



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 4c

Joseph P. Bort MetroCenter  
101 Eighth Street  
Oakland, CA 94607-4700  
TEL 510.817.5700  
TDD/TTY 510.817.5769  
FAX 510.817.5848  
E-MAIL [info@mtc.ca.gov](mailto:info@mtc.ca.gov)  
WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

*Memorandum*

TO: Legislation Committee

DATE: December 4, 2009

FR: Executive Director

RE: Proposed Second "Job" Stimulus Bill

With the unemployment rate at 10 percent nationwide, Congressional leaders and the Obama Administration are discussing the creation of a second economic stimulus bill focused on job creation. As part of these discussions, House Transportation and Infrastructure Committee Chair James Oberstar (D-MN) and House Appropriations Committee Chair David Obey (D-WI) have proposed over \$100 billion in highway and transit spending from the General Fund. At the same time, they have proposed eliminating outlays from the depleted Highway Trust Fund for the next two years to allow the account balance to replenish and support higher funding levels in a multi-year surface transportation authorization bill. With transit and highway funding outlays estimated at about \$50 billion in FY 2010, an immediate \$100 billion General Fund contribution would roughly double current funding levels. The Senate Democratic leadership is expected to meet this week to discuss their version of a jobs stimulus bill, but no details were available at the time this memo was prepared.

While an infusion of additional transportation funding is certainly an attractive prospect, the source of the funding — the General Fund of the U.S. Treasury — is extremely problematic: it moves the transportation program away from a user-financed program to one that has to compete with and abide by the same budget rules as other federal programs. Reliance on the General Fund eliminates the funding firewalls and guarantees that have characterized the federal transportation program for decades and are critical for multi-year transportation programming decisions. While this could be limited to two years, it would nevertheless set a precedent for the next multi-year transportation act that might be hard to reverse. We have suffered the consequences of this General Fund competition in Sacramento for the last several years with respect to both transit and local road funding, and are wary of repeating that experience in Washington, D.C.

We will update you with the latest developments on this proposal at your December 11 meeting.



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Steve Heminger