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MEMO

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TO: ARTBA MEMBERS

FROM: WILLIAM BUECHNER, VP, ECONOMICS AND RESEARCH

DATE: APRIL 30, 2009

RE: CONGRESSIONAL BUDGET RESOLUTION FOR FY 2010

On April 29, the House of Representatives and Senate approved the Congressional Budget Resolution for FY 2010, in which Congress sets federal spending targets for FY 2010-2014 including transportation investment. Although the budget resolution is not signed by the President and thus does not have the force of law, it sets Congressionally-imposed limits on the amount of funds that can be appropriated for each budget function in FY 2010 as well as limits on any other legislation that authorize federal spending through FY 2014, such as the next surface transportation authorization bill.

The following are the provisions affecting funding for the federal transportation investment programs:

- The Budget Resolution provides “baseline” funding for transportation for FY 2010-2014—enough to continue funding the federal highway, mass transit and other transportation programs at their FY 2009 level plus a small increase each year. The only new transportation spending assumed in the Budget Resolution is \$1 billion per year for high speed rail.
- The Budget Resolution does not include room for a significant increase in funding for highways and public transportation in SAFETEA-LU reauthorization legislation. Normally, this would be a serious problem for surface transportation reauthorization, since Congress cannot pass bills that exceed Budget Resolution allocations.
- The Budget Resolution resolves this problem by establishing a “deficit-neutral reserve fund” for surface transportation reauthorization. Slightly different provisions apply to the House and Senate reserve fund sections but both permit substantial increases for highways and mass transit in SAFETEA-LU reauthorization legislation, if the bill also generates enough new revenues to maintain a positive cash balance in the Highway Trust Fund (HTF) and does not increase the federal deficit. Any transfers from the general fund into the HTF would have to be fully offset to prevent a deficit increase—either by an increase in other revenues (in the Senate

provision) or by revenue increases or spending cuts (in the House provision).

- The resolution does not adopt the Administration’s proposal to treat transportation investment as discretionary budget authority, thus preserving the continued use of contract authority to fund the highway, public transportation and AIP programs.
- The Budget Resolution prohibits the Senate from considering any legislation that would use general fund revenues for highway and mass transit investment, unless the provision is waived by a 60-vote majority.

The following table shows the funding levels for Transportation included in the Budget Resolution for FY 2010:

Funding for Transportation (Function 400) In the Budget Resolution for FY 2010
(Billions of dollars)

	2009 Baseline	Budget Resolution				
		2010	2011	2012	2013	2014
<u>Discretionary</u>						
FY 09 Budget Authority including ARRA	\$79.06					
Subtract ARRA funding	\$48.10					
Transportation Programs	\$30.96	\$31.44	\$31.93	\$32.44	\$32.93	\$33.30
Change from prior year		\$0.47	\$0.49	\$0.52	\$0.49	\$0.36
<u>Mandatory</u>						
FY 09 Budget Authority after rescissions	\$43.40					
Add back rescissions	\$11.80					
Transportation Programs	\$55.20	\$56.72	\$57.15	\$57.60	\$57.93	\$58.51
Proposed Rail Program		\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Change from prior year		\$0.52	\$0.43	\$0.46	\$0.33	\$0.58

Discretionary. Discretionary funding covers all transportation programs that are funded through the annual appropriations process—the Federal Aviation Administration (except the Airport Improvement Program), Amtrak, Corps of Engineers waterway and harbor programs, Coast Guard and Transportation Security Administration. The \$79.06 billion for FY 2009 is artificially high, since it includes the \$48.1 billion in the American Recovery and Reinvestment Act (ARRA) for transportation projects. Subtracting that from the FY 2009 total shows regular funding for these programs was just under \$31 billion. As the table shows, the Budget Resolution provides a small increase each year.

Mandatory. Mandatory funding covers programs funded through contract authority – the federal highway, public transportation and AIP programs. The FY 2009 baseline shown in the table is artificially reduced by the SAFETEA-LU highway rescission of \$8.7 billion and \$3.1 billion rescission in the FY 2009 omnibus appropriations bill. When these are added back to the FY 2009 number, the baseline for mandatory funding is just over \$55 billion. The Budget Resolution includes enough mandatory BA to fund the Administration’s proposed five-year \$5 billion high-speed rail State grant program plus grow core funding a small amount each year.

President's budget. It is not possible to compare the Congressional Budget Resolution and the President's budget for FY 2010 directly, since funding numbers in the President's budget are by department rather than by function. But the proposed \$2 billion increase for USDOT in the President's budget for FY 2010 includes \$1 billion for the proposed rail State grants program and \$1 billion increase for other programs, which is just about what the Budget Resolution provides.