



Federal Legislative Report: Issues for Surface Transportation Reauthorization

Jennifer Walsh, Associate Legislative Director

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

REGIONAL STRATEGIES. PARTNERSHIPS. SOLUTIONS

September 2011

About NADO's Mission

- Strengthen local governments, communities and economies through the regional strategies, partnerships and solutions of the nation's regional development organizations

Presentation Overview

- Political Climate

- Federal Budget Outlook
 - FY2011 Final CR
 - FY2012 House Budget Resolution
 - FY2012 Appropriations
 - Debt Deal/Super Committee

- Administration Priorities
 - Jobs Bill
 - OMB Directive

- SAFETEA-LU (P.L. 109-59) Reauthorization
 - NADO Legislative Priorities for Reauthorization
 - Congressional Process, Players and Proposals
 - Transportation Funding
 - What Happens Next

- What Can We Do



Political Climate

2012 Presidential Landscape

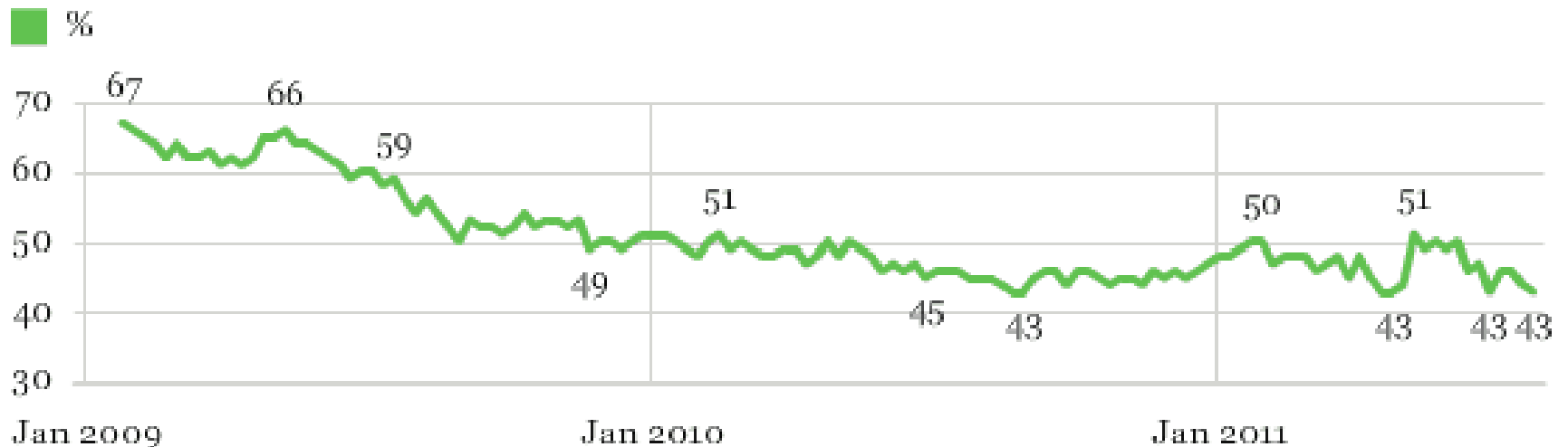
■ President Obama

- ▶ Difficulties with base
- ▶ Growing anxiety with economy
- ▶ Increase in food, gas and everyday costs are worry
- ▶ Avoid Democratic primary
- ▶ **Independents are key**



