



# Transportation: The Federal Outlook

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# Transportation: The Federal Outlook

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- Economic Stimulus
- Surface Transportation Reauthorization
- FY 2009 Highway Rescission
- FY 2010 Appropriations



# American Recovery and Reinvestment Act (ARRA)

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- Signed into law on February 17, 2009
- Goals of the legislation
  - Create and save jobs
  - Spur economic activity and invest in long-term economic growth
  - Foster unprecedented levels of accountability and transparency in government spending
- States instructed to give priority to “economically distressed” areas



# ARRA's Investment in Transportation Infrastructure: Highways

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- Highways
  - \$27.5 billion appropriation
  - North Carolina's share: \$735 million
  - 284 Projects identified to date
  - First project completed on September 10, 2009 (Repaving of I-40 near Winston Salem)
  - 30% of funds suballocated within the state based on population and placed under MPO control



# ARRA's Investment in Transportation Infrastructure: Transit

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- Transit
  - \$1.5 billion appropriation
  - North Carolina's share: \$103 million
  - 140 projects identified
  - Expected to create or retain over 3,200 jobs
  - \$70 million for urban projects
  - \$33 million for rural projects



# ARRA's Investment in Transportation Infrastructure: Rail

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## ○ Rail

- \$8 billion appropriation for high speed/intercity passenger rail
- Discretionary grants to states
- Announcement of awards to be made by FRA in early 2010
- Funding divided into several “tracks”



# ARRA's Investment in Transportation Infrastructure: Rail

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- Tracks 1, 3, 4
  - “Ready to go” projects and planning funds
  - Submission deadline August 24, 2009
  - NCDOT submitted \$75.9 million in applications for 6 projects

# ARRA's Investment in Transportation Infrastructure: Rail

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- Track 2
  - Focus on Service Development Programs
  - Submission deadline October 2, 2009
  - NCDOT submitted \$5.3 billion in infrastructure needs for development of the Southeast High Speed Rail (SEHSR) Corridor from Charlotte to Washington, DC



# ARRA's Investment in Transportation Infrastructure: TIGER Grant Program

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- TIGER Discretionary Grant Program
  - \$1.5 billion appropriation
  - Up to \$200 million may be used for TIFIA payments
  - Applications due September 15, 2009
  - NCDOT has applied for \$300 million for the I-85 Corridor Improvement and Yadkin River Crossing Project
  - USDOT received 1,380 applications totaling \$57 billion
  - Grant announcements will be made in January 2010



# Surface Transportation Reauthorization

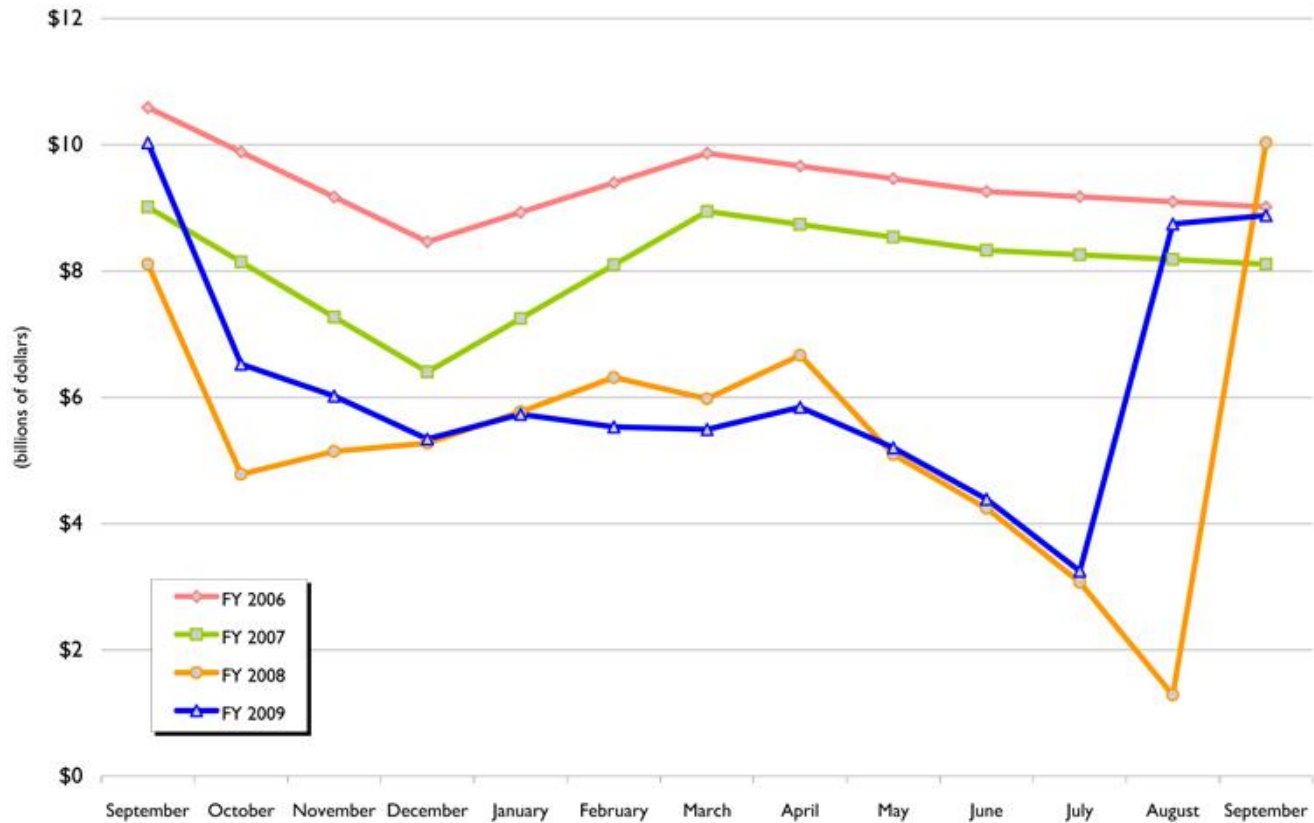
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- Fiscal Reality

