

SAFETEA-LU 2008

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SEAUPG Nov 2007

Current Issues

- Status of the Highway Trust Fund
- Status of FY2008 appropriations process
- New bridge/infrastructure legislation
- Technical corrections
- Preparing for reauthorization

Legislative Lesson

- SAFETEA-LU Authorization 2005
 - This bill authorized FHWA to continue the Federal Aid Highway program. No Funds are included in the bill
 - DOT funding Obligation bill- each year congress must pass funding bills to obligate funds for use. This is done by other committees than those that create the authorization bill.

FY2008 President's Budget

- Proposed \$39.6 billion for highways, consistent with SAFETEA-LU
- Proposed forgoing \$631 million RABA
- \$238 million projected HTF shortfall at end of FY09 (within the margin of error)
 - \$667 million if RABA enacted

FY2008 Appropriations Bills

- Conference bill
- \$40.2 billion obligation limitation, including RABA and \$1 billion in additional OA for the bridge program (\$135 million of RABA set aside for the Congestion Initiative and \$243 million set aside for 134 earmarks)
 - The President has threatened to veto the bill

FY2008 Appropriations Bills

- Conference bill
- Funds may not be used for Mexican-truck pilot program
 - Funds may not be used to toll I-80 in PA
 - FHWA report to Congress on ER program administration
 - Funds may not be used to toll existing lanes of Interstate in TX
 - \$195 million appropriated for reconstruction of the I-35W bridge in Minneapolis

Continuing Resolution

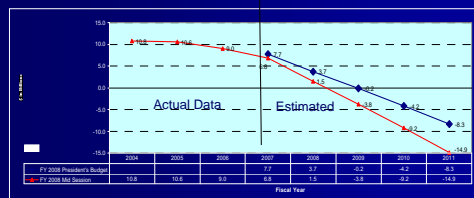
- Passed by the House 9/26
 - Through November 16, 2007
 - Funds the Government at 47/366ths of the amount appropriated for FY2007
 - Affects only obligation limitation; apportionments will be made on October 1
- Proposed next CR until December 14
- An omnibus likely, but timing uncertain

Mid-session Review

- What changed?
 - Highway Account receipts for FY 2007- FY 2009 are a total of \$3.7 billion lower than the receipts included in the 2008 President's Budget for the same time period.
 - It appears the American public is responding to the sustained high price of fuel.
 - VMT down in 2007, for the first time ever. (Average annual VMT growth rate from 1980 through 2005 was 2.7%.)
 - FY 2009 cash shortfall now estimated at approximately \$4.3 billion (assuming RABA).

Estimated Cash Balances: Highway Account of the HTF

FY 2008 President's Budget vs. Mid-Session Review (assuming no RABA)



Highway Trust Fund Balances

Highway Trust Fund Cash Balances
FY2004 - FY2011
FY 2008 Mid-Session
(\$ in billions)

	Actual 2004	Actual 2005	Actual 2006	Estimated Balances 2007	Estimated Balances 2008	Estimated Balances 2009	Estimated Balances 2010	Estimated Balances 2011
Highway Account								
Cash Balance (Beginning of Year)	13.0	10.8	10.6	9.0	6.8	1.5	-3.8	-9.2
Receipts	29.8	32.0	33.7	33.8	34.6	35.3	36.0	36.5
Outlays*	32.0	33.1	35.3	35.8	39.8	40.7	41.4	42.2
Cash Balance (End of Year)	10.8	10.6	9.0	6.8	1.5	-3.8	-9.2	-14.9
Mass Transit Account								
Cash Balance (Beginning of Year)	4.8	3.8	2	6.2	6.9	6.1	3.9	0.7
Receipts	4.9	5	4.9	4.9	5	5.1	5.2	5.2
Flex Funding Transfer**	6	6.8	1.4	4.2	5.9	7.2	8.4	8.3
Outlays	3.8	2	6.2	6.9	6.1	3.9	0.7	-2.5
Cash Balance (End of Year)								
Highway Trust Fund End of Year Cash Balance (Total)	14.6	12.5	15.2	13.7	7.6	0.1	-5.5	-17.2

* Includes Flex Funding Transfer to MTA
** Flex Funding in FY2006 and FY2005 was fully outlayed to the General Fund
Note: FY2008 Highway Account outlays do not include RABA

July 11, 2007

Would All Spending Stop If The Highway Trust Fund Ran Out Of Cash?

- No. Spending on programs would continue as new receipts are received (an average of \$3 billion per month).
- Payments may not be timely. Very problematic for States, who rely on prompt reimbursements.

Options to address the shortfall

- Reduce Obligation Authority
- Fund fuel tax refunds/exemptions from the General Fund
 - Valued at approximately \$1 billion
- Borrow from the Transit Account
- Crack down on fuel tax fraud
- Appropriate General Funds

Senate Finance Committee Proposal

- Retroactively fund \$3.3 billion in Emergency Relief appropriations since 1998 from the general fund
- Raise the point of taxation for gasoline to the refinery level (one-time benefit of \$848 million)
- Pay refunds and credits for fuel tax exemptions from the general fund for 6 months (\$745 million)

New Bridge/Infrastructure Legislation

- Oberstar proposal
 - New Bridge Reconstruction Trust Fund to replace, rehabilitate structurally deficient bridges
 - Revenue source, general fund
 - Funds distributed based on need and public safety, according to a formula to be developed by FHWA
 - Calls for improving bridge inspections

Preparing for Reauthorization

- OST Initiative
 - Policy team
 - Regulatory team
 - Finance team

Guiding Principles

- Increased state flexibility
- Simplification of federal programs
- Decisions based on merit
- Encouragement of innovation
- Public-Private Partnerships
- Direct pricing of road use
- Empowering customers

Preparing for Reauthorization

- FHWA Initiative
 - More state control
 - Smaller Federal Aid Program
 - No new taxes
 - Public Private Partnerships