



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item 5b

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  
WEB www.mtc.ca.gov

*Memorandum*

TO: Legislation Committee

DATE: January 4, 2010

FR: Executive Director

RE: H.R. 2847 (Mollohan): Jobs for Main Street Act

On December 16, the U.S. House of Representatives passed, by a narrow 217-212 margin, H.R. 2847 to provide a second round of economic stimulus funding focused on job creation. The bill redirects to a variety of purposes \$75 billion in unused Troubled Asset Relief Program (TARP) funds appropriated by Congress in early 2009. Of the \$75 billion, \$37.3 billion (50 percent) would be directed to the U.S. Department of Transportation, with \$27.5 billion for the Federal Highway Administration (FHWA), \$8.4 billion for the Federal Transit Administration (FTA), \$800 million for Amtrak and \$500 million for the Federal Aviation Administration. The FTA and FHWA amounts are the same as provided under the first economic stimulus legislation, the American Recovery & Reinvestment Act (ARRA), which provided a total of \$787 billion for various economic stimulus purposes.

**Region Would Receive Larger Share of Transit Funding Than Under ARRA**

Although the total amount directed to FTA is the same as under ARRA, the funds are distributed differently and this change favors the Bay Area, as shown in the table below:

*Dollars in millions*

FTA Program	ARRA	HR 2847
Transit Capital Assistance (5307/5311/5340)	\$6,800	\$6,050
Fixed Guideway (5309)	\$750	\$1,750
Capital Investment Grants (New and Small Starts)	\$750	\$500
Transit Greenhouse Gas Reduction Grants	\$100	\$100
<b>Total</b>	<b>\$8,400</b>	<b>\$8,400</b>
<b>Bay Area Share</b>	<b>\$340</b>	<b>\$397</b>

Due to a much larger share of the FTA funds going to the Fixed Guideway Program (FGM) — \$1 billion more than under ARRA — we estimate the Bay Area’s share would be approximately \$397 million, about \$57 million more than under ARRA. The FGM program is heavily skewed towards existing high-density rail systems from the more populous states, so it tends to be more strongly supported in the House than the Senate. Therefore, it should not come as a surprise if the Senate proposes a much smaller share of funds for this program.

### **Region's Ultimate Share of Highway Funds Unknown**

With regard to the highway funds, the bill follows the precedent set by ARRA, requiring that three percent of the total funds be reserved for Transportation Enhancements and 30 percent of each state's total highway funds be suballocated to regions by population. California's share would be approximately \$2.6 billion, but the Bay Area's final share of the highway program is unknown at this time given the potential for subsequent state legislation, similar to AB 3x20 (Bass) passed in early 2009 that could distribute a larger share of the state's highway funds to regions than required by the bill. Under AB 3x20, regions were able to increase the suballocated share to 62.5 percent, the same percentage required under the Surface Transportation Program. If we are able to enact a law similar to AB 3x20, the region's share under the House bill would grow from approximately \$150 million to \$300 million.

### **Stringent Use-It-Or-Lose It Provisions**

The bill contains much stricter "use-it-or-lose-it" provisions than ARRA. Whereas ARRA required 50 percent of highway and transit funds to be "obligated" (i.e. officially approved by a federal agency) within 180 days and the remainder obligated within a year, H.R. 2847 requires that 50 percent of such funds be "under contract" within 90 days and the remainder "under contract" within a year.

### **Extension of SAFETEA and Buy America Requirement**

As part of the FY 2010 Defense Appropriations bill signed into law at the end of December 2009, Congress extended the current transportation act — Safe Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, better known as SAFETEA — through the end of February 2010. H.R. 2847 would extend the program through the remainder of the federal fiscal year, carrying the program through September 2010. It would also transfer \$19.5 billion in General Fund revenues to the Highway Trust Fund, estimated to be equivalent to the foregone interest since 1998. Lastly, the bill includes a revised "Buy America" requirement that would apply to the Bay Bridge East Span project as a whole, and would therefore, affect all future East Span contracts. Under current law, only those individual bridge contracts that use federal funds are subject to this requirement.

### **Next Steps**

The Senate is not expected to take up this legislation before the House and Senate reach agreement on the final terms of the health care bill. In the meantime, we will keep you informed of any new developments.



---

Steve Heminger