

House Appropriators Mark Up Economic Recovery Bill

The \$825 billion economic recovery package developed by House leaders and the Obama administration took a few steps closer to enactment this week with markups in three committees. Meanwhile, an amendment was approved to the highway investment provisions that would extend to 180 days the time for states to obligate the first half of their funding (150 days for suballocated funds).

The House Appropriations Committee late Wednesday approved 35-22 the \$358 billion portion of the bill that deals with discretionary spending. Of that amount, some \$85 billion is allocated to the U.S. Department of Transportation for highways, transit, rail, and aviation programs.

Markups were held yesterday for tax provisions by the House Ways & Means Committee and clean-air and clean-energy provisions by the House Energy & Commerce Committee. The bill is scheduled for action on the House floor Wednesday.

Highways

The bill would apportion \$30 billion for highway and bridge investment, with some \$800 million designated for programs such as Indian reservations and territories, administrative expenses, and so forth. Of the remaining \$29.2 billion, 55 percent (about \$16 billion) would be distributed directly to state departments of transportation, with the other 45 percent distributed under the Surface Transportation Program formula.

That formula includes a 10 percent set-aside for transportation enhancements (\$1.3 billion) and a 62.5 percent allocation to metropolitan planning organizations (\$7.4 billion). Some 37.4 percent of the STP funding would be allocated for states. Although the STP is the primary source of highway funding for local governments, in many cases a portion of the funding is spent by the MPOs on state roads in urban areas.

The bill also requires that the highway funds be provided to the states within seven days of enactment. The original bill language had required that half of the highway funds be under contract within 120 days, but an amendment offered by Rep. John Olver, D-MA, and approved by the committee would extend that time to 180 days for obligation. If states fail to attain that rate of

obligation, then the remaining funds would be returned to the federal government for redistribution. If local governments fail to obligate their funding within 150 days, it is to be returned to the state for obligation.

The deadline for obligating all recovery funding is Aug. 1, 2010.

Rep. Jerry Lewis, R-CA and ranking minority member of the Appropriations Committee, raised concerns that only \$30 billion is proposed for highways despite a \$64 billion backlog identified by AASHTO. He said highway projects “are the types of targeted infrastructure investments that will create sustainable jobs and should be given even greater priority within this package.”

Transit

Some \$9 billion is included for public transportation including \$6 billion for bus and equipment purchases, \$2 billion to modernize existing transit systems, and \$1 billion for capital investment grants (commuter rail and light rail new starts).

As with highways, there is a “use it or lose it” provision that requires at least 50 percent of the funds be under contract within 180 days. All recovery dollars for transit must be under contract by Sept. 30, 2010.

Passenger Rail

The bill contains \$1.1 billion for passenger rail. The bulk, some \$800 million, is destined for Amtrak for capital investment and debt service. The remaining \$300 million would be granted to the states by the secretary of transportation for capital investment in passenger rail infrastructure.

Airport Improvement Grants

Also included in the bill is some \$3 billion for the federal Airport Improvement Program, almost the same level (\$3.52 billion) as projected for the program in Fiscal Year 2009. Again, at least half of the funds must be under contract within 120 days, with the remainder under contract by Sept. 30, 2010.

Other Provisions

One of the more significant provisions added in markup by the Appropriations Committee was a “Buy America” requirement that would mandate that all of the iron and steel used in a public-works project be produced domestically. The initial bill had only required that of school construction. Some 15 organizations, including the U.S. Chamber of Commerce, wrote to congressional leaders urging that the provision be dropped, arguing that it would have a detrimental impact on U.S. exports to other nations.

The bill would require a governor’s certification that a state will maintain its planned effort to provide state funding for specific activities. States would have to submit regular reports on how the recovery funding is being spent. Federal, state, and local agencies would also be required to post details on spending on a government website to be created at the address of “recovery.gov.”

House Transportation Leaders Call for More Infrastructure Spending in Recovery Bill

[The House Transportation & Infrastructure Committee met yesterday to hear testimony from 18 witnesses who urged Congress to include more funding for transportation projects in the economic](#)

recovery bill. Committee leaders expressed disappointment that an \$825 billion recovery bill marked up Wednesday by the Appropriations Committee contains \$63 billion in infrastructure spending, much less than the \$85 billion the T&I Committee had requested.

“It’s a pathetic amount of money just to deal with deferred maintenance,” said Rep. Peter DeFazio, D-OR and chairman of the Highways & Transit Subcommittee.

Rep. John Mica, R-FL, the T&I committee’s ranking minority member, also expressed disappointment at the funding levels envisioned in the draft bill.