President's Job Approval Rating

Barack Obama's Weekly Job Approval Ratings



Gallup Daily tracking

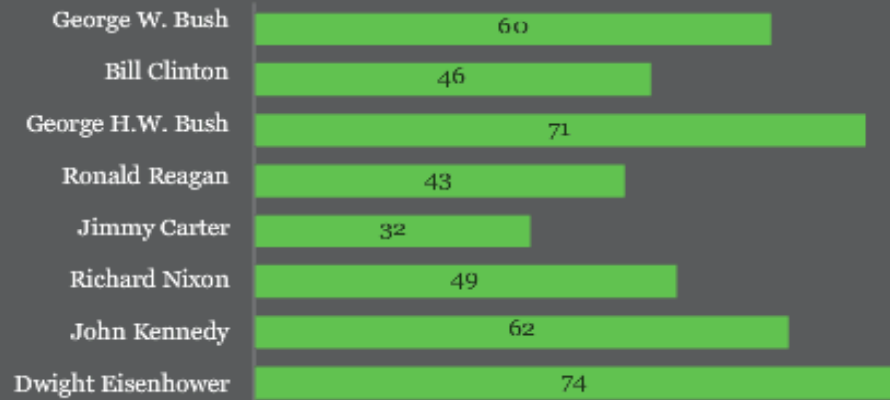
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Presidential Polls



Job Approval Ratings for Prior Presidents in August of Third Year

■ % Approve



Presidents elected to their first term

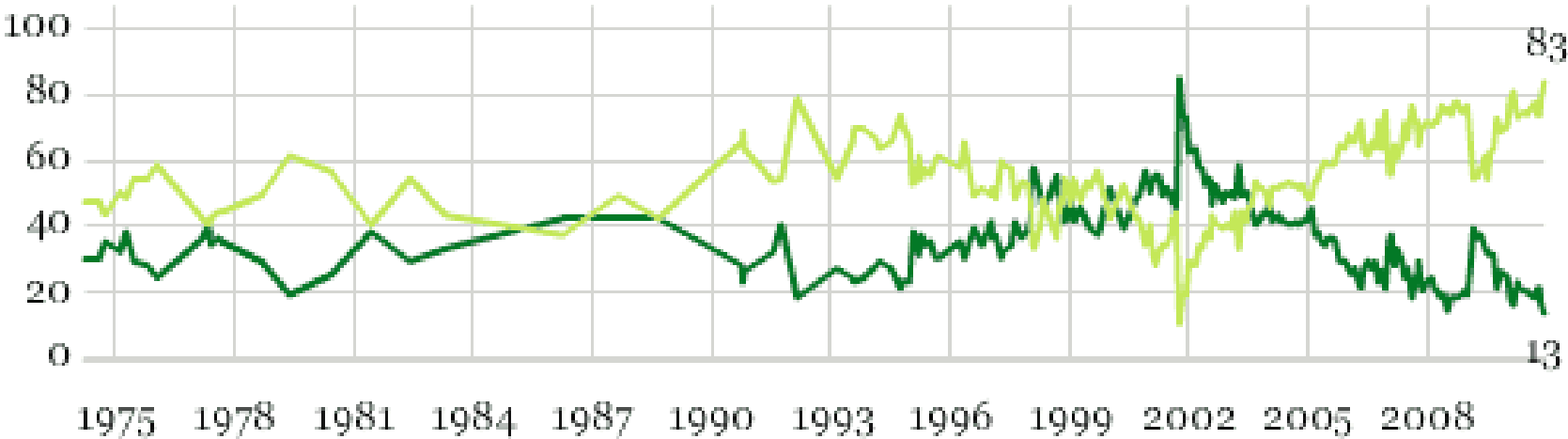
Source: Gallup

Congressional Polls

Do you approve or disapprove of the way Congress is handling its job?

Full trend

■ % Approve ■ % Disapprove



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Federal Budget Outlook

- 1. FY2011 Final CR: Lessons Learned**
- 2. FY2012 House Budget Resolution (Ryan Plan)**
- 3. FY2012 Appropriations**
- 4. Debt Deal/Super Committee**
- 5. Administration Priorities**

Reality of the Federal Budget

- **Debt Ceiling: Hit \$14.3 Trillion August 2; Now \$14.64 Trillion**
- Despite Debt Agreement, Standards & Poor's downgraded credit rating
- Federal government borrows 40 cents of every dollar spent
- Today, national debt is 69% of GDP vs. 40% in 2008
- CBO estimates rise to 109% by 2023
- Every 1% increase in debt interest rates = \$150B (37 yrs of CDBG)

WHO OWNS OUR DEBT?

