidated Specialized Transportation Grant Program <sup>1/</sup>	405
National Transit Database	5
Emergency Relief Program	25
<b>Account Total</b>	<b>7,693</b>
<b>Transit Expansion and Livable Communities</b>	
Fixed Guideway New Starts Program	3,236
Transit in Parks Program	28
Tribal Transit Program Grants	15
Livability Demonstration Grants	50
Planning Programs	140
<b>Account Total</b>	<b>3,469</b>
<b>Bus and Rail State of Good Repair Program Account Total</b>	<b>10,707</b>
<b>Research and Technology Deployment</b>	
Greenhouse Gas and Energy Reduction	75
Clean Fuels and Environmental Research	14.7
National Research Program	20
Transit Cooperative Research	9.7
National Transit Institute	5
University Transportation Centers	8
Technical Assistance Activities	34
<b>Account Total</b>	<b>166.4</b>
<b>Operations and Safety</b>	
FTA Operations <sup>2/</sup>	130
Rail Transit Safety Oversight	36.5
<b>Account Total</b>	<b>166.5</b>
Washington Metropolitan Area Transit Authority Grants <sup>3/</sup>	150
<b>Grand Total - FTA Programs</b>	<b>22,352</b>
1/ Combines New Freedom, JARC, and Elderly and Disabled Programs	
2/ Includes \$8.6 million for a new Transit Safety Office	
3/ Paid through the General Fund, not the Transportation Trust Fund	

**President’s Authorization Proposal**

The President’s FY 2012 budget request contains a proposal for a new six-year surface transportation authorization bill (FY 2012-2017) that would significantly increase investment for all surface transportation programs. It would fund almost all the programs included in the bill out of a new surface transportation trust fund, making spending for those programs mandatory, rather than discretionary. This funding classification change is intended to ensure that all transportation spending is deficit neutral and to effectively guarantee that the full amount of authorized funds would be appropriated on an annual basis. The proposal also recommends a significant restructuring of transit programs to better address Administration priorities and consolidate a number of existing programs.

**Funding Request**

On the funding side, the President requests \$556 billion over six years to be spent for highway, transit, and rail programs and a new National Infrastructure Bank. The proposal seeks \$119 billion for public transportation programs – a 128 percent increase over SAFETEA-LU levels and just \$4 billion below APTA’s recommended level. It also includes \$53 billion over six years for its new High-Speed Rail program.

**Obama Administration Six-Year Authorization Proposal for Public Transportation and Rail Programs**

Program Account	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2012 - 2017
<b>Federal Transit Administration</b>							
Transit Formula Program	7,692	6,303	6,925	7,609	8,362	9,188	46,079
Bus and Rail State of Good Repair	10,707	3,771	4,341	4,900	5,532	6,247	35,498
Transit Expansion and Livable Communities	3,469	2,856	3,125	3,493	3,772	3,929	20,644
Operations and Safety	166	179	185	192	198	204	1,124
Research and Technology Deployment	167	192	197	204	210	219	1,189
Transportation Leadership Awards	-	1,665	1,799	3,011	3,746	4,494	14,715
<b>Total, FTA</b>	<b>22,201</b>	<b>14,966</b>	<b>16,572</b>	<b>19,409</b>	<b>21,820</b>	<b>24,281</b>	<b>119,249</b>
<b>Federal Railroad Administration</b>							
High Speed Rail Network Development	4,000	4,967	6,002	7,242	7,532	7,867	37,610
System Preservation (including Amtrak)	4,046	2,479	2,504	1,864	2,024	2,063	14,980
<b>Total, FRA Intercity Passenger Rail Program</b>	<b>8,046</b>	<b>7,446</b>	<b>8,506</b>	<b>9,106</b>	<b>9,556</b>	<b>9,930</b>	<b>52,590</b>
<b>National Infrastructure Bank</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>30,000</b>
OST/National Infrastructure Investments (TIGER II)	2,000	-	-	-	-	-	2,000

**Key Budgetary Changes**

The President’s proposal would change the structure of the current Highway Trust Fund (HTF). It would replace the HTF with a new “Transportation Trust Fund” (TTF), consisting of four components: a highway account, mass transit account; high-speed passenger rail account and; and account to fund a new National Infrastructure Bank. Highways and mass transit are to be funded by existing revenues and the two new accounts and increases for highway and transit programs would be funded by an unidentified new revenue source. The Administration acknowledges that it did not address how it plans to raise sufficient revenue to pay for increases and new priorities in the transportation program. The budget states that the Administration intends to find a solution in cooperation with Congress. It does not propose an increase in the gas tax or other new revenue raisers.

