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

### **MAP21 Reauthorization**

The House Subcommittee on Highways and Transit held a hearing on February 27 to receive testimony related to highway freight mobility. Witnesses were the Mark Gottlieb, Secretary of the Wisconsin Department of Transportation and Chairman of the American Association of State Highway and Transportation Officials Subcommittee on Highway Transport; Gerald Bennett, Mayor of Palos Hills, Illinois, and Chair of the Chicago Metropolitan Agency for Planning; Henry Maier, President and Chief Executive Officer of FedEx Ground; and Susan Alt, Senior Vice President for Public Affairs of Volvo Group North America.

To study the operation and needs of the Nation's freight transportation network, the Committee on Transportation and Infrastructure convened a special panel in April 2013. The Panel on 21st Century Freight Transportation spent six months holding hearings, conducting site visits, and meeting with stakeholders for roundtable policy discussions on all aspects related to the movement of goods throughout, into, and out of the United States. After completing its fact-finding mission, all eleven Members of the Panel released a report summarizing its findings and making specific policy recommendations on ways to improve the safe and efficient movement of goods.

MAP-21 set national freight policy by delineating specific goals relating to freight mobility. MAP-21 also required the Secretary of Transportation to designate a national freight network and establish a strategic plan to meet the goals stipulated in the national freight policy. Finally, MAP-21 encouraged the creation of state freight advisory committees and the development of state freight plans. Ensuring the safe and efficient movement of goods through consideration of the recommendations of the Panel on 21st Century Freight Transportation and building on the foundation laid in MAP-21 is a priority for the 113th Congress

On February 12 the Senate EPW Committee held its initial authorization hearing, “The Economic Importance of Maintaining Federal Investments in our Transportation Infrastructure.” Below is a detailed account of the hearing but there are a couple of key points:

- EPW Chairwoman Boxer hopes to have a bill drafted by April
- Stakeholders continue to agree that a longer bill (5-6 yrs) is far preferable to one of shorter length
- Ranking Member Vitter would like to see more transparency from USDOT on how funds are used.

Witnesses:

- Tom Donohue – President and CEO, U.S. Chamber of Commerce
- Richard Trumka – President, AFL-CIO
- Mike Hancock - President, American Association of State Highway Transportation Officials
- Dr. Peter Ruane - President and CEO, American Road and Transportation Builders Association
- Timmons – President and CEO, National Association of Manufacturers

The hearing began with preface by Chairwoman Senator Barbara Boxer (D-CA) who said that the pending Highway Trust Fund (HTF) shortfall must be addressed and that it is critical for the nation to invest in infrastructure and “roads and bridges are not Republican or Democrat.” Senator Boxer noted that any decision on funding the HTF as part of a reauthorization bill would need to emanate from the Senate Finance Committee, where Senator Ron Wyden (D-OR) was recently named Chairman replacing outgoing Senator Max Baucus (D-MT), who is now the Ambassador to China. Senator David Vitter (R-LA), the Ranking Member on the committee, echoed Senator Boxer's claims that transportation is bipartisan by saying that House and Senate conferees were in the process of finalizing Water Resources Development legislation.

Funding transportation is both a state and federal project, said Senator Roger Wicker (R-MS). States need to be labs for best practices and the proving ground for best practices. He also called for a longer-term authorization. Senator Sheldon Whitehouse's (D-RI) statement focused on the notion that infrastructure puts Americans back to work. Senator Jim Inhofe (R-OK) outlined four choices for the committee moving forward: cutting transportation spending by 90% over the next eight months, transferring necessary money from the General Fund, raising user fees to increase revenue, or passing a series of short term extensions. Senator Inhofe pointed the finger at his own party, saying that certain factions of the Republican Party are seeking to solidify their conservative credentials by opposing any bill to raise revenue. Senator Ben Cardin (D-MD) referenced a possible carbon fee as a way to generate HTF revenue.

Tom Donohue of the U.S. Chamber of Commerce called for an increase in the gas tax, saying that a moderate increase in user fees would provide stability and that Congress must have the courage to do what needs to be done. Mr. Donohue also said Congress must do more to educate the public on the importance of the gas tax and where their money is being spent. He referenced

a study done by San Diego State University that said 56 percent of Americans would support an increase in the gas tax if they knew what their money was being spent on. He also encouraged government to remove barriers for public private partnerships.

Richard Trumka called the transportation bill the most important jobs legislation that Congress will consider and noted that \$1 billion in investment can create 35,000 well paying jobs. Delaying investment in transportation and promoting "transportation austerity" will hurt more, not less, than the work that needs to be done to fix the HTF. Mr. Trumka referenced a recent trip in China in saying that the rest of the world is investing in modern, innovative infrastructure and are outspending the United States. "American can do it," Mr. Trumka said, "and we can do it better."