DEBT HELD BY PUBLIC, 1970-2010

FOREIGN HOLDINGS:
47%

FOREIGN HOLDINGS:
5%



1970

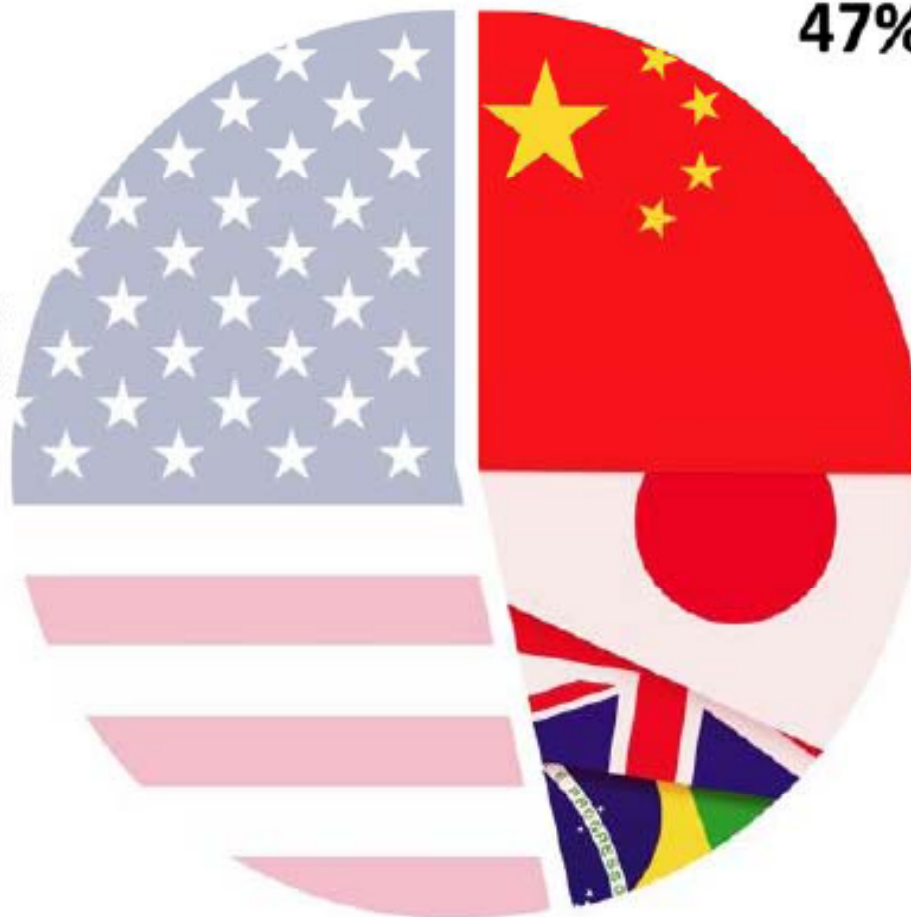
\$283 BILLION

FOREIGN HOLDINGS:
19%



1990

\$2.4 TRILLION



2010

\$8.4 TRILLION

SOURCE: U.S. DEPARTMENT OF TREASURY

1. FY11 Final CR: Lessons Learned

FY11 Final CR: Lessons Learned

- Overall Cut of \$40B in FY11 Spending (\$28B + \$12B)
- No Project Earmarks; Money Put into Savings
- No “Statement of Managers”, Meaning Agencies Have More Discretion and Control
- Across-the-Board Cut of .02% for Non-Defense Accounts
- Status quo is NOT an option!
- Smaller targeted programs are at serious risk (CDBG, WIA)
- Continuing Resolutions (CR) will be used again for FY12

