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To: Celia McAdam
 From: Sante and Michael Esposito
 Subject: January Monthly Report

MAP21 Reauthorization

On January 14 House Transportation Committee Chairman Rep. Bill Shuster (R-Pa.) said that he wants the House to pass a new transportation funding bill by August to allow time for conference negotiations with the Senate.

The comments came during the first hearing in the Committee's efforts to develop new legislation to reauthorize Federal surface transportation programs. The programs were last authorized under the Moving Ahead for Progress in the 21st Century Act (MAP-21), which was signed into law in July 2012 and expires at the end of this September.

The hearing, entitled "Building the Foundation for Surface Transportation Reauthorization," was held on January 14 and the witnesses were Mary Fallin, Governor, State of Oklahoma, on behalf of the National Governors Association; Stuart Levenick, Group President, Caterpillar Inc; Kasim Reed, Mayor of Atlanta, on behalf of the U.S. Conference of Mayors; and, Lawrence Hanley, International President, Amalgamated Transit Union.

Shuster said it was important that Congress avoid a repeat of the last transportation funding process, which saw the passage of seven short-term funding extensions before legislators reached final agreement in 2012. Panelists at the hearing encouraged lawmakers to back up Shuster's words with an increase in transportation funding.

The last transportation bill contained about \$54 billion per year in road and transit funding, which infrastructure advocates said isn't nearly enough for the country's road and transit needs. Lawmakers were constrained because the traditional funding mechanism for transportation, the 18.4-cents-per-gallon Federal gas tax, only brings in about \$35 billion per year. The gap was filled in the 2012 with a package of fee increases and sweeps from other areas of the Federal budget, a process lawmakers in both parties have promised to avoid repeating this

time around. Shuster did not endorse any specific funding proposals, saying only that he wanted the bill to be “built around key principles” and “fiscally responsible.”

In the Senate, on Jan. 16, the Commerce Committee held a hearing on “Progress Report on Public Transportation Under MAP-21.” The witnesses were Peter Rogoff, Administrator, Federal Transit Administration; and, David Wise, Director, Physical Infrastructure, U.S. Government Accountability Office. Key comments from Rogoff are as follows:

“Capital Investment Grants (New Starts/Small Starts)

Managing costs on capital investment grant projects is a key area where FTA has made strides. Since 2009, FTA has executed 26 Full Funding Grant Agreements or Project Construction Grant Agreements for new major capital investments, and 100 percent of those projects have either been completed or are on schedule to be completed on time; 96 percent of those are also on budget. This Administration has done its service to America's taxpayers, who expect no less than responsible stewardship of their investments.

Since MAP-21 went into effect, FTA has continued to cut red tape and bureaucracy so we can have more progress and less process related to New Starts planning. For example, FTA recently rolled out a new tool to help project sponsors estimate transit trips on proposed projects. The new method, known as Transit STOPS (Simplified Trips-on-Project Software), will enable some communities to reduce from two years to two weeks the time needed for project sponsors to develop ridership forecasts on planned projects. This new tool may save taxpayers in communities that do not currently have travel forecasting tools as much as 1 million dollars. In addition, in August 2013, FTA issued final policy guidance to sponsors of New Starts and Small Starts projects, which accompanies the final rule for Major Capital Investment Projects promulgated in January 2013. The final rule adopted a more straightforward approach for measuring a proposed transit project's cost-effectiveness; expanded the range of environmental benefits used to evaluate proposed projects; added new economic development factors to its 5 ratings process; and streamlined the project evaluation process. The revised ratings and evaluation criteria will better capture the full range of benefits that FTA's transit investments provide through the New Starts/Small Starts program, while continuing an appropriate level of oversight of taxpayer dollars. These revisions align with major purposes of MAP-21, including improving the development and delivery of capital projects and moving us toward a more performance-driven system. We appreciate the Committee's support for this important achievement.

Bus and Bus Facilities Program

MAP-21 followed the Administration's request to fold the discretionary bus program into a formula program. This capital program provides funding to replace, rehabilitate, and purchase buses and related equipment, and to construct bus-related facilities. MAP-21 authorized \$422 million in FY 2013 and \$428 million in FY 2014. Each fiscal year, each state will be allocated \$1.25 million and each territory (including the District of Columbia and Puerto Rico) will receive \$500,000. The remaining funds will be distributed by formula. Funds are available to designated recipients and States that operate or allocate funding to fixed-route bus operators. Eligible subrecipients include public agencies or private nonprofit organizations engaged in

public transportation, including those providing services open to a segment of the general public, as defined by age, disability, or low income. We have heard from our stakeholders, primarily states and recipients in small urbanized areas and rural areas, that the funding under this program is insufficient to meet rural bus acquisitions due to replacement or expansion needs.”

