



DEPARTMENT OF TRANSPORTATION

Funding Highlights:

- Provides \$13.4 billion in discretionary resources in 2012, a \$1.3 billion decrease from 2010 levels. (This figure excludes \$109 billion in obligation limitations for the surface transportation plan. Including surface transportation obligation limitations, Department of Transportation's total budgetary resources increase by \$53 billion over 2010.)
- Includes a six-year, \$556 billion surface reauthorization plan to modernize the country's surface transportation infrastructure, create jobs, and pave the way for long-term economic growth. The President will work with the Congress to ensure that the plan will not increase the deficit.
- Jump-starts productive investment and stimulates job growth with a first-year funding boost of \$50 billion in 2012.
- Provides \$8 billion in 2012 and \$53 billion over six years to reach the President's goal of providing 80 percent of Americans with convenient access to a passenger rail system, featuring high-speed service, within 25 years.
- Includes \$30 billion over six years for a pioneering National Infrastructure Bank to invest in projects of regional or national significance to the economy.
- Continues to invest in the Next Generation Air Transportation System—a revolutionary modernization of our aviation system.
- Initiates Transportation Leadership Awards to create incentives for State and local partners to pursue critical transportation policy reforms.
- Reduces funding for Airport Grants, focusing Federal support on smaller airports, while giving larger airports additional flexibility to raise their own resources.

A well-functioning transportation system is critical to the Nation's prosperity. Whether it is by road, transit, aviation, rail, or waterway, we rely on our transportation system to move people and goods safely, facilitate commerce, attract and retain businesses, and support jobs. The President's Budget provides \$128 billion to support these efforts, including \$13 billion in discretionary budget authority, \$109 billion

in obligation limitations and \$6 billion in mandatory budget authority. Increases are made to enable the Department to deliver on its core safety mission and support economic growth. The Budget also features reforms to surface transportation programs, including a consolidation of 55 duplicative, often-earmarked highway programs into five streamlined ones.

Invests in Infrastructure Critical for Long Term Growth and Job Creation

Much of the Nation's transportation infrastructure was built decades ago and is in desperate need of repairs and upgrades to meet economic demands. The President's Budget includes a \$556 billion, six-year surface transportation reauthorization proposal—including highways, transit, highway safety, passenger rail, and a National Infrastructure Bank—an increase of over 60 percent above the inflation-adjusted levels in the previous surface transportation reauthorization, plus annual appropriated funding for passenger rail funding in those years. This proposal seeks to not only fill a long-overdue funding gap, but also to reform how Federal dollars are spent to ensure that they are directed to the most effective programs. It reflects a need to balance fiscal discipline with efforts to expedite our economic recovery and job creation. It emphasizes fixing existing assets, moving toward a cost-benefit analysis of large transportation projects, and consolidating duplicative, often-earmarked highway programs. Further, the Administration's proposal does not contain earmarks, and the Budget seeks to cancel long-dormant ones. Finally, the President will work with the Congress to ensure that this funding boost is offset and does not increase the deficit.

Boosts Spending by \$50 Billion in the First Year. To spur job growth and allow States to initiate sound multi-year investments, the Administration's six-year plan includes a \$50 billion boost above current law spending for roads, railways and runways. Although infrastructure projects take time to get underway, the \$50 billion boost alone would generate hundreds of thousands of jobs in the first few years—and in industries suffering from protracted unemployment. Not only will job markets and municipal transportation programs get much-needed support in the near-term, but Federal taxpayers will reap the benefits of historically competitive pricing in construction.

Supports High-Speed Rail Service as Real Transportation Alternative. For the first time ever, the Administration proposes to

include intercity passenger rail programs in the multi-year reauthorization proposal. The goal is to provide 80 percent of Americans with convenient access to a passenger rail system, featuring high-speed service, within 25 years. The Budget provides \$53 billion over six years to fund the development of high-speed rail and other passenger rail programs as part of an integrated national strategy. This includes merging Amtrak's stand-alone subsidies into the high-speed rail program as part of a larger, competitive System Preservation initiative.