FY11 Final CR Highlights

Transportation

- ▶ **Maintains SAFETEA-LU Core Programs**
- ▶ **TIGER Grants: \$528M, Cut by 12% (DOT Discretionary)**
- ▶ **High Speed Rail Grants: Eliminated (Savings of \$2.5B)**
- ▶ **FTA New Starts / Small Starts: \$1.594B (Cut = NJ/NY Tunnel)**
- ▶ **Transit TIGGER Grants: \$50M, Cut by \$25M**
- ▶ **FAA Airport Improvement Program: Stays at \$3.5B**

2. FY12 House Budget Resolution

H. Con. Res. 34, the Fiscal Year 2012 Budget Resolution

Sets Cap for Discretionary Spending in Appropriations

- ▶ Does NOT Require President's Signature
- ▶ House Unlikely to Reconcile with Senate

Transportation in the Ryan Budget

Eliminates High Speed Rail Funding under U.S. DOT

Phases Out the Essential Air Service Program under U.S. DOT

Terminates New Starts and Small Starts under FTA

Balance Highway Trust Fund

- limits the amount of money spent on new transportation projects to what is currently in the Highway Trust Fund
- 36 percent reduction in transportation spending
- could potentially cause a loss of 500,000 highway jobs and 140,000 transit jobs

http://epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=106c89bd-e7eb-492e-be35-fe2c23e0484e

Transportation in the House Budget Resolution



3. FY2012 Federal Appropriations

FY2012 Federal Appropriations

■ Recent History

- ▶ In 2008, Democrats moved only 1 spending bill to House Floor; only 5 of 12 bills reported out of committee
- ▶ In 2010, House failed to adopt budget resolution
- ▶ In 2010, only 2 spending bills passed committee and floor
- ▶ This year, House has passed 6 bills: HS, Milcon, AG, Defense, E&W, LB
- ▶ Senate has only passed 1: Milcon

FY2012 Federal Appropriations

■ FY12 Appropriations Timeline

- ▶ House Chairman Rogers (R-KY): Pass all 12 bills in Fall
- ▶ Will stick to Debt Deal cap of \$1.043 trillion
 - This is \$7 billion less than current level
 - Endorses higher level than House Budget Resolution of \$1.019 trillion (\$30 B below current level)
- ▶ No timeline announced by Chairman Inouye (D-HI) in Senate
- ▶ Start of FY12: October 1, 2011
- ▶ **Possible Omnibus or Continuing Resolutions**

4. Debt Deal/ Super Committee

Debt Deal

**Budget Control Act of 2011 (S. 365)
Passed August 1**



Joint Select Committee on Deficit Reduction “Super Committee”



PHOTOS: GETTY IMAGES

Key Dates for the Super Committee

| | |
|--|--|
| September 16, 2011 | First meeting of the Joint Committee |
| Between October 1 and December 31, 2011 | Both houses of Congress must vote on a Balanced Budget Amendment |
| October 14, 2011 | Deadline for House and Senate committees to submit recommendations for mandatory program/ revenue changes to the Jt. Committee |
| November 23, 2011 | Deadline for the Jt. Committee to vote on a plan to achieve \$1.5 trillion in deficit reduction from 2012 through 2021. If they reach agreement with at least seven votes they must make recommendations to Congress and the President by Dec. 2 |
| December 23, 2011 | Deadline for final action on Jt. Committee bill by House and Senate |
| January 15, 2012 | Date that the "trigger" leading to \$1.2 trillion of future spending cuts goes into effect if the Jt. Committee's legislation has not been enacted; automatic spending cuts to both defense and non-exempt domestic programs would occur |
| February 2012 | The first \$900 billion of debt ceiling increase runs out |
| No later than January 2 of each year, 2013 through 2021 | Discretionary sequestration (automatic spending cuts) imposed if discretionary caps breached |

Will the New Committee be Effective?