“Where’s the beef?” Mica asked. “I want to know where the jobs are.”

T&I Committee Chairman James Oberstar, D-MN, said he called the hearing to highlight the numerous needs of transportation agencies across the country and to refute an analysis released Sunday by the Congressional Budget Office contending that infrastructure projects could not spend money quickly enough to stimulate the economy anytime soon.

“The legislation does not include everything that I had proposed, in terms of either funding levels or provisions to ensure the timely and transparent use of funds,” Oberstar said in prepared remarks. “Therefore, there are still areas within the legislation that I hope can be improved before floor consideration next week.”

Oberstar cited particular frustration that the committee’s recommendation of \$12 billion in recovery funds for transit was reduced to \$9 billion, \$5 billion recommended for passenger rail was reduced to \$1.1 billion, and \$5 billion recommended for aviation was reduced to \$3 billion.

Opponents Cite CBO Report to Fight Against Infrastructure Spending

The CBO report contends less than half the money dedicated to highways, school construction, and other infrastructure projects in the draft recovery bill is likely to be spent within the next two years. Most of the spending would come too late to lift the nation out of recession, according to the report. It found that only about \$136 billion of the \$355 billion that House leaders want to allocate to infrastructure and other “discretionary programs” would be spent by Oct. 1, 2010.

Republican leaders in the House and Senate cited the report this week as confirming their arguments that spending money on highway construction and other infrastructure projects is ineffective at quickly jolting a sluggish economy. Of the \$30 billion in proposed highway recovery spending, just \$3.8 billion would reach the economy in the next two years, the CBO report found.

House Speaker Nancy Pelosi, D-CA, refuted the CBO analysis, arguing that the office did not have complete data and focused only on part of the recovery package. She said CBO admitted its mistake Wednesday in a meeting with Oberstar. Sources told *CongressDaily* that Oberstar pledged to Democrats during a closed-door caucus meeting yesterday that he could get the transportation funding spent more quickly than CBO projected.

John Horsley, executive director of the American Association of State Highway & Transportation Officials, released a video Wednesday congratulating President Barack Obama on his inauguration and reiterating that states are ready to quickly deliver transportation investment to stimulate economic recovery.

Horsley, in a statement also released Wednesday, said the CBO analysis is based on “business as usual” and clearly underestimates the ability of the states to deliver ready-to-go transport projects.

“CBO is basing its analysis on past practices for six-year bills, and then projecting more delay that it imagines will take place,” he said. “This is a new day, a new challenge, and states will deliver on the promise they have made to Congress and President Obama. We are ready to move. All we need is the green light to proceed.”

Horsley’s video and statement are available on AASHTO’s homepage, transportation.org.

Witnesses Pledge They Can Spend Recovery Dollars Quickly; Urge Increased Investment Level

At yesterday’s T&I Committee hearing, numerous witnesses testified that the CBO report is inaccurate and that they are in fact ready to go with hundreds of projects if recovery dollars are appropriated.

“Within a reasonable time after Congress settles on the funding levels and project criteria, New York can advertise, bid, and award billions of dollars in transportation infrastructure projects that will not only create thousands of jobs but also provide real transportation benefits to the public,” said Astrid Glynn, commissioner of the New York State Department of Transportation. “Based on discussions with my colleagues from other state departments of transportation, the rest of the nation is also ready to deliver.”

Glynn told the T&I Committee that New York state has more than \$1.8 billion in ready-to-go highway projects and more than \$1.6 billion in transit projects that could be quickly under construction.

“These projects not only create construction and other related jobs, they also improve the condition of our critical transportation infrastructure that the public uses every day and is so essential to our state and national economy.”

Wisconsin Gov. Jim Doyle, speaking on behalf of the States for Passenger Rail Coalition, asked Congress to include more funds for passenger rail. Doyle said the coalition has identified more than \$1.6 billion in ready-to-go construction projects to support intercity passenger rail, but House appropriators have only proposed \$300 million in the recovery bill.

“Most projects submitted by states are part of larger development plans to enhance passenger rail service and will provide capacity and operational benefits to both passenger and freight operations,” he said.

The business community also testified in favor of increasing infrastructure spending.

“Investments in transportation infrastructure can provide immediate job creation and lasting economic benefits,” said Thomas Donohue, president and CEO of the U.S. Chamber of Commerce. “If we fail to make this a national priority and invest the time, energy, and money our systems need, we will miss an opportunity to fuel economic recovery and solidify our competitive position in the world.”