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U.S. House Reauthorization Bill Unveiled

Plan Would Provided More Funds For Transportation Projects

A new “blueprint” for the federal transportation system will, if enacted, increase funding for highway, road and bridge work across the nation. The bipartisan leaders of the U.S. House Transportation & Infrastructure (T&I) Committee last week released their blueprint of the proposed \$450 billion six-year reauthorization of the federal surface transportation program. The 90+-page outline is authored by U.S. Committee Chairman James Oberstar (D-Minn.), Ranking Republican John Mica (R-Fla.), Highways and Transit Subcommittee Chairman Peter DeFazio (D-Ore.) and Subcommittee Ranking Republican John Duncan (R-Tenn.).

The increased funding in the bill would be allocated as follows -- \$337.4 billion for the federal highway program, \$99.8 billion to public transportation, and \$12.6 billion for safety-related programs. In addition to these core investments, the measure would also provide \$50 billion for high-speed passenger rail initiatives (from outside the Highway Trust Fund). Highway improvements would constitute 75 percent of the bill, while transit investment would make up 22 percent. By comparison, the breakdown of overall spending under the 2005 reauthorization bill was 79 percent for highways and 18 percent for transit. The T&I Committee’s proposal would be a 48 percent increase in highway investment and a 90 percent increase in transit investment from the last bill.

The blueprint does not include a financing mechanism. Committee leaders consistently point to pending action in the House Ways & Means Committee where those details will be developed. The outline also does not address individual programmatic funding levels, or the distribution of funds among states. The blueprint, however, does provide substantial information about the program structure and policy goals of the proposed “Surface Transportation Authorization Act.”

The House T&I Committee proposal would significantly increase federal surface transportation investment and alter the priorities of the existing program structure. There are aspects of the Committee’s proposal that are extremely favorable to the state’s transportation construction industry, while other provisions could be very problematic.

However – Obama Administration Calls For 18-Month Reauthorization Delay

The Obama Administration is considering implementing an 18-month delay in having Congress enact a new six-year federal highway plan. Last week U.S. Transportation Secretary Ray LaHood issued a statement advocating for an 18-month extension of the federal surface transportation program. The statement makes no reference to the levels of investment that

would be assumed under this scenario, but the Obama Administration's FY 2010 budget proposal indicates federal general funds could be used to support a highway investment level of \$41.3 billion and a public transportation program of \$10.3 billion—both of which would be slight increases from current investment levels. Under Secretary LaHood's proposal, the highway and transit programs would then be scheduled for reauthorization in March of 2011.

The text of Secretary LaHood's statement is below:

"This morning, I went to Capitol Hill to brief members of Congress on the situation with the Highway Trust Fund. I am proposing an immediate 18-month highway reauthorization that will replenish the Highway Trust Fund. If this step is not taken the trust fund will run out of money as soon as late August and states will be in danger of losing the vital transportation funding they need and expect.

"As part of this, I am proposing that we enact critical reforms to help us make better investment decisions with cost-benefit analysis, focus on more investments in metropolitan areas and promote the concept of livability to more closely link home and work. The Administration opposes a gas tax increase during this challenging, recessionary period, which has hit consumers and businesses hard across our country.

"I recognize that there will be concerns raised about this approach. However, with the reality of our fiscal environment and the critical demand to address our infrastructure investments in a smarter, more focused approach, we should not rush legislation. We should work together on a full reauthorization that best meets the demands of the country. The first step is making sure that the Highway Trust Fund is solvent. The next step is addressing our transportation priorities over the long term."

AGC has obtained principles of reauthorization legislation -- the Surface Transportation Authorization Act of 2009 from the House Transportation and Infrastructure Committee. The blueprint, framework of principles and executive summary are available on the AGC Web site.

Federal Highway Trust Fund Could Be Out Of Money By August

It appears that there will be a deficit in the current federal highway trust fund that will require Congress to appropriate another \$5 billion to \$7 billion in funds. The Federal Highway Administration (FHWA) briefed members of the relevant U.S. House and Senate Committees about the revenue shortfall in the Highway Trust Fund, which could cause a slowdown in payments to states as early as mid-July. That may affect several projects in West Virginia.

The Obama Administration has indicated that an infusion of \$5 billion to \$7 billion will be necessary soon in order to fully fund existing commitments through September 30, 2009, or the end of federal fiscal year 2009. At a hearing recently on the nomination of Victor Mendez for Highway Administrator, U.S. Senate Environment and Public Works Committee Chairman Barbara Boxer (D-Calif.) reported that in addition to the funds needed for FY 2009 an additional \$8 billion to \$10 billion will be necessary to get through FY 2010. The President's budget indicated that as much as \$36 billion could be needed in FY 2010 to prevent a shortfall in funding.

At a recent hearing before the U.S. Senate Appropriations Transportation Subcommittee, U.S. Transportation Secretary Ray LaHood indicated that the Administration will be working with Congress to ensure that this cash flow problem does not result in a slowdown in payments to states to reimburse ongoing highway construction.

Help Provide Funds For WVBT's Campaign Efforts

To support its ongoing efforts, please consider providing or maintaining financial support in 2009 to West Virginians for Better Transportation. WVBT's efforts have provided a significant return on investment --

- WVBT provided support to congressional passage of a federal stimulus package that likely will provide \$200+ million in added state transportation funding.
- WVBT's efforts have helped to preserve or increase more than \$180 million in state funding for our transportation infrastructure.

Even with these successes, West Virginia still has massive unmet needs (\$2 billion) for bridge, roadway and highway maintenance and construction.

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