Former House Speaker Newt Gingrich During the Iowa GOP Debate:

"about as a dumb an idea as Washington has come up with in my lifetime...The idea that 523 senators and congressmen are going to sit around for four months while 12 brilliant people, mostly picked for political reasons, are going to sit in some room and brilliantly come up with a trillion dollars, or force us to choose between gutting our military and accepting a tax increase, is irrational."

Most Americans Want Compromise

As you may know, as part of the agreement to raise the debt ceiling, Congress will appoint a special committee to look at ways to further reduce federal spending and the national debt. If that committee does not reach an agreement, the law would impose major cuts in most federal spending including Medicare and defense. What would you like the members of this committee who represent your views on spending and the debt to do?

| | National adults | Republicans | Independents | Democrats | Tea Party supporters |
|--|------------------------|--------------------|---------------------|------------------|-----------------------------|
| | % | % | % | % | % |
| Hold out for plan you agree with, even if it prevents committee from reaching an agreement | 35 | 42 | 36 | 29 | 53 |
| Agree to compromise plan, even if it is a plan you disagree with | 60 | 55 | 57 | 67 | 41 |
| Don't know/Refused | 5 | 3 | 7 | 4 | 6 |

USA Today/Gallup, Aug. 4-7, 2011

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5. Administration Priorities

Administration Priorities

- **Consolidation/ Elimination** of duplicative Federal economic & community development programs
- **Quality of Place** remains major theme
- **Regional Innovation Clusters** with strong role for university-led commercialization
- **Sustainable / Livable Communities Agenda** has evolved to sustainable economic development
- **Interagency Partnerships are Key** – WH Council on Rural America; i6 Challenge; i6 Green; Jobs Accelerator; Stronger Cities, Stronger Communities

American Jobs Act

- Create Jobs and Boost the Economy
- \$447 billion
- \$50 billion in new transportation infrastructure spending
- Additional \$10 billion for a National Infrastructure Bank
- Transportation funding:
 - ▶ \$27 billion for highways
 - ▶ \$9 billion for mass transit
 - ▶ \$4 billion for high-speed rail corridors
 - ▶ \$2 billion for other intercity passenger rail
 - ▶ \$5 billion for TIGER and TIFIA grant/loan assistance
 - ▶ \$2 billion for airport improvement grants
 - ▶ \$1 billion for FAA NextGen air traffic control

Preparing for 2013

Aug. 17 OMB Directive for FY2013

- Set fiscal 2013 budget requests at 5% below the 2011 level
- Identify additional 5% for “worst case scenario”
- Directs agencies against across-the-board cuts, but instead at specific programs
- Directs agencies to identify programs that deserve additional funding
- No deadline set for submission of identified cuts



SAFETEA-LU Reauthorization

Reauthorization by the Numbers

- **\$286.5** billion - SAFETEA-LU (P.L. 109-59) authorization
- **\$500** billion six-year reauthorization measure – House Democrats draft in the 111th Congress was for \$450 extra \$50 for HSR
- **\$556** billion six-year bill- President Obama's FY2012 budget request
- **\$230** billion six-year bill – House Chairman John L. Mica's proposal
- **\$109** billion two-year bill – Senate Chairman Barbara Boxer's proposal



NADO and Surface Transportation Authorization

NADO Priorities for Reauthorization

Regional Transportation Planning Organizations

Strengthen role of rural local officials in the statewide transportation planning and investment process by establishing and giving federal recognition to RTPOs for areas outside the boundaries of MPOs

- ▶ H.R. 1565: Reps. Tim Walz (D-MN) and Richard Hanna (R-NY)
- ▶ S. 625: Sens. Amy Klobuchar (D-MN) and Lamar Alexander (R-TN)

MPO Threshold

More than 200 of the nation's 382 MPO's would lose their MPO designation if threshold was changed