On July 28 the House Highways and Transit Subcommittee held a hearing to examine Federal surface transportation safety grant programs and what changes may need to be made in order to continue reducing fatalities and crashes on the Nation’s transportation infrastructure. The Federal surface transportation safety grant programs provide states with funding intended specifically for reducing fatalities and crashes on the surface transportation system. As Congress begins work on reauthorizing the federal-aid surface transportation programs, one area of focus will be building upon the gains made in the safety of America’s transportation infrastructure and the traveling public. The hearing, entitled “Improving the Effectiveness of the Federal Surface Transportation Safety Grant Programs,” included the following witnesses: Christopher A. Hart, Vice Chairman, National Transportation Safety Board; Douglas B. Danko, Chairman, American Traffic Safety Services Association; Sgt. Thomas Fuller, New York State Police; *on behalf of* the Commercial Vehicle Safety Alliance; Kendall Poole, Director, Tennessee Governor’s Highway Safety Office; *on behalf of* the Governors Highway Safety Association; and, Dr. Peter Sweatman, Director, University of Michigan Transportation Research Institute, *on behalf of* the Intelligent Transportation Society of America.

FY14 Appropriations

On Jan. 17, the President signed the \$1.1 trillion omnibus spending bill to keep the Federal government funded through September and avoid another shutdown. Obama signed the bill before a small audience at the New Executive Office Building near the White House, where he was joined by staffers from the Office of Management and Budget

Under the bill, the Clean Water SRF is funded at \$1,448.9B or \$353.9M more than the President’s request, and the Safe Drinking Water SRF is funded at \$906.9M or \$89.9M more than the President’s request.

The WaterSmart program is funded at \$19M or \$7M more than the President’s request; Title 16 is funded at \$21.5M or \$7.5M more than the President’s request; and, CALFED is funded at \$37M that was the President’s request.

Also under the bill, the Army Corps of Engineers is funded at \$5.467 billion, an increase of \$487 million (10%) above the FY13 enacted level of \$4.718 billion. Over \$1 billion will be funded from the Harbor Maintenance Trust Fund. Additional O&M funding is provided across the board for the Corps’ navigation program, including \$40 million for small ports and harbors and \$42 million for inland waterways. In addition, the Corps of Engineers is funded at \$94.5M for various Continuing Authorities Programs including Environmental Infrastructure Projects. Compared to the President’s request of \$29M.

Lastly, the bill provides almost \$41B for the Federal Highway program – the same level authorized in MAP21 which expires September 30, 2014. This is an increase of \$557M from the FY13 level. It also provides for another round of TIGER grants at \$600M. The bill contains \$2.15B for the Federal Transit Administration, a decrease of \$100M below FY13. The legislation allows \$8.6B in state and local transit grant funding consistent with MAP21, and \$2.1B for New Starts, full funding for state and local Small Starts, and funding for all current Full Funding Grant Agreement projects.

The bill follows the guidelines of the December budget agreement, as follows:

1. The total deal is \$85 billion. About \$45 billion of that replaces sequestration cuts in 2014. About \$20 billion replaces sequestration cuts in 2015. About \$20 billion is deficit reduction atop sequestration.
2. The sequestration relief is evenly divided between defense spending and non-defense discretionary spending. The sequester's cuts to mandatory spending are unaffected.
3. The new policies in the deal are split between revenue through fees and spending cuts.
4. Spending will be \$45 billion higher in 2014 than it would've been absent the deal.
5. The deal replaces half of sequestration's cuts to defense and non-defense discretionary spending in 2014. It replaces a fourth of them in 2015.
6. The deal doesn't include any extension of unemployment insurance.
7. No changes to Medicare and Social Security; no new taxes and no entitlement reform.

PCTPA Transportation Issues: Federal Grants

PCTPA is in the process of drafting a memo outlining its non-highway transportation issues/needs. That document will form the basis for a new, more aggressive, more proactive three-prong approach to pursuing Federal grants and agency discretionary funds (funds which the agency has as it discretion to spend separate and apart from the traditional grant solicitation process). Basically we would work with PCTPA to identify all areas of transportation need. Once identified, we would first crosswalk those items twice a week against the government grant solicitation database (organized by agencies and/ or subject matter) for possible “matches.” If determined, we would advise PCTPA and then discuss strategy. Secondly, if during the process of determining whether or not a nexus exists between the identified items and the database we identify other possible opportunities of interest, we will advise PCTPA of those and discuss further action, if any. And thirdly, based on PCTPA’s original needs list, we would take the initiative to reach out to the relevant Federal entity to see if there is a “funding home” for specific items regardless of what appears in the grant solicitation database.