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**April 2011 Monthly Report for MTC**

**To: Steve Heminger, Executive Director  
MTC**

**From: Tom Bulger, President  
GRI**

**Re: Monthly Report for April 2011**

- Fiscal Year 2011 Budget Analysis
- Senator Boxer's Press Conference
- Surface Transportation Authorization
- House Budget Resolution
- Hill Departures and Arrivals
- April Meeting Update

### **FY 2011 Budget Analysis**

On April 12, the House Appropriations Committee released the details of the FY 2011 budget agreement that averted a federal government shutdown. Congress subsequently passed this legislation on April 14. The key impacts are:

- An across the board cut of 0.2% for all non-defense spending categories; and
- Rescission of \$630 million in earmarks dating back to the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA).

A complete list of all deleted earmarks totaling \$630 Million does not exist. However, a partial list includes the following deleted Bay Area earmarks:

- San Francisco Regional Intermodal Center — \$814,953.00
- I-380 connector, San Bruno — \$2,152,710.00
- SR 92/El Camino Interchange — \$2,844,651.00
- Devil's Slide — \$6,150,596.00

The Budget agreement eliminates all of the FY 2011 High Speed Rail and Intercity Rail funding, as well as \$400 million in unspent but appropriated FY 2010 funding for this account. It also includes a reduction of \$80 million in Amtrak's capital and debt service; a cut of \$400 million in Federal Transit Administration's (FTA) New Starts/Small Starts program for FY 2011; cancellation of reprogramming of \$280 million from the rejected New Jersey ARC tunnel; a reduction of \$25 million of FTA's Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) Program for FY 2011.

In addition, the legislation includes a reduction of \$73 million from the \$600 million Department of Transportation's (DOT) Transportation Improvement Generating Economic Recovery (TIGER) program; however, it also includes a long lead time for the DOT to advertise the availability of these funds, a 120 day period for application submission, and an additional undetermined time period for review, with selection and award occurring sometime in late 2011.

### **Senator Boxer's Press Conference**

On Wednesday afternoon March 30, Senator Barbara Boxer held a press conference in the Senate Environment and Public Works (EPW) Committee room. Speakers included Rep. John Mica, R-Fla., Chairman of the House Transportation and Infrastructure (T&I) Committee; Los Angeles Mayor Antonio Villaraigosa; Scott Smith, mayor of Mesa, Arizona; Thomas J. Donahue of the U.S. Chamber of Commerce; and Richard Trumka of the AFL-CIO.

The principal discussion questioned whether there will be a bi-partisan reauthorization bill this year that includes innovative financing tools. Attendees also expressed support for expansion of the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, the creation of an Infrastructure Bank and a new bond proposal; however, no details were provided about these proposals. Thomas J. Donahue reiterated the Chamber's support for a gas tax increase, but Senator Boxer said she would not support a gas tax increase and neither would the President.

### **Surface Transportation Authorization**

House T&I Chair John Mica told Ranking Member Nick J. Rahall, D-W.Va., that he intends to seek a six-year surface transportation bill by Memorial Day. Chair Mica also said he intends to craft the bill at a spending level that the Highway Trust Fund can afford, which is estimated to be able to fund a \$240 billion program. This is a \$46 million dollar reduction from the current SAFETEA-LU extension. In order to produce a leaner six-year authorization bill, there will be considerable program consolidation and funding reductions. Specifically, the CMAQ program may be eliminated and transit funding may be reduced.

On April 14, Senator Max Baucus, D-Mont., said that Congress may have to consider a much smaller highway bill than initially planned because of a steep drop in revenue from the federal gasoline tax. Mr. Baucus is Chair of the Senate Finance Committee and a member of the Senate EPW Committee, which is responsible for the federal highway program. Senator Baucus suggested lawmakers may have to draft a two-year bill, instead of a six year bill, that would freeze federal highway spending and could also present a drop in funding.

The Obama Administration has called for a \$556 Billion surface transportation bill, but has not recommended how to fund it. Senator Boxer continues to say that she is determined to pass a bill of that size, but falling gas tax revenue could leave an estimated \$200 billion hole in that plan. Without a consensus or action, federal highway funding will fall to an estimated \$28 billion a year from about \$42 billion now.

### **House Budget Resolution**

In April, the House approved their Budget Resolution for FY 2012. The budget rejects the Administration's authorization proposal, rules out any tax increases for the Highway Trust Fund, and further discounts General Fund bailouts. To keep the Highway Trust Fund in the black, spending would have to be reduced to estimated revenues. Additionally, spending would have to be further reduced to make room for liquidating Highway Trust Fund obligations from the past three years (2009 to 2011). The House budget also would cut Highway Trust Fund contract authority to \$36 billion a year from the current \$53 billion this fiscal year.

Note: the Senate has not unveiled their budget framework.

### **Hill Departures and Arrivals**

Long-time colleague Mitch Warren left the Senate Committee on Banking, Housing, and Urban Affairs and was replaced by another long-time colleague, Homer Carlisle, formerly at APTA. Pat Bousilman left the Senate Committee on Finance. Mr. Bousilman was responsible for transportation on the committee.

### **April Meetings**

- April 6 — dinner with Rep. Nick J. Rahall to discuss authorization legislation and the possibility of a two-year authorization bill.
- Conference call with House T&I staff and Executive Director Steve Heminger regarding the gas tax/sales tax swap proposal.
- Meeting with Mitch Warren to discuss assisting his replacement on the Senate Banking, Housing and Urban Affairs Committee.
- Rand Corporation Briefing on alternative Highway Trust Fund financing options.
- Working group meeting with the Bipartisan Policy Center and the National Transportation Policy Project.

Note: Congress was on recess for approximately half the month of April.