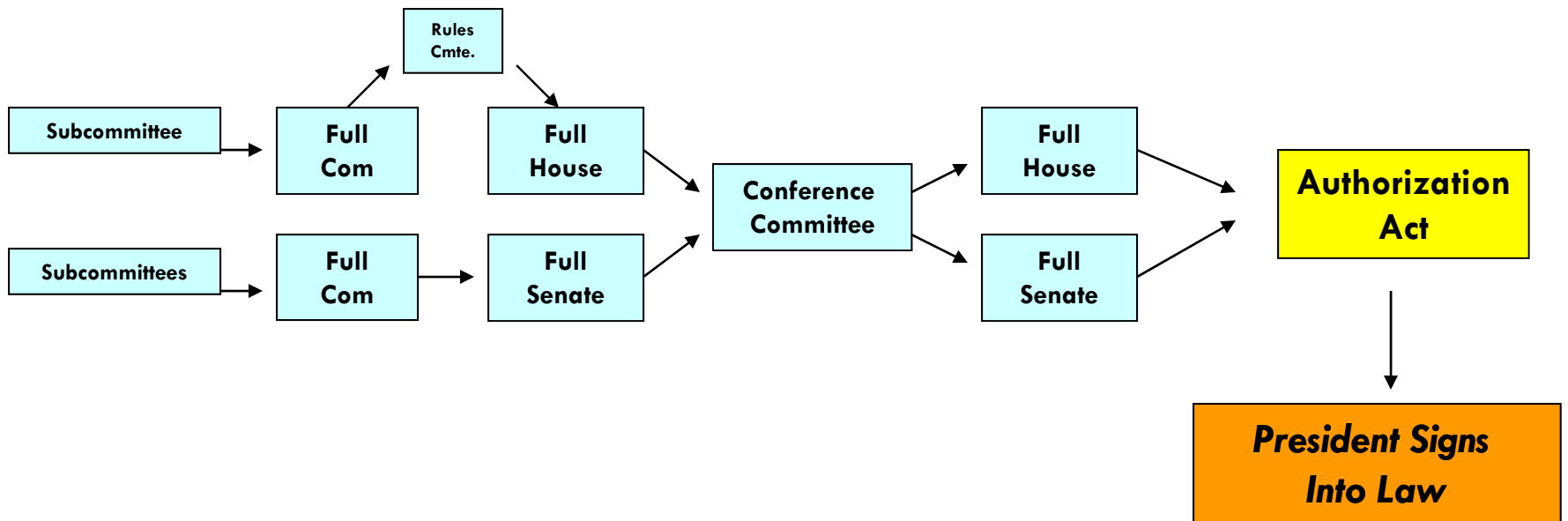
- ▶ House Plan - grandfather existing - raise to 100,000 or 200,000 for new
- ▶ Senate – grandfather existing - new threshold of 200,000



Congressional Proposals

The Process

Authorization Bill



House of Representatives

Committee on Transportation and Infrastructure

Chairman John L. Mica (R-FL)

Ranking Member Nick J. Rahall (D-WV)

Subcommittee on Highways and Transit

Chairman John J. Duncan (R-TN)

Ranking Member Peter A. DeFazio (D-OR)

Subcommittee on Coast Guard and Maritime Transportation

Subcommittee on Railroads, Pipelines and Hazardous Materials

Subcommittee on Water Resources and Environment

Committee on Ways and Means (revenue/taxes)

Chairman David Camp (R-MI)

Ranking Member Sander Levin (D-MI)

Senate



Committee on Environment and Public Works (highway)

Chairman Barbara Boxer (D-CA)

Ranking Member Jim Inhofe (R-OK)

Subcommittee on Transportation and Infrastructure

Chairman Max Baucus (D-MT)

Ranking Member David Vitter (R-LA)

Committee on Banking, Housing and Urban Affairs (transit)

Chairman Tim Johnson (D-SD)

