

**SANTA CRUZ COUNTY RTC
WASHINGTON OFFICE MEMORANDUM**

TO: George Dondero
CC: Kim Shultz
FROM: Carolyn Chaney/Chris Giglio
DATE: December 13, 2006
SUBJECT: Federal Transportation Update

▪ **FY 2007 Department of Transportation Budget**

This week, the incoming Chairmen of the House and Senate Appropriations Committees announced that they would move early next year to enact a year-long joint resolution to fund federal agencies in FY 2007 instead of considering each FY 2007 measure individually. The decision was made after Republican leaders declined to act on unfinished FY 2007 spending bills in the post-election session that ended last weekend, choosing to pass a Continuing Resolution (CR) to keep government operations running until February 15, 2007.

Under the current CR, government agencies without an FY 2007 spending bill (every department except Defense and Homeland Security) will be funded at the lowest of three levels: FY 2007 as approved by the House, FY 2007 as approved by the Senate, and FY 2006. In the case of the Department of Transportation (DOT), the FY 2006 levels are the lowest. While Democratic appropriators have not decided if the FY 2007 joint resolution next year will follow those same guidelines, there is a chance that DOT funding in FY 2007 will be lower than the levels that were guaranteed by the SAFETEA-LU law. However, the new Chairmen did leave open the possibility that some agencies could receive increases over FY 2006 levels if there was bipartisan support for such an effort.

In addition, since the Federal Transit Administration (FTA) has a policy of not publishing its annual formula apportionments until a final appropriations bill is enacted, funds for transit programs are not likely to be released until February at the earliest.

Finally, the incoming Appropriations Chairs also mentioned that the FY 2007 budget that they will approve in February will not contain any earmarked projects, thus wiping out \$500,000 for the Pacific Station project that Rep. Farr had secured earlier this year for Santa Cruz Metro in the House version of the FY 2007 DOT budget. They also placed a moratorium on earmarks in the FY 2008 budget process until additional controls were in place to ensure increased “transparency and accountability” in the process.

▪ **Issues in the 110th Congress**

The change in control of Congress was particularly significant for California in that it paved the way for Senator Barbara Boxer to become Chair of the Senate Environment and Public Works (EPW) Committee next year. As a result, Boxer will have jurisdiction

over a variety of issues, most notably transportation. While the SAFETEA-LU bill is not scheduled for reauthorization until 2009, discussions about alternative funding mechanisms in light of declining Highway Trust Fund revenues are likely to begin. Boxer has already stated that global warming and related issues will be a focus for the panel next year.

Meanwhile, Senator Dianne Feinstein is slated to become Chair of the Senate Appropriations Subcommittee with jurisdiction over the Interior Department and EPA in addition to taking the helm of the Senate Rules Committee. While he will not chair a subcommittee, Rep. Sam Farr is expected to increase his influence on the House Appropriations Committee, while Rep. Anna Eshoo is expected to be a key advisor to incoming Speaker of the House Nancy Pelosi.

The incoming Chairs of other committees with jurisdiction over transportation issues come with excellent credentials and a history of supporting multi-modal transportation. They include: Rep. James Oberstar (D-MN) at the House Transportation and Infrastructure (T&I) Committee; Rep. Peter DeFazio (D-OR) at the T&I Subcommittee on Highways, Transit and Pipelines; Rep. David Obey (D-WI) at the House Appropriations Committee; Rep. John Olver (D-MA) at the House Transportation-Treasury-HUD (TTHUD) Appropriations Subcommittee; Senator Chris Dodd (D-CT) at the Senate Banking Committee; Sen. Jack Reed (D-RI) at that Committee's Subcommittee on Housing and Transportation; Senator Robert Byrd (D-WV) at the Senate Appropriations Committee; and Senator Patty Murray (D-WA) at the Senate TTHUD Appropriations Subcommittee.

The House and Senate Democratic leaders have set an aggressive schedule for next year. Traditionally, Members convene for swearing-in ceremonies in early January and then essentially take the rest of January off. In 2007, Congress will convene on January 4 and stay in session for over six weeks without a break. Leadership has scheduled only four one-week recesses before August and only a four-week recess in August instead of the usual five. They have also declared that they intend to meet on Mondays and Fridays, which has been an unusual occurrence in recent years.

Democratic leadership hopes to get off to a fast start next year by quickly considering several high profile issues in the "First 100 Hours" of the session. They include: ethics reform; implementing recommendations of the 9-11 Commission; making health care and college more affordable, and working toward energy independence.

In the transportation field, reauthorization of programs at the Federal Aviation Administration (FAA) is expected to be a priority. In addition, discussions are expected regarding alternative funding mechanisms for surface transportation programs as revenues to the Highway Trust Fund decline. The National Surface Transportation Policy and Revenue Study Commission is expected to produce a report by mid-year, although there are reports that the panel will ask for an extension.