



**THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH**  
419 New Jersey Avenue, SE, Washington, D.C. 20003 202-546-3700  
Fax: 202-546-2390 E-mail: [randsell@calinst.org](mailto:randsell@calinst.org) Web: <http://www.calinst.org>

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## **SPECIAL REPORT:**

# **Transportation-Treasury Appropriations for FY 2005 (Senate Version) and California Implications -- *November 2004***

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On September 14, 2004, the Senate Appropriations Committee passed by voice vote a \$90.6 billion draft of the Transportation-Treasury Appropriations spending plan for Fiscal Year 2005, S. 1589. The Committee Report accompanying the bill is S. Rept. 108-342.

The following is a quick analysis of the Appropriations from a California perspective, prepared by the California Institute. We apologize for errors or omissions in our discussion, and would appreciate any input or feedback on how to make improvements. The ordering of items generally reflects their appearance in the bill and does not imply relative importance.

This report is available at <http://www.calinst.org/pubs/trap05s.htm> and in pdf format at <http://www.calinst.org/pubs/trap05s.pdf>.

### **DEPARTMENT OF TRANSPORTATION**

#### **Federal Aviation Administration**

The Federal Aviation Administration (FAA) is responsible for the safety and development of civil aviation and the evolution of a national system of airports. The Senate Transportation appropriations bill makes a combined appropriation of \$13,913,427,000 for FAA operations, facilities, grants and research and other activities; representing \$35 million more than previously enacted in FY2004. FAA funding is broken down as follows:

\$7.784 billion	Operations,
\$2.5 billion	Facilities and Equipment,
\$129.4 million	Research, Engineering and Development,
\$3.5 billion	Grants in Aid for Airports

#### *Essential Air Services and Rural Airport Improvement Program*

The Senate bill provides \$102 million to fund Essential Air Services improvements. This program provides grants to commuter/regional airlines to service small or remote communities, and finances improvements to rural airports. Report language highlights Crescent City and Merced as California communities currently receiving subsidies, however, it does not specify the appropriation of FY 2005 funds to support these communities.

#### *Terminal Air Traffic Control ([ATCT]/TRACON) Facilities Replacement Program*

Under facilities and equipment appropriations, \$126,100,000 in earmarks is recommended to fund the replacement of outdated air traffic control towers. This sum represents a \$32.145 million cut from FY2004 enacted levels and a \$35 million increase from the FY2005 Budget request. Sacramento airport in California is tagged to receive \$2 million of this total.

*Terminal Air Traffic Control ([ATCT]/TRACON) Facilities Improvement Program*

The Senate Committee recommendation includes \$55.176 million to fund this program with a number of set asides for the following California projects:

Camarillo	In-service upgrade to tower cab	\$603,064
Santa Ana	Modernize ATCT	\$300,000
So. Cal TRACON	Install ETG lab	\$1,200,000
Los Angeles	Provide Covering for Parking	\$196,592
Santa Maria	Replace Rooftop Structure	\$86,950
Sacramento	Tower Refurbish	\$123,000
Kearny Mesa	Replace Air-Conditioning System	\$74,500
Chico	Replace HVAC	\$93,425
Santa Barbara	Repair Parking Lot	\$20,400
San Diego	Replace Water Line	\$70,000
So. Lake Tahoe	Repaint Exterior	\$28,600
La Verne	Upgrade Air-Conditioning System	\$74,500
Long Beach	Replace HVAC	\$90,388

Total California earmarks under this section amount to \$2,961,419 out of \$29,068,900, or 10.19 percent.

*Airport Discretionary Grants*

Within the overall grants-in-aid obligation limitation in the Senate bill, \$963,614,679 is available for discretionary grants to airports. Specifically, the Committee requires the FAA to give priority consideration to the following California based projects:

- Gross Field for a runway extension project
- Sonoma County for various improvements
- SFO for access control of the Airport Ground Services Equipment (GSE) System

*FAA Letters of Intent*

The FAA issues letters of intent (LOI) to fund longterm airport improvements. Project justification is based on how well the project can enhance airport capacity. Half of projected discretionary funds available for capacity, security, safety, and noise projects are typically committed by the FAA. The Senate committee assumes that \$3.843 million in grant allocations will support the Norman Y. Mineta San Jose International LOI project in FY 2005, out of \$279,095,000 or 1.38 percent of total LOI allocations specified in report language.

**Federal Highway Administration**

The Senate report appropriates \$35,834,632 in contract authority for the administration and operation of the Federal Highway Administration in FY 2005, roughly an increase of \$262 million over the fiscal year 2004 enacted level and the President's budget request.

#### *Federal-Aid Highways*

The Transportation Equity Act for the 21st Century (TEA-21) expired on September 30, 2003. Since then Congress has not renewed multiyear authorization language, however, the Committee bill assumes the account structure and funding level progression contained in the final year of TEA-21. TEA-21 aligned highway spending with highway trust fund receipts. The accompanying bill includes language limiting fiscal year 2005 federal-aid highways obligations to \$34,900,000,000. This obligation limitation level is \$1,256,674,000 more than the President's budget request and the FY 2004 appropriated level.

Report language estimates California's total obligation limitation share of FY 2005 highway program funds to be \$3,020,798,084, or 8.65 percent of the total. This figure represents roughly \$340 million more than California's highway receipts in the prior year.

#### *Transportation Research*

The Senate Committee recommends \$462,500,000 to carry out transportation research projects, including intelligent transportation programs, surface transportation research, university transportation research, technology deployment, and appropriate training and education.