The proposal also reclassifies surface transportation spending as mandatory and subject to Congressional PAYGO provisions to ensure that spending is limited to actual revenues generated. This allows the President to classify his transportation proposal as deficit neutral. If enacted, all federal transit programs would be funded by the TTF (with the exception of grants to the Washington Metropolitan Area Transit Authority). Currently, approximately 20 percent of transit funds come from the general treasury. This reclassification of funds for surface transportation programs would have the effect of restoring the guarantees that funds would be made available at authorized levels on a year-to-year basis.

**Policy Priorities and Initiatives**

The Administration’s goals for authorization include eliminating red tape, consolidating and streamlining highway and transit programs, and accelerating project delivery.

**Office of the Secretary**

The Administration proposes \$2 billion to continue the Transportation Investments Generating Economic Recovery Program (TIGER) in 2012. The proposal then calls for the elimination of the

TIGER program after 2012, and the creation of a National Infrastructure Bank (NIB) which would provide grants and loans for investments for significant, multi-modal transportation projects. The new NIB, to be funded at \$5 billion per year for six years, would be established within DOT to fund and finance projects of regional and national significance.

#### Federal Transit Administration

The Administration requests \$119 billion for the FTA in over the six-year period, of which \$11.5 billion is part of the \$50 billion frontloaded investment in FY 2012. All Federal Transit Administration (FTA) programs would be consolidated into five program accounts and be entirely paid for with revenues from the Mass Transit Account of the TTF. The request six-year total also includes funding for under the FTA for a new "Transportation Leadership Awards Program." The new proposed accounts under the FTA are as follows:

- **Bus and Rail State of Good Repair Program** – This program would distribute funds to transit agencies via formula to help reduce the backlog of aging assets and bring systems into a state-of-good-repair. This program would replace the existing Bus and Bus facilities Discretionary Program and the Fixed Guideway Modernization program (Rail-Mod). In FY 2012, the President requests \$10.7 billion, of which \$7.5 billion would target the largest and oldest transit systems to begin addressing their estimated repair backlog. The initial \$7.5 billion would have to be obligated within two years of approval.
- **Transit Formula Grants** – The transit formula grants program would provide formula funds to transit operators under five categories:
  - 1) Urbanized Area Formula – distributed under similar rules to the current Urbanized Area Formula Program. For urbanized areas in high unemployment areas, a certain percentage of funds will be made available for operating assistance would be an eligible expense on a temporary and targeted basis to prevent service cuts during times of economic difficulty. The percentage of funds would diminish over the six-year period and eventually be eliminated by the end of the bill. \$6.5 billion is requested for FY 2012.
  - 2) Non-Urbanized Area Formula - distributed under similar rules to the current Non-Urbanized Area Formula Program. \$766 million is requested for FY 2012.
  - 3) Consolidated Specialized Transportation Grant Program- this program would consolidate the current Job Access and Reverse Commute (JARC) program, the New Freedom Initiative and the Elderly Individuals and Individuals with Disabilities Program into a single program, allowing for targeted investments to carry out the goals of providing alternative forms of transportation "where traditional services are unavailable, inappropriate, or insufficient." \$405 million is requested for FY 2012.
  - 4) National Transit Data Base (NTD) - \$5 million is provided annually for the operation of the National Transit database.
  - 5) Emergency Relief Program – The proposal would establish a new program to assist transit agencies to resume service following disastrous events. \$25 million is requested for this program in FY 2012.
- **Transit Expansion and Livable Communities** – This account would be the new home of the Capital Investment Grant (New Starts and Small Starts) program. It would also provide funds for the following: Planning Programs; Livable Communities demonstration grants; Transit in the Parks; and Tribal Transit. The Administration requests \$3.5 billion for this account in FY 2012.
- **Operations and Safety** – The Administration requests \$166 million for FTA administrative operations and rail transit safety oversight activities. Of this total, \$36.5 million is dedicated to rail transit oversight field activities in partnership with the States. Funding for safety oversight activities would only be made available if Congress enacts a comprehensive safety oversight program.
- **Research and Technology Deployment Program** – The Administration requests \$166 million for this account for applied research and demonstration projects, along with combining technical assistance with workforce development. Programs funded under this category include the Greenhouse Gas Reduction (TIGGER) and Clean Fuels programs; the National Research Program, Transit Cooperative Research, University Transportation Centers, and Technical Assistance and Workforce Development.