Creates a National Infrastructure Bank to Support Projects Critical to America's Competitiveness. The Administration's six-year plan would invest \$30 billion to establish a National Infrastructure Bank (I-Bank). The I-Bank will provide loans and grants to support individual projects and broader activities of significance to our Nation's economic competitiveness. For example, the I-Bank could support improvements in road and rail access to a West Coast port that benefits farmers in the Midwest, or a national effort to guarantee private loans made to help airlines purchase equipment in support of the Next Generation Air Transportation System (NextGen). A cornerstone of the I-Bank's approach will be a rigorous project comparison method that transparently measures which projects offer the biggest value to taxpayers and our economy. This marks a substantial departure from the practice of funding projects based on more narrow considerations.

Embraces a Comprehensive, Data-driven Approach to Safety. The Department is reinvigorating its approach to safety by implementing innovative, data-driven methodologies to its highway safety, transit and pipeline safety programs. The Budget supports the launch of a new performance-based program to advance commercial motor vehicle safety, implementation of new authority for rail transit safety oversight, and more thorough oversight of the Nation's pipeline network.

Invests in Modernizing the Air Traffic Control System. The Budget provides \$1.24

billion for NextGen, an increase of over \$370 million from 2010. NextGen is the Federal Aviation Administration's multi-year effort to improve the efficiency, safety, capacity, and environmental performance of the aviation system. The Budget continues to support the transformation from a ground-based radar surveillance system to a more accurate satellite-based surveillance system; the development of 21st Century data communications capability between air traffic control and aircraft to improve efficiency; and the improvement of aviation weather information.

Helps Communities to Become More Livable and Sustainable. Fostering livable communities—places where coordinated transportation, housing, and commercial development gives people access to affordable and environmentally sustainable transportation—is a transformational policy shift. The Administration's reauthorization proposal adopts a multi-pronged approach to help communities achieve this goal. For example, in the Federal Highway Administration, the Administration proposes a new livability grant program (\$4.1 billion in 2012 and \$28 billion over six years) for projects like multi-modal transportation hubs (where different forms of transportation converge) and streets that accommodate pedestrian, bicycle, and transit access. The proposal also seeks to harmonize State and local planning requirements and facilitate more cooperation—and includes competitive grant funding (\$200 million in 2012 and \$1.2 billion over six years) to improve those entities' ability to deliver sound, data-driven, and collaboratively-developed transportation plans. The Budget also includes \$119 billion for transit programs over six-years, more than doubling the commitment to transit in the prior reauthorization for both existing capacity and capacity expansion. This unprecedented increase for buses, subways, and other systems of public transportation will help improve and expand travel options and help make our communities more livable.

Improves the Way Federal Funds Are Spent

Provides "Transportation Leadership Awards" to Drive State Reform. The Administration's six-year reauthorization plan would dedicate nearly \$32 billion for a competitive grant program designed to create incentives for State and local partners to adopt critical reforms in a variety of areas, including safety, livability, and demand management. Federally-inspired safety reforms, such as seat belt and drunk-driving laws, saved thousands of American lives and avoided billions in property losses. This initiative will seek to repeat the successes of the past across the complete spectrum of transportation policy priorities. The Department will work with States and localities to set ambitious goals in different areas—for example, passing measures to prevent distracted driving (safety) or modifying transportation plans to include mass transit, bike, and pedestrian options (livability)—and to tie resources to goal-achievement.

Adopts a "Fix-It-First" Approach for Highway and Transit Grants. Key elements of the Nation's surface transportation infrastructure—our highways, bridges, and transit assets—are not up to standards. At the same time, States and localities have incentives to emphasize new investments over improving the condition of the existing infrastructure. The Administration's reauthorization proposal will underscore the importance of preserving and improving existing assets, encouraging its government and industry partners to make optimal use of current capacity, and minimizing life-cycle costs through sound asset management principles. Accountability is a key element of this system: States and localities will be required to report on highway condition and performance measures.

