



January 20, 2012

Next week both the House and Senate will be back in session together for the first time in 2012. Congress has a full plate of issues to address this year, a number of which need to be dealt with very quickly. However, the congressional schedule is truncated this year because of numerous breaks for the various primaries, the two party conventions and an earlier than usual adjournment in the beginning of October in advance of the **November 6** elections. Most observers assume there will have to be a Lame Duck session following the elections. All 435 House members and one-third of the Senate will be up for election, in addition to the presidency. Here is a [link](#) to a list of both presidential (page 1) and congressional (page 3) 2012 primary dates, listed by state and by date (page 5).

Other important upcoming dates to note are the **State of the Union** address on Tuesday, **January 24** and the release of the Administration's **FY'13 budget** recommendations on **February 6**. Indiana Governor Mitch Daniels is scheduled to give the Republican response to the President's address. Key legislative dates include the expiration of the 22nd short-term FAA authorization bill on **January 31**, the expiration of the current short-term highway and transit authorization on **March 31** and the expiration of the two-month extension of the payroll tax cut and unemployment benefits on **February 29**.

FAA Authorization

A deal appears to have been reached late today between the House and Senate on the long overdue, multi-year FAA authorization bill. Republicans backed off their insistence on a controversial labor provision related to the National Mediation Board. In return, Democrats have agreed to include a provision that would raise the threshold for rail and aviation workers expressing interest in forming a union from 35 percent to 50 percent. There should be enough time for the conference report to be passed by Congress before the current short-term extension expires on **January 31**. This action will make it easier for House and Senate leaders to now focus on reauthorizing the surface transportation bill.

Surface Transportation Authorization

This week House T&I Committee Chairman John Mica said that the House surface transportation authorization bill is close to being ready to introduce and he has been given floor time with the goal being to get it through the House by the Presidents' Day recess which begins on **February 17**. He has scheduled an invitation-only stakeholder's briefing for this Thursday. However, it is unclear how large the bill will be and how it will be funded.



Before the holiday recess, Speaker Boehner indicated he planned to pay for a multi-year transportation bill by combining it with an energy bill and using the revenue from fees and royalties from expanded oil and gas exploration. However, this proposal is very controversial and CBO estimates that it would not raise nearly enough money.

The Senate is also struggling to find the funds to pay for its two-year authorization bill. Recent reports suggest that the amount needed to close the funding gap has increased from \$12B to over \$13B. In the meantime, both bodies must find enough revenue to pay for a full-year extension of the politically popular payroll tax cut and unemployment benefits which have only temporarily been extended through the end of February. It is likely this effort could use up most, if not all, viable revenues sources.

Most industry sources believe that even if sufficient funding is identified and the House and Senate bills move quickly through the legislative process, it is logistically impossible to pass a final bill by the **March 31** deadline. At that point, if sufficient progress is being made, they could opt to pass a very short extension, perhaps only several weeks long, or they could decide to pass an extension through June, September or even through 2012 with the hope that the political environment will be more conducive after the November elections. However, at some point, possibly as early as this Fall, the highway account of the Highway Trust Fund will start to run out of money requiring another General Fund bailout simply to fund any additional extensions. However, there is no assurance that such a bailout would be acceptable in the current budget and political environment.

In an effort to pressure Congress to act, the US Chamber of Commerce, in conjunction with the Americans for Transportation Mobility (ATM) coalition will be sending a [letter](#) to Congress urging timely passage of a reauthorization bill. Their goal is to get as many industry groups, companies, state chapters, etc. to sign the letter. Parsons Brinckerhoff has signed on.

Other News

The lobbying effort to include an extension of the **transit commuter tax benefit** continues. The parity that the transit employee benefit had with the parking benefit of \$230 per month expired at the end of 2011. Although there appears to be strong support in Congress for extending the transit benefit, the issue is caught up in the larger controversy over how to pay for the payroll tax cut and unemployment benefits extensions and other expired tax provisions.

Both FHWA and FTA have released partial-year **FY'12 funding**. Although a full-year DOT FY'12 appropriations bill has been signed into law, those DOT programs funded with Highway Trust Fund dollars are only authorized through **March 31**. Therefore only six



months of apportionments/obligations can be made for those programs, which include most highway programs and the transit formula programs.

The FTA FY'12 apportionments and allocations notice was published in the Federal Register on **January 11** and can be accessed [here](#). Formula programs received six-month allocations while New Start/Small Start projects, which are funded by the General Fund, received full-year allocations. The FHWA FY'12 notice of contract authority is available [here](#). The FHWA apportionments include the first six months of the total \$1.96B cut in highway funding for FY'12.

US DOT announced \$40.8M for 58 projects to improve access to national parks, forests and wildlife refuges. A complete list of projects is available [here](#). The funds are authorized by the **Paul Sarbanes Transit in Parks Program** and administered by FTA in coordination with the Department of Interior and the US Forest Service.

US DOT also announced \$77M in grants to 22 **University Transportation Centers (UTCs)**. A list of grant recipients is available [here](#). In the past, most federal funding for UTCs was earmarked by Congress. This is the first time that many of the UTCs were required to compete for funding by submitting applications to US DOT and the centers were selected by the Department. This resulted in some major changes with several new universities designated and a number of others no longer designated as consortium leads.

At this week's US Conference of Mayors meeting, US DOT Secretary Ray LaHood announced that the long-awaited **NPRM of FTA's New Starts/Small Starts Guidance** will be published in the Federal Register on January 25. The draft Guidance will focus on getting transit projects through the approval process faster and more efficiently. The comment period is only 60 days because FTA is anxious to issue a final rule before the end of 2012 while this Administration is still guaranteed to be in office and in a position to make decisions using the new rules. Here is a [link](#) to the NPRM.

LaHood also indicated that he expects the Notice of Funding Availability (NOFA) for the **FY'12 TIGER IV discretionary grant program** to be published in the Federal Register by the end of January. The FY'12 DOT appropriations bill includes \$500M for the 4th installment of the TIGER program. The goal is to announce the grants by early Fall.

Additional information and materials can be found on the PB Transportation Update website at www.PBTransportationUpdate.com