

**SANTA CRUZ COUNTY RTC
WASHINGTON OFFICE MEMORANDUM**

TO: George Dondero
FROM: Carolyn Chaney/Chris Giglio
DATE: February 16, 2007
SUBJECT: Federal Transportation Update

▪ **FY 2007 Transportation Department Budget**

President Bush signed into law this week a joint resolution (House Joint Resolution 20) that funds federal agencies for the remainder of FY 2007 (through September 30, 2007). Most agencies will receive funding at or around their FY 2006 levels, but in a victory for transportation interests, highway and transit programs at DOT will receive FY 2007 levels that were guaranteed by the 2005 SAFETEA-LU law. This results in an increase of about \$3.4 billion (to \$39.1 billion) for highways and \$470 million (to \$8.97 billion) for transit from FY 2006 levels.

With regard to programs at DOT that are traditionally earmarked, the joint resolution appears to give DOT a great deal of latitude as far as spending those funds, which could be as much as \$400 million each for the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA). See related FTA item below for news on distribution of those funds.

FY 2007 funding for earmarks from the 2005 SAFETEA-LU law are also expected to continue to be honored, as they are guaranteed and spread over the life of that multi-year measure. And as the resolution specifically provides FTA with the discretion to distribute funds for the New Starts rail program to authorized projects, the agency will follow its FY 2007 budget recommendations in that area.

▪ **FY 2008 DOT Budget**

The President sent his FY 2008 budget proposal to Congress this week, and recommended levels for highway and transit programs at the Department of Transportation (DOT) are below the levels that were spelled out for the programs for FY 2008 in the SAFETEA-LU law.

Under the plan, programs at the Federal Transit Administration (FTA) would receive \$9.422 billion, \$309 million below SAFETEA-LU levels, but \$452 million above FY 2007 levels. For federal-aid highway programs, the Bush budget proposes \$39.6 billion, which is the FY 2008 level from SAFETEA-LU, but it does not allow for the distribution of an additional \$631 million in Revenue Aligned Budget Authority (RABA). The SAFETEA-LU law provides for RABA proceeds to be distributed to states if gas tax receipts are higher than expected. The Bush Administration is proposing using FY 2008 RABA funds to shore up the Highway Trust Fund, which observers believe will dry up between 2009 and 2011.

For Amtrak, the Administration requests \$800 million, which is well below the \$1.3 billion that the railroad is expected to receive in FY 2007. Aviation programs at the Federal Aviation

Administration (FAA) would receive \$14.1 billion, down from the \$14.49 billion that the agency is to receive in FY 2007. The Administration is also expected to formally propose overhauling the current passenger ticket tax in order to meet the high costs of upgrading the nation's air traffic control system.

Both the Democratic and Republican leaders of the House Transportation and Infrastructure Committee were unhappy with the President's DOT proposal, particularly the SAFETEA-LU shortfalls for highways and transit.

▪ **Transit Security**

Meanwhile, the Senate Banking Committee this week revived a major transit security grant initiative that failed to pass the 108th and 109th Congress. The draft legislation would authorize \$3.5 billion in transit security grants over three years and would fund a new public transportation security training program.

The bill would provide \$1.1 billion in FY 2008, of which \$536 million would be provided for capital investments and \$534 million would be available for operational assistance.

The Committee is hopeful that the transit security initiative will be approved this year. The bill came close to passing last Congress when it cleared both chambers as part of the port security bill. However, because of financial constraints, the transit portion was stripped during a House-Senate conference before the bill was enacted last October.

The bill now heads to the full Senate. It has been reported that the House Homeland Security and Transportation Committees are working together to draft a companion bill, which is expected to be introduced by the end of the month.

▪ **News from FTA**

Rich Steinmann from the Federal Transit Administration (FTA) confirmed today that once the FY 2007 Continuing Resolution is enacted the agency will within 10 days outline a process for releasing FY 2007 funds. This announcement will also include guidelines on the distribution of almost \$500 million in Bus and Bus Facilities account funding that will be open to competition as a result of the elimination of congressional earmarks from the CR. FTA officials indicate that congestion relief is a big priority for the agency, which may lend itself to funding being directed to the Urban Partnerships program, a comprehensive congestion initiative that is not currently funded.

FTA is also expected to publish regulations in the next few weeks implementing SAFETEA-LU provisions regarding Charter Bus Service, "Buy America" regulations, and possibly Americans with Disabilities Act regulations.

Finally, FTA is expected to announce the appointment of Sherry Little as Deputy Administrator. Little is a longtime Professional Staff Member at the Senate Banking and Urban Affairs Committee and was instrumental in crafting the transit title of the 2005 SAFETEA-LU law.