Consolidates 55 Highway Programs Into Five. The Administration's proposal would consolidate 55 duplicative, often-earmarked highway programs into five streamlined programs. This would give States and localities greater

flexibility to direct resources to their highest priorities. In the interest of taxpayer value and accountability, that flexibility will come with reformed requirements on States to establish and meet performance targets tied to national goals and to move towards rigorous cost-benefit analyses of major new projects before they are initiated.

Ensures that Any Surface Transportation Plan is Paid For. The current framework for financing and allocating surface transportation investments is not financially sustainable, nor does it adequately or effectively allocate resources to meet our critical national needs. The President is committed to working with the Congress to ensure that funding increases for surface transportation do not increase the deficit. In order to encourage all parties to work together to enact such a solution, consistent with the recommendation of the National Commission on Fiscal Responsibility and Reform, the Budget proposes to make

all programs included in surface transportation reauthorization subject to PAYGO (i.e., outlays classified as mandatory). This is intended to close loopholes in budgetary treatment and support the important goal of generating broad consensus for a fiscally responsible plan.

Targets Airport Funding and Reduces Guaranteed Funding for Large Airports.

In support of the President's call for spending restraint, the Budget lowers funding for the airport grants program to \$2.4 billion, a reduction of \$1.1 billion, by eliminating guaranteed funding for large and medium hub airports. The Budget focuses Federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. At the same time, the Budget would allow larger airports to increase non-Federal passenger facility charges, thereby giving larger airports greater flexibility to generate their own revenue.

Department of Transportation
(In millions of dollars)

	Actual 2010	Estimate	
		2011	2012
Spending			
Discretionary Budgetary Authority:			
Federal Aviation Administration	12,478		12,883
Federal Highway Administration.....	935		-630
National Highway Traffic Safety Administration ¹	3		—
Federal Railroad Administration ¹	295		183
Federal Transit Administration ¹	150		150
Maritime Administration	363		304
Office of the Secretary ¹	290		289
Pipeline and Hazardous Materials Safety Administration	165		192
All other.....	60		60
Total, Discretionary budgetary authority	14,739	14,000	13,431
<i>Memorandum:</i>			
Budget authority from supplementals.....	-2	—	—
Discretionary Obligation Limitations/Mandatory Contract Authority:			
Federal Aviation Administration	3,515		2,424
Federal Highway Administration ²	41,107		69,675

Department of Transportation—Continued
(In millions of dollars)

	Actual 2010	Estimate	
		2011	2012
Federal Motor Carrier Safety Administration ²	550		606
National Highway Traffic Safety Administration ²	729		860
Federal Railroad Administration ²	—		8,046
Federal Transit Administration ²	8,343		22,201
National Infrastructure Bank ²	—		5,000
Total, Obligation Limitations	54,244	54,244	108,812
Total, Budgetary resources	68,983	68,244	122,243
Total, Discretionary outlays ³	35,309	31,219	26,976
Mandatory Outlays:			
Federal Aviation Administration	-120	-125	469
Federal Highway Administration.....	30,957	35,415	43,573
Federal Motor Carrier Safety Administration	512	748	587
National Highway Traffic Safety Administration.....	822	963	950
Federal Railroad Administration.....	1,496	1,697	3,002
Federal Transit Administration.....	8,709	9,161	13,068
National Infrastructure Bank	—	—	470
All other.....	65	417	527
Total, Mandatory outlays ³	42,441	48,276	62,646
Total, Outlays	77,750	79,495	89,622
Credit activity			
Direct Loan Disbursements:			
Transportation Infrastructure Financing and Innovation Program	565	1,983	2,337
Railroad Rehabilitation and Improvement Financing Program.....	44	600	600
National Infrastructure Bank	—	—	25
Total, Direct loan disbursements	609	2,583	2,962
Guaranteed Loan Commitments:			
Transportation Infrastructure Financing and Innovation Program	—	40	80
Railroad Rehabilitation and Improvement Financing Program.....	—	100	100
Minority Business Resource Centers.....	2	18	18
Maritime Guaranteed Loans	63	312	182
Total, Guaranteed loan commitments	65	470	380