- Highway Trust Fund insolvency: \$15 billion in bailouts since September 2008
- HTF will need an estimated \$63 billion in additional tax receipts over the 6-year period of the next surface transportation bill just to pay for current spending levels plus inflation

# Status of the Highway Trust Fund

## Highway Account Balance



Ending balance for FY 2008 includes \$8.017 billion transferred from the General Fund in September 2008 pursuant to Public Law 110-318.

Ending balance for FY 2009 includes \$7 billion transferred from the General Fund in August pursuant to Public Law 111-46.



# Surface Transportation Reauthorization

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- An Emerging Consensus
  - National Surface Transportation and Policy Revenue Commission (Congressionally mandated)
  - National Surface Transportation Infrastructure Financing Commission (Congressionally mandated)
  - Bipartisan Policy Center's National Transportation Policy Project
  - Brookings Institution
  - Other Stakeholders: AASHTO, ARTBA, etc.



# Surface Transportation Reauthorization: Consensus Principles

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- Reauthorizing the current program is not a solution
- System demands are outpacing current investments
- Need for new vision, reform
- Performance-based, outcome-driven program
- Fuel tax needs to be supplemented, and eventually replaced, with a more sustainable revenue source
- Support for a variety of funding mechanisms, most based on the user pay principle



# Surface Transportation Reauthorization: The Federal Role

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- Should be focused on safe and efficient movement of goods and people
- Revenue generated from user fees should be reserved for use for transportation purposes



# Surface Transportation Reauthorization: NCDOT Priorities

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- Maintain the solvency of the Highway and Transit Trust Funds
- Increase North Carolina's Rate of Return
- Reduce the number of programs to simplify the process
- Increase the federal revenue stream
- Streamline and expedite program project approval



# Surface Transportation Reauthorization: Legislative Update

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- SAFETEA-LU approved in 2005 after 12 extensions over 23 months
- Expired September 30, 2009
- 31-day extension enacted as part of the Continuing Resolution for Fiscal Year 2010 funding





# Surface Transportation Reauthorization: Oberstar Proposal

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- The Surface Transportation Authorization Act of 2009
  - \$450 billion over 6 years
  - No funding formulas or mechanisms to pay for the bill
  - No earmarked projects
  - No proposal to address donor/donee state issue
  - Marked up by Subcommittee on June 24, 2009
  - No action taken by House Ways and Means Committee on revenue title



# Surface Transportation Reauthorization: Oberstar Proposal

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- Major Themes
  - Program Consolidation
  - Increased performance-based measures and reporting requirements
  - Intermodalism
  - Improving livability and sustainability in communities



# Surface Transportation Reauthorization: Oberstar Proposal

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- Metropolitan Mobility and Access Program
  - Provides new authority to MPOs
  - Direct funding and financing to MPOs with populations over 500,000
  - Focus on lowering congestion
- Surface Transportation Program
  - Expands percentage of direct attributable funds for MPOs from 62.5% to 80%



# Surface Transportation Reauthorization: Current State of Play

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- 18-month extension of SAFETEA-LU supported by White House and Senate
- Senate now pursuing a 6-month extension
- House has approved a 3-month extension
- Action in some form must occur before current extension expires on October 31, 2009
- Biggest obstacle remains financing



# FY 2009 Highway Rescission

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- Section 10212 of SAFETEA-LU required a rescission of \$8.7 billion in FY 2009
- The Energy Independence Security Act of 2007 restricted state flexibility for applying the rescission
  - States required to apply rescission proportionally across programs
  - Previously, STP-DA held harmless



# FY 2009 Highway Rescission

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- North Carolina's share of the rescission: \$249.2 million
- Contract authority vs. Obligation Authority
- State had enough unobligated budget authority to cover this rescission
- “Real” dollar impact: \$.33



# FY 2010 Transportation Appropriations

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- Negotiations at a standstill
- Major differences in the House and Senate bills
  - National Infrastructure Bank
  - High Speed/Intercity Passenger Rail
- THUD bill as possible vehicle for omnibus appropriations bill



# Contact Information

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