Ranking Member Richard C. Shelby (R-AL)

Committee on Finance (revenues)

Chairman Max Baucus (D-MT)

Ranking Member Orrin Hatch (R-UT)

Committee on Commerce, Science and Transportation (safety, motor carrier)

Chairman Jay Rockefeller (D-WV)

Ranking Member Kay Bailey Hutchison (R-TX)

House Republican Outline

transportation.house.gov

“A New Direction”

- “Doing More with Less”
- Six-year, \$230 billion measure.
- Leverage - public private partnerships
- Additional TIFIA
- Reform
 - ▶ Consolidate (70 highway programs to 30) - result in 20% reduction rather than 35%
- State Infrastructure Banks
- Streamline – States get More Input

Senate Bi-Partisan Outline

epw.senate.gov

“Moving Ahead for Progress in the 21st Century” (MAP-21)

- Two-year, \$109 billion measure
- Maintain existing funding levels
- Extra \$12 billion in additional funding would be needed
- Reforms to the nation's transportation programs
 - ▶ Consolidate 70 highway programs to about 30
- Expanded TIFIA
- Performance Measurements
- Accelerated Project Delivery



Funding a Transportation Authorization

Funding



Public Sources – Federal – State – Local

- ▶ upfront capital investment
- ▶ Ongoing funds for maintenance/operations

Fuel Tax – 82 % of federal transportation revenue

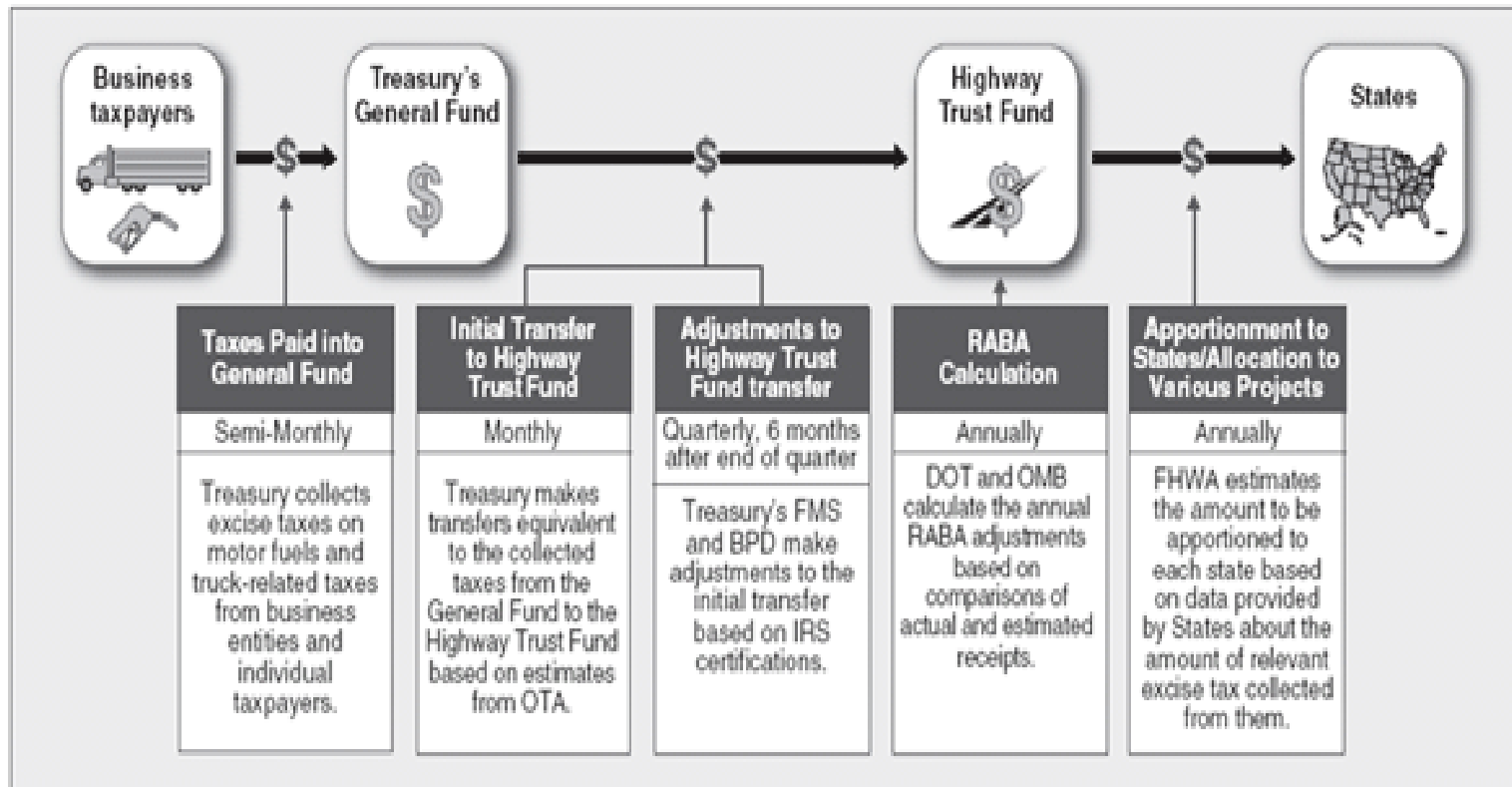
Federal Funding – 21 % of transportation revenue