On behalf of AASHTO Mike Hancock said unless Congress acts on funding, the states will be unable to obligate any new federal funds in 2015, which will have an immediate impact to the states economies.

Dr. Peter Ruane said ARTBA is advocating for new user fee revenue as a forward solution. Dr. Ruane also referenced Senator Vitter's call for government to be more transparent with the HTF, saying that government at all levels does a poor job of telling the public how their gas tax dollars are being spent.

Jay Timmons highlighted the importance of a sound transportation system to manufacturing, saying every \$1 spent on construction generates 39.5 cents in manufacturing. NAM recently partnered with Building America's Future to survey manufacturers on America's infrastructure and found that 70 percent of respondents said our nation's infrastructure needs improvement and that all options for funding must be on the table.

Chairwoman Boxer asked the witnesses if they would support a multi-year bill and would be willing to contact Senate Finance Committee Ron Wyden (D-OR) and Ranking Member Orrin Hatch (R-UT) to advocate for a sustainable long term funding solution for the HTF. The witnesses indicated that they would support a multi-year bill and would contact the Chairman and Ranking Member. Mr. Trumka said that the upcoming reauthorization bill should be a long term solution so that employers and states can plan adequately for future projects that the country needs. Mr. Hancock of AASHTO testified that a reliable, long term funding mechanism is incredibly important to the states. A state cannot effectively plan in an environment where the funding target changes from day to day. Mr. Donohue of the Chamber of Commerce was asked about the importance of the U.S. Chamber of Commerce advocating for increasing user fees in transportation. Mr. Donohue replied by saying that industry and business understand that critical investment is needed, the business community builds and moves on infrastructure.

Ranking Member Vitter began his questioning by advocating for greater transparency by USDOT and sub agencies. Dr. Ruane agreed with Sen. Vitter and said the American public is more likely to support a transportation user fee if they are aware of what is being done with their money. Senator Barrasso spoke about the need to accelerate project delivery, asking witnesses for recommendations on what can be done to speed up timelines and encourage expedited completion. Mr. Hancock cited FWHAs "Every Day Counts" initiative as a good example of

how to accelerate project delivery and Dr. Ruane said the changes outlined in MAP-21 must be fully implemented. Chairwoman Boxer added that the transportation bill cannot be one big environmental rider. With the recent chemical spill in West Virginia, it is important to note that environmental regulation serves a purpose. We need to speed up project delivery, but we also need to ensure that the environment and citizens are protected.

Senator Sessions then questioned Mr. Donohue on the Chamber's support for an increase in user fees, noting that he thought it was unusual for a business group to be advocating for higher taxes. Senator Sessions asked Mr. Donohue if the Chamber of Commerce would support funding the bill by cutting areas of waste and abuse from the federal budget. Mr. Donohue said that the Chamber would, but that throughout his time in Washington people have cited wasteful spending as a reason not to invest but no one has ever pinpointed exactly where and what the waste is.

Senator Boxer closed the hearing by saying she was hopeful a five or six year bill might hit the committee by April, but noted that such a bill would not have a funding mechanism because that is the Finance Committee's role. Nothing in this bill would affect the deficit, said Senator Boxer, this method of funding needs to be and will be self sustaining.

### **Highway Bill Funding**

This month the chairman of the House Transportation Committee ruled out an increase in the Federal gas tax this year to pay for transportation projects. Chairman Bill Shuster (R-PA) said that "economically, it's not the time" to raise the gas tax. He added that he was not sure there was enough support from lawmakers or the public to move forward with such a proposal.

The Department of Transportation has projected that the Highway Trust Fund, which is facing a \$20 billion shortfall, would run out of money in September without additional congressional action. Shuster is pushing for passage of a new transportation funding bill this year, and had previously said he would be open to any option for shoring up the Trust Fund's finances.

The gas tax has not been increased since 1993, and its revenue stream has been dwindling as Americans drive less with more fuel-efficient vehicles. The idea of increasing the gas tax to pay for more transportation projects has drawn rare consensus from business and labor groups.

The current surface transportation funding bill that includes the authorization of the gas tax at its current level was passed in 2012. It provided only two years of funding, compared to previous five- or six-year bills, because lawmakers struggled to close a shortfall between the gas tax collections and infrastructure spending.

Shuster said he was hoping for a long-term transportation bill as well, despite his opposition to increasing the Federal gas tax. Other ideas that have been floated by transportation advocates include replacing the gas tax on drivers in favor of a fee that is paid by oil wholesalers.