**Transportation Leadership Awards:**

Beginning in FY 2013, the proposal would provide \$17.5 billion over a five-year period for a new discretionary grant program that will support State departments of transportation, metropolitan planning organizations, tribal governments and other transportation agencies with making reforms leading to innovations in transportation policy.

**Federal Railroad Administration**

The FY 2012 budget requests \$8.3 billion for rail investments, the first year of a six-year, \$53 billion proposal to improve and expand high-speed and intercity passenger rail, while maintaining the freight rail network.

Funded by currently unidentified revenues from the rail account of the new TTF, Federal Railroad Administration (FRA) programs are divided into two categories:

- **Network Development** – The Administration requests \$4 billion for competitive grants for development of core express, regional and feeder corridors to advance the goal of creating high-speed rail service to 80 percent of Americans within 25 years. Eligible expenses for this account also include capacity building and transition assistance programs, including positive train control technology. Grants under this program can also be used for the implementation of positive train control. The Administration did not request separate funds under the Railroad Safety Technology Grant Program, which provides grants for the implementation of PTC.
- **System Preservation** – The Administration also requests \$4 billion to fund Amtrak's operating, capital, and debt service requirements in addition to establishing a new competitive grant program for maintenance of passenger rail assets. A portion of these funds would be dedicated to updating Amtrak infrastructure and bringing currently inaccessible rail stations in compliance with the Americans With Disabilities Act (ADA).

The President also requests General Fund appropriations for:

- **Safety and Operations** – \$223 million to fund FRA's safety, program and policy staff and operations. The budget request also proposes a railroad safety user fee of \$80 million to offset the costs of railroad safety inspectors and their work.
- **Railroad Research and Development** – \$40 million for research and development projects necessary to reduce the risks in railroad operations and technical challenges involved with high-speed rail. This request includes funding for system integration and interoperability standards and pilot projects relating to positive train control.

The Department of Transportation has stated it will release of more detailed authorization proposal in the coming days. Administration officials are briefing Congress on its proposal this week. Reaction on Capitol Hill has been mixed, with Republican leaders questioning its impact on the national debt.

For a detailed overview of the President's transportation budget request click [here](#).

For more information on the President's budget and authorization proposal, please contact Paul Dean of APTA's Government Affairs Department at (202) 496-4887 or [pdean@apta.com](mailto:pdean@apta.com).

**House Republicans Propose Spending Cuts in FY 2011 Continuing Resolution (CR)**

House Appropriations Chairman Harold Rogers (R-KY) introduced H.R. 1, a Continuing Resolution (CR) to fund the federal government for the remainder of Fiscal Year (FY) 2011. In order to meet the Republican pledge to present a budget \$100 billion less than the Obama Administration's FY 2011 budget request, the CR would cut \$7.87 billion from the U.S. Department of Transportation compared to FY 2010 enacted levels and would rescind an additional \$3.752 billion from American Recovery and Reinvestment Act (ARRA) appropriations for DOT.

The current CR expires on March 4 and House lawmakers began debate on the proposal on Tuesday. The House leadership hopes to complete the bill by the end of this week, when both the House and

Senate are expected to recess until the week of February 28. It is anticipated that another short-term CR will need to be enacted because of the limited number of days the House and Senate will be in session to negotiate a compromise between now and the expiration of the current CR on March 4.

The largest cuts in the transportation program would result from the elimination of the high-speed and intercity passenger rail grant program. The legislation would rescind \$3.72 billion from the high-speed rail program from the American Recovery and Reinvestment Act (ARRA) appropriations and \$2.475 billion from the funds appropriated for FY 2010. Other Federal Railroad Administration (FRA) cuts would include a \$151 million reduction in the Amtrak Capital and Debt Service account and the elimination and rescission of the \$50 million in FY 2010 grants for Positive Train Control (PTC).

Among FTA programs, the CR would reduce Capital Investment Grants (New Starts) by \$431 million and rescinds an additional \$280 million from FY 2010. The Transit Investments in Greenhouse Gas Emission Reduction (TIGGER) program is eliminated and the \$75 million for this program from FY 2010 would also be rescinded. The CR would eliminate \$150 million destined for the Washington Metropolitan Area Transit Authority.

The \$600 million multimodal TIGER II grant program would be eliminated and all funds for FY 2010 rescinded. In addition, \$30 million from the original TIGER program under ARRA would also be rescinded.

All of these cuts if approved in the House version of the FY 2011 CR will have to be negotiated with a comparable Senate bill and then approved by the President.

**All APTA members are urged to contact their U.S. House Representatives and urge them to oppose reduction in funding for transit and intercity passenger rail in the FY 2011 Appropriations Continuing Resolution (H.R. 1).**



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