¹The Budget reflects enactment of the Administration's six-year (2012–2017) surface transportation reauthorization proposal, under which a number of General Fund programs are moved into the Transportation Trust Fund. For comparability purposes, 2010 and 2011 budget authority for certain programs in these bureaus have been reclassified as mandatory.

²Requested discretionary obligation limitations for 2012 are equal to Contract Authority proposed in the surface transportation reauthorization bill.

³The Administration proposes to reclassify all surface transportation outlays as mandatory, consistent with the recommendations of the National Commission on Fiscal Responsibility and Reform. This reclassification includes outlays from General Fund programs being shifted into the Transportation Trust Fund, as well as outlays from prior obligation limitations. New outlays in 2012 are also classified as mandatory, derived from contract authority.

President Obama Proposes Major Funding Increases, Reorganization for Nation's Transport

Yonah Freemark

February 14th, 2011 | 3 Comments

» In the president's proposed Fiscal Year 2012 budget, transportation spending increased significantly even as appropriations for most other programs are reduced. Yet GOP opposition in the House of Representatives, focused on cutting government investment, will pose a major obstacle.

Today, the White House Office of Management and Budget released the President's proposed FY 2012 budget, announcing a major increase in funding for the nation's transportation infrastructure, both this year and over the next six.

The President, if his wishes are endorsed by the Congress, would increase federal support for transportation to \$128 billion in 2012, compared to \$77 billion in 2010. The Administration will begin pushing for a \$556 billion six-year transportation bill, almost doubling what was approved in SAFETEA-LU, the last — and now expired — piece of transportation legislation. Though the White House has yet to demonstrate where it would find the funding to support these measures, the President has argued that any increased spending be compensated through reduced spending elsewhere or revenue increases.

Funding would apparently come from a "bipartisan financing for the transportation trust fund," though no such agreement on what that means yet exists.

The budget justifies the \$50 billion year-on-year increase by arguing that joblessness remains a significant problem for the nation as a whole. The transportation spending, the Administration has argued, would pave the way towards giving thousands of unemployed people new jobs.

Though the Administration would increase funding for roads construction from \$41 billion in the previous budget to \$70 billion, that increase is dwarfed in percentage by proposed spending on transit, which would more than double from \$8 billion annually currently to \$22 billion. Over six years, spending on capital improvements for public transportation would add up to \$119 billion. Some reorganization of the Department of Transportation would occur, as 55 overlapping highway grant programs would be morphed into just five, easing accountability and management.

In addition, the White House has endorsed a major increase in spending for its controversial livability program, and a \$4.1 billion competitive grant mechanism would be established to fund projects that aid in the construction of such improvements as streetcars, busways, bike paths, and sidewalks.

An infrastructure bank, which would fund meritorious programs through a competitive process, remains on the president's agenda after having proposed it two years in a row without much of a response from the Congress. This "I-Bank," as the Administration is now referring to it, would receive \$30 billion in start-up funds to begin providing grants. At the same time, \$32 billion in funds for a state-based competitive grant program would be distributed by the DOT. The aims that each of these programs would be supporting have yet to be put forth by anyone in the Administration.

The release of the budget comes a week after the White House revealed that it would be pushing a 6-year, \$53 billion plan to expand the nation's high-speed rail network. The 2012 budget would include \$8 billion for the proposal and merge existing Amtrak subsidies into the intercity rail program. This implies that the national rail carrier will have to begin competing with other groups, including private corporations, to offer services on corridors which the Federal Railroad Administration or states are upgrading.