Sen. Barbara Boxer (D-CA), chair of the Senate Environment and Public Works Committee, said last fall that it was worth exploring the possibility of doing away with the gas tax.

## **FY14 Appropriations**

To review, on Jan. 17, the President signed the \$1.1 trillion spending bill to keep the Federal government funded through September and avoid another shutdown. The bill provides almost \$41B for the Federal Highway program – the same level authorized in MAP21. 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.

## **TIGER \$600M Sixth Round**

Today the U.S. Department of Transportation announced that \$600 million will be made available to fund transportation projects across the country under a sixth round of the Transportation Investment Generating Economic Recovery (TIGER) competitive grant program. According to DOT, the TIGER 2014 grant program will place an emphasis on projects that support reliable, safe and affordable transportation options that improve connections for both urban and rural communities, making it easier for their residents to reach work, school and other ladders of opportunity. While continuing to support projects of all types, DOT will prioritize applications for capital projects that better connect people to jobs, training and other opportunities promote neighborhood redevelopment and reconnect neighborhoods divided by physical barriers, such as highways and railroads. In addition to supporting capital grants, Congress has provided DOT with the flexibility to use up to \$35 million of TIGER funds for planning grants, the first time since the 2010 round. In addition to supporting the planning of innovative transportation, these funds can support regional transportation planning, freight and port planning and programmatic mitigation approaches that increase efficiency and improve outcomes for communities and the environment. See DOT TIGER webinar series announcement below:

## **TIGER - 2014 WEBINAR SERIES**

*The U.S. Department of Transportation (USDOT) is offering a series of special topic webinars that delve into various aspects of the TIGER application process. There are no registration fees for these sessions, but SPACE IS LIMITED. Advance registration is required and available at the links listed below:*

- March 12th – How to Compete for TIGER Discretionary Grants  
<[https://www.nhi.fhwa.dot.gov/resources/webconference/web\\_conf\\_learner\\_reg.aspx?webconfid=27419](https://www.nhi.fhwa.dot.gov/resources/webconference/web_conf_learner_reg.aspx?webconfid=27419)>
- March 19th – Preparing a TIGER Planning Grant Application  
<[https://www.nhi.fhwa.dot.gov/resources/webconference/web\\_conf\\_learner\\_reg.aspx?webconfid=27421](https://www.nhi.fhwa.dot.gov/resources/webconference/web_conf_learner_reg.aspx?webconfid=27421)>
- March 26th – Preparing a Benefit Cost Analysis (BCA) for a TIGER Discretionary Grant  
<[https://www.nhi.fhwa.dot.gov/resources/webconference/web\\_conf\\_learner\\_reg.aspx?webconfid=27424](https://www.nhi.fhwa.dot.gov/resources/webconference/web_conf_learner_reg.aspx?webconfid=27424)>

### **Obama Transportation Proposal**

On February 26, President Obama proposed a four-year, \$302 billion transportation program to repair and rebuild roads, bridges and transit systems. The program would include funding from \$150 billion in revenue raised through “pro-growth business tax reform”. This would include “closing unfair tax loopholes, lowering tax rates, and making the system more fair,” though it included few specific details.

U.S. infrastructure has deteriorated in recent years, and the American Society of Civil Engineers gave the country’s roads, ports, bridges and other infrastructure an overall grade of D+ last year in its annual rating program. According to the U.S. Department of Transportation, last year 65,605 bridges in the Federal National Bridge Inventory were classified as “structurally deficient.” The Administration called for a \$77 billion transportation program last year as part of its 2013 budget proposal and has proposed other measures in the past, but the efforts have stalled in Congress.

### **Debt Ceiling**

On February 11, the House of Representatives narrowly approved a one-year extension of Federal borrowing authority without any conditions. The 221-201 vote carried mainly by Democrats marked a dramatic shift from past confrontational fiscal tactics culminating most recently in last October’s 16-day government shutdown. It came after House Republicans rejected Speaker Boehner’s latest plan to link an increase in the \$17.2 trillion borrowing cap to a repeal of planned cuts to military pensions. Democrats provided most of the “yes” votes on the debt limit increase, which was attached to a measure renaming an air traffic control center in Nashua, New Hampshire. There were 193 Democrats who voted yes versus just 28 Republicans. The Senate voted on February 12 to approve the House-passed measure that allows the

government to borrow more money to pay its bills through March 2015. The Senate vote was the last hurdle to resolving the debt ceiling issue until after the November congressional elections.

### **PCTPA Federal Grant Opportunities**

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 at its 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.