



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 4b

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## *Memorandum*

TO: Legislation Committee

DATE: July 6, 2009

FR: Executive Director

RE: Federal Transportation Authorization Update

### **Signs of Change on a New Federal Transportation Bill**

Led by Congressman Oberstar, Chairman of the House Transportation and Infrastructure (T&I) Committee, the Highways and Transit Subcommittee has marked up a draft federal transportation bill. Entitled the Surface Transportation Authorization Act of 2009 (STAA), the bill (not yet identified by number) authorizes and funds surface transportation programs for the next six years. Mr. Oberstar seeks a final mark-up in his own T&I committee in July, to be followed by action in the House Ways and Means Committee.

### **The Obama Administration's 18-Month Extension Proposal**

By contrast, both the Obama Administration and the Senate are buying extra time for an authorization bill by seeking an 18-month extension of current law and a \$20 billion Highway and Transit Trust Fund bailout.

As Chairman Oberstar noted in his own prepared materials, in the past 30 years, Congress has never completed action on the reauthorization bill before the existing act expired. In fact, during consideration of the last reauthorization act, Congress extended the program 12 times.

On July 1<sup>st</sup>, the Administration released a 'first stage' surface transportation proposal consisting of an 18-month plan to address the Highway Trust Fund shortfall that included a short list of funding and policy changes:

- A general fund transfer to the Highway Trust Fund to maintain its solvency.
- Data collection and other 'capacity building' improvements at the state and metropolitan level in order to develop a performance-based transportation program
- Measures to improve regional mobility and access, and to enhance "livability" via new emphasis areas in the transportation planning processes.

### **Revenue Crisis Sets Terms of Debate**

The explicit need for more long-term revenue and a desire to formulate new transportation policy is driving the extension strategy from the Obama Administration, which is only beginning to gear up in the transportation arena.

On the revenue side, the Congressional Budget Office released budgetary and economic projections for FY 2010 and beyond. The forecasts indicate that the Highway Trust Fund (HTF) will generate only

enough revenue to finance \$35.1 billion in federal highway, highway safety, and public transit investments in FY 2010 — a 34 percent cut from this year’s \$53 billion level. Solving this near-term problem will be a first step that will shape the content and timing of a new multi-year federal transportation policy.

**Surface Transportation Authorization Act of 2009 (STAA): The Big Picture**

Attachment A outlines the major elements of the Oberstar bill. In general, the bill reflects many of the recommendations made by the Surface Transportation Policy and Revenue Study Commission, as evidenced by consolidation of programs, creation of discretionary programs for funding interstate freight and metropolitan mobility projects, and a new emphasis on performance measures.

Each of these areas are planks in MTC’s adopted priorities for the new federal act. In addition, the bill substantially elevates environmental considerations (the terms “livability” and “sustainability” appear in numerous locations) in the planning process, and acknowledges a role for the transportation planning process in the effort to curb greenhouse gas emissions. The bill also creates a new, multi-modal program to return our transportation infrastructure to a state of good repair, elevates the role of the Office of Intermodalism, and attempts to streamline project delivery and environmental reviews.

Chairman Oberstar has published a compendium entitled “The Blueprint,” which tips his hand on what he feels overall funding levels ought to be and, by inference, what the Chairman’s priorities are, without a sense of how the funding is spread throughout the program. There are few descriptions of changes to apportionment formulas for the new or retained highway and transit programs. The bill also leaves the section for congressional earmarks — referred to as “High Priority Projects” — blank.

One widely circulated version of a six-year funding plan for the House T & I bill that might eventually emerge is shown in below. Of note is the growth in the transit program as opposed to highways. In addition to the \$450 billion described below, Mr. Oberstar also has indicated his support for a \$50 billion high-speed rail title, bringing the grand total funding level to \$500 billion over six years.

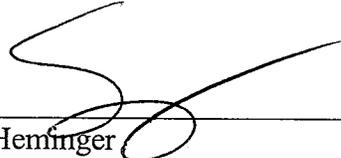
**Six-Year Funding Obligations for Surface Transportation  
(Dollar amounts in billions)**

	2004 - 2009		2010 - 2015		Change	
	Promised by SAFETEA-LU		House T&I Proposal			
Highways (HTF)	\$227.6	79.4%	\$337.4	75.0%	\$109.8	48.2%
Safety (HTF)	\$6.5	2.3%	\$12.6	2.8%	\$6.1	93.8%
Transit (HTF)	\$43.6	15.2%	\$87.6	19.5%	\$44.0	100.9%
Transit (GF)	\$9.0	3.1%	\$12.2	2.7%	\$3.2	35.6%
<b>Total Obligations</b>	<b>\$286.7</b>	<b>100.0%</b>	<b>\$449.8</b>	<b>100.0%</b>	<b>\$163.1</b>	<b>56.9%</b>

**Increase Over 6-yr SAFETEA**

<b>Total</b>		\$163.1	56.9%
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At future meetings we will bring a more detailed analysis of the many aspects of the bill — including funding allocations and formulas as they are incorporated into future versions of the STAA — so that we can develop specific recommendations to Congress.

  
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 Steve Heminger