General Fund – 16 % of transportation revenue

State Funding – 43 % of transportation revenue

Local Funding – 21 % of transportation revenue

The Highway Trust Fund



Sources: GAO, MapArt.

Keeping the Trust Fund Solvent



- September 2008: \$8.017 billion General Fund transfer to the Highway Trust Fund
- August 2009: \$7 billion General Fund transfer to the Highway Trust Fund
- September 30, 2009: SAFETEA-LU expired
- March 1, 2010: Highway Trust Fund shutdown for two days
- March 18, 2010: \$19.5 billion in foregone interest payments credited to the Highway Trust Fund
- Fiscal Year 2012: Highway Trust Fund projected to become insolvent (summer of 2013)

Funding Mechanisms



Raising the Gas Tax
Mileage-Based Fees (VMT)
National Infrastructure Bank
State Infrastructure Bank
Bonding
Tolling
TIFIA

Outlook - Considerations



P.L. 112-30 - Surface and Air Transportation Programs
Extension Act of 2011

Consider the FAA Reauthorization – failed negotiations

Will House Republican Leadership Provide Floor Time

**NO Long Term Legislative Text Has Been Released or
Introduced**

Keys Grassroots Advocacy



Most powerful tools remain:

- Know the political landscape
- Build personal relationships and build trust
- Provide timely, concise and accurate information
- Become a valued partner and resource
- Be persistent and engaged in the process

Final Thoughts...



- Status Quo Is NOT an Option at Federal Level!
- Local Governments Must Identify Top Priorities and Fight for Them!
- In Post-ARRA World, Relationship between Feds with State and Local Govt. Has Changed – *There Can Be No Sense of Entitlement, Only Partnerships!*
- Jobs, Jobs, Jobs and More Jobs!

NADO Staff Contacts



- **Matthew Chase**, Executive Director

202.624.5947 / mchase@nado.org

- **Deborah Cox**, Director of Legislative Affairs

202.624.8590 / dcox@nado.org

- **Jennifer Walsh**, Associate Legislative Director

202.624.8467 / jwalsh@nado.org



**National Association of Development Organizations (NADO)
and the NADO Research Foundation**

400 North Capitol Street, NW | Suite 390 | Washington, DC 20001

NADO.org | Ruraltransportation.org | Knowyourregion.org

Regionalcouncilguide.org

202.624.7806 | Info@nado.org

Regional Strategies. Solutions. Partnerships.