The Administration's chief priorities for this year will be in capital construction projects. President Obama made explicit today his feeling that "*infrastructure is what we need to win the future.*" And indeed, the FY 2012 budget would represent one of the most ambitious steps forward in financing for transportation in decades — and it reinforces the Administration's demonstrated support for alternative modes of transportation, including pedestrian, bicycling, transit, and intercity rail modes. In this budget, President Obama is making clear that even in the face of austerity, he is interested in improving the nation's transport systems.

The President's budget, however, is only a suggestion: It is up to the Congress to ultimately determine how revenues are collected and how spending is distributed. In that context, the House Republican caucus' adamant opposition to increased spending on infrastructure will make passing anything remotely familiar to Mr. Obama's proposal extremely difficult. The House GOP is already planning to strip funding from high-speed rail and other transportation projects in FY 2011. With the right-wing party convinced that it has a winning electoral position in its opposition to transit, and especially high-speed rail, can Democrats force through an FY 2012 budget and a transportation bill that prioritizes them?

Perhaps even more complicated is the fact that House Transportation and Infrastructure Chairman John Mica (R-FL) and Senate Environment and Public Works Committee Chairwoman Barbara Boxer (D-CA) say that they have already begun work on a transportation reauthorization bill. Meanwhile, Senate Committee on Commerce, Science, and Transportation Chairman Jay Rockefeller (D-WV) introduced last week a bill that would "*establish a clear set of goals and objectives for the Department of Transportation.*" Is there any evidence that these Congressional proposals look anything like what the president has suggested?

These questions remain without answers. The future for American transportation investment remains murky

Monday, February 14, 2011 [3 Comments](#)

Obama Proposes Infra Bank, Livability Grants, Doubling Transit Funds

by [Tanya Snyder](#) on February 14, 2011

The White House has released a fact sheet on the transportation provisions in the President's budget. [[PDF](#)]



Here are the highlights, straight from the document:

- Provides \$13.4 billion in discretionary resources in 2012, a \$1.3 billion decrease from 2010 levels. (This figure excludes \$109 billion in obligation limitations for the surface transportation plan. Including surface transportation obligation limitations, Department of Transportation's total budgetary resources increase by \$53 billion over 2010.)
- Includes a six-year, \$556 billion surface reauthorization plan to modernize the country's surface transportation infrastructure, create jobs, and pave the way for long-term economic growth. The President will work with the Congress to ensure that the plan will not increase the deficit.
- Jump-starts productive investment and stimulates job growth with a first-year funding boost of \$50 billion in 2012.
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- Reduces funding for Airport Grants, focusing Federal support on smaller airports, while giving larger airports additional flexibility to raise their own resources.

The budget includes a new FHWA livability grant program totaling \$4.1 billion next year and \$28 billion over six years. It specifically targets multi-modal transportation hubs and bike/ped/transit access, and formally embraces a “fix-it-first” approach for highways and transit.

The budget also includes \$32 billion in competitive grants to encourage states to adopt safety and livability reforms, as well as \$119 billion for transit over the next six years — about double the amount set aside for transit each year under the previous transportation bill.

Proposed fiscal year 2012 budget represents increases for transportation funding

By Jeff Berman, Group News Editor

February 14, 2011

While there is an ongoing focus on fiscal austerity in the nation's capital, the White House's proposed fiscal year 2012 budget request for the Department of Transportation of \$128 billion represents a 38 percent increase over the proposed amount in fiscal year 2011 and a 39 percent increase over the \$77 billion that was enacted for fiscal year 2010.

From a supply chain and logistics perspective, the most interesting part of this budget is the proposed six-year, \$556 billion surface transportation and reauthorization proposal, which, if enacted, would be more than 60 percent above the inflation-adjusted levels of SAFETEA-LU (The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users), which expired on September 30, 2009, and has been kept afloat at the same funding level by a series of continuing resolutions since expiring.

