

News from the

ENVIRONMENTAL AND ENERGY STUDY INSTITUTE

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For Immediate Release
February 5, 2008

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ADMINISTRATION REQUESTS \$68 BILLION FOR TRANSPORTATION,

PROPOSES SHIFTING FUNDS FROM TRANSIT TO HIGHWAYS

WASHINGTON, DC - On February 4, 2008, Transportation Secretary Mary Peters released the 2009 fiscal year (FY) budget request for the U.S. Department of Transportation (DOT) to fund construction, maintenance, and operation activities for the nation's roadways, railways, and air transportation. The proposed **\$68.2 billion** total represents a \$2.13 billion decrease from the FY 2008 appropriations bill enacted in December 2007. Moreover, proposed budget rescission measures totaling \$3.89 billion would further reduce the budgetary resources available to DOT in FY 2009 to \$64.31 billion.

The Administration's proposed budget request includes **\$40.1 billion** to fund highways and bridges through the Federal Highway Administration (FHWA), a decrease from the \$41.2 billion total appropriated to FHWA for FY 2008, including the \$1 billion supplemental appropriation for bridge repair. The requested amount also is below the \$41.2 billion authorized in "SAFETEA-LU" (*Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users of 2005*).

The proposed budget requests **\$10.1 billion** for the Federal Transit Administration (FTA) to fund rail and bus transit needs. This represents an increase of \$644 million over FY 2008 funding for FTA, but the amount is \$202 million below the amount authorized by SAFETEA-LU.

More significantly, the Administration is proposing to transfer **\$3.2 billion** from the Mass Transit Account to the Highway Account, which is estimated to have a negative balance of \$3.2 billion dollars in FY 2009. The Administration says these funds will be repaid to the Mass Transit Account through provisions in a future transportation authorization law.

Of the \$10.1 billion in total spending proposed for FTA in FY 2009, the Formula and Bus Grants program will receive **\$8.3 billion**, which is the amount of obligation limitation authorized by SAFETEA-LU and is a \$593 million increase over FY 2008.

Other major FTA program accounts are funded from the general fund, not the Highway Trust Fund, and are subject to more budgetary discretion. The largest general fund transit account is the Capital Investment Grants program (formerly known as *New Starts*), which would receive **\$1.6 billion** under the proposed budget. This is \$51 million above the FY 2008 level but below the \$1.8 billion authorized by SAFETEA-LU for FY 2009. Overall, the Administration's budget

requests \$202 million less than the amount authorized by SAFETEA-LU for general fund transit accounts.

The Administration is again proposing dramatic cuts in federal support for Amtrak.

Congress appropriated \$1.3 billion for Amtrak in FY 2008 with \$850 million going to capital and debt service and \$475 million to operating subsidies. The Administration's budget proposes a total of \$800 million, a cut of \$525 million or 40 percent. The Administration proposes \$525 million for capital and debt service grants and \$275 million for "efficiency incentive grants" which would replace direct operating subsidies and give the Secretary of Transportation discretion in how the funds are used.

Other highlights in the Department of Transportation (DOT) budget include:

- **Congestion Mitigation and Air Quality Improvement Program (CMAQ) – \$1.8 billion.** CMAQ supports transportation projects that assist in meeting and maintaining national ambient air quality standards.
- **Clean Fuels Grant Program – \$51 million** to support transit operators in transitioning to cleaner and more efficient buses and fuels, an increase from \$49 million appropriated in FY 2008.
- **Transit Planning —\$113.5 million** to support the activities of regional planning agencies and states to plan for transit investments, an increase from \$107 million appropriated in FY 2008.

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The Environmental and Energy Study Institute is a non-profit organization established in 1984 by a bipartisan, bicameral group of members of Congress to provide timely information on energy and environmental policy issues to policymakers and stakeholders and develop innovative policy solutions that set us on a cleaner, more secure and sustainable energy path.

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