In comments accompanying its proposal, White House officials said that this new authorization would "modernize the country's surface transportation infrastructure, create jobs, and pave the way for long-term economic growth," adding that President Obama will work with Congress to ensure the plan will not increase the nation's deficit.

Included in this new six-year plan are funding for highways, transit, highway safety, passenger rail, and a National Infrastructure bank, which would be allocated \$30 billion in loans and grants to support individual projects and broader activities of significance for the Nation's economic competitiveness, according to the White House. The drum roll for an infrastructure bank has been beating for a while under Obama's watch, having been prominently mentioned during his presidential campaign and also during a labor rally in Milwaukee last September, which he said could expand and upgrade U.S. roads, railways, and runways to enable the country to have the best infrastructure in the world.

Also included in the budget was a proposal to boost transportation spending by \$50 billion above current law spending in the first year of the authorization for roads, railways, and runways. The White House noted that while infrastructure projects take some time to get underway, this \$50 billion alone would generate hundreds of thousands of jobs in the first few years in industries suffering from protracted unemployment.

Methods to how to appropriately finance this endeavor were also made clear, with the White House stressing that the current framework for financing and allocating surface transportation investments is not financially sustainable. Officials explained that the President is committed to working with Congress to ensure that funding increases for surface transportation do not increase the deficit. And they said that this budget proposes to make all surface transportation reauthorization programs subject to PAYGO in which federal funding comes from available financing rather than borrowed sources of capital.

"In this Budget, I am proposing a historic investment in repairing, rebuilding, and modernizing our transportation infrastructure," Obama said in prepared remarks to Congress. "The Budget features an immediate, up-front investment of \$50 billion to both generate jobs now and lay a

foundation for future economic growth. Looking toward the future, the Budget provides funds to develop and dramatically expand access to high-speed rail as well as the creation of a National Infrastructure Bank to support projects critical to our national competitiveness. While this transportation bill is a major investment of funds, it is also a major reform of how transportation funds have been invested in the past.”

Even though this proposed budget ostensibly remedies much of what ails domestic transportation, a major hurdle remains how to appropriately finance them.

As an example, the federal gasoline tax at 18.4 cents for gasoline and 23.4 cents for diesel has not been increased since 1993. In November, a draft of a report issued by President Obama’s bipartisan commission charged with reducing the national deficit proposed to gradually increase the gasoline tax by \$0.15 to fund transportation spending beginning in 2013. The commission added that raising the tax would “dedicate funds toward fully funding the transportation trust fund and therefore eliminating the need for further general fund bailouts.”

As things currently stand, the prospect of raising the federal gasoline tax has been described as a “non-starter” multiple times as a way of increasing revenues for the Highway Trust Fund, which has been on the brink of solvency since SAFETEA-LU expired on September 30, 2009, and other sources of transportation funding.

“If the money is going to be applied to the Highway Trust Fund and to the users prescribed by it, I think that is absolutely we would support,” said Leslie Blakey, executive director of the Coalition of America’s Gateways and Trade Corridors. “Most people in transportation would agree that gasoline taxes need to be increased sooner than 2013 in order to avoid the Highway Trust Fund being bankrupt by then. The schedule needs to be accelerated. The long-term stimulus effect of this would more than offset the relatively minimal economic drag that an increased fuel tax would have.”

But Department of Transportation Secretary Ray LaHood told LM at last month’s SMC3 Winter Conference in Atlanta that raising the tax is not likely.

“The President has indicated on any number of occasions that he is opposed to raising the gas tax in a very, very lousy economy, with unemployment still over 9 percent,” said LaHood. “Many people are hurting, and some cannot even afford to buy a gallon of gas, let alone have the gas tax raised. We are not recommending that, and we are not suggesting that. That is not something the President is for, so we will not be making any proposals to raise the gas tax.”