Of \$103 million allocated for surface transportation research and development, zero funds are earmarked for California projects.

#### *ITS Standards Research Operational Tests and Development*

The Senate bill provides \$124 million for Intelligent Transportation Systems (ITS) deployment projects and \$110 million to fund ITS research pursuant to sections 5208 and 5209 of TEA-21. The report includes no earmarks under this program.

#### **Federal Motor Carrier Safety Administration**

This program focuses on improving the safety of commercial vehicle operations in the nation's highways. Safety regulations and other activities are enforced to reduce the number of injuries and fatalities due to truck accidents. FMCSA was broadened by the USA PATRIOT act to include security enhancements, such as requiring Mexican trucks traveling in the country to comply with U.S. safety regulations. The Senate recommends \$450 million for FMCSA programs, \$5.45 million less than the Administration's proposal and roughly \$21.6 million more than FY 2004 appropriated levels. In separate report language the Senate committee requires the Government Accounting Office (GAO) to undertake an independent review of FMCSA's safety enforcement activities.

#### *New Entrant Program*

The Senate bill recommends \$33,411,000 for these programs with \$28,711,000 to support State New Entrant Grants, a request \$3.8 million higher than the FY 2004 enacted figure.

#### *Border Enforcement Program*

In February 2001, the Administration announced it would fully comply with NAFTA obligations regarding truck and bus access. Concerns regarding safety compliance and monitoring

of Mexican domiciled commercial vehicles were resolved in Section 350 of the Transportation and Related Agencies Appropriations Act, 2002 (P.L. 107-87). This legislation established 22 safety related prerequisites for long haul cross border Mexican trucks. The Administration has completed all requirements under Section 350 and has implemented a regime of regulations to ensure the safety of Mexican trucks operating within the U.S. On January 18, 2003, however, the 9th U.S. Circuit Court of Appeals blocked Mexican trucks from gaining wider access to U.S. highways, citing that DOT did not prepare a full environmental impact statement and a Clean Air Act conformity determination. That decision was overturned by the U.S. Supreme Court. Report language stresses the importance of FMCSA's adherence to implementing Section 350 to maximize cross border operations safety.

Total funding for motor carrier safety border enforcement is set at \$64,735,000, according to the Senate spending plan, matching the President's budget request. The Senate Committee budgets \$23 million in border operating expenses to assist southern border states.

### **National Highway Traffic Safety Administration**

The Senate report recommends \$453,300,000 for the NHTSA, the federal agency tasked with overseeing and conducting research on highway safety on roads and in vehicles. This is roughly \$5.63 million more than the FY'04 enacted level and \$236 million less than the FY' 05 Budget request.

### **Federal Railroad Administration**

The Senate bill provides \$1,437,074,000 for the operations and administration of the FRA which is responsible for railroad industry practices and management, as well as high speed transit and Amtrak.

#### *Next Generation High-Speed Rail*

The Senate bill provides \$20,000,000 for the development, demonstration, and implementation of high-speed rail technologies. This total exceeds the President's budget request by \$10 million, but is a \$17.2 million reduction from the FY'04 enacted budget. Under funding for Magnetic Levitation Transportation, the Senate bill provides \$1 million to the California-Nevada Interstate Maglev project.

#### *National Railroad Passenger Corporation (AMTRAK)*

Amtrak, the nation's major passenger rail service has lost money in every year of its operation since 1971. It escaped bankruptcy in 2003, although it continues to service a growing debt burden forecasted to grow to \$1.5 billion by 2009. Its FY'04 enacted funding level amounted to \$1,217,773,000. The Senate Committee recommends \$1,217,000,000 in federal subsidies to Amtrak, just over \$300 million more than the House and the Administration's \$900 million proposal to maintain Amtrak operations. The Senate panel is counting on an additional \$330 million in tax credits to support Amtrak programs included in the pending Jump Start Our Business Strength Act (JOBS, S. 1637). If this supplemental is included in the final version of the JOBS bill, combined resources for FY2005 Amtrak operations and capital investments would total \$1.547 billion.

Senate bill language extends provisions requiring DOT approval of all train route grant requests and requires all requests to be accompanied by a financial analysis detailing the capital and operating expenses for the route. The Senate bill also continues to direct the Secretary to meet

responsibility for Amtrak debts and interest payments and gives the Secretary ongoing authority to allocate funds to meet both capital and operating needs as outlined in FY2004 appropriations language.

Report language highlights advancements made by Amtrak to introduce Diesel-multiple Units (DMUs) railcars available for service in California, among others states, noting that such improvements provide efficiency, environmental, operational and cost-savings benefits.

**Federal Transit Administration**

In the absence of TEA-21 reauthorization language, the Senate Committee acknowledges proposed accounting shifts included in the President’s budget request, however, it proposes continuation of the program structures in current law choosing not to tamper with potential programmatic priorities and modifications in appropriations language. The Senate bill allocates \$7.758 billion for FTA programs and administrative expenses, roughly \$492 million more than the FY’04 enacted budget and the President’s request.

*Formula Program*

The Senate bill provides \$4,007,175,000 in transit formula grant funds, \$190 million more than the amount appropriated in the prior year. Formula program funds are subdivided into four core categorical programs. Funds are distributed between core formula grant programs as follows (California shares below compare Senate Committee estimates to estimates calculated by the California Institute. Clean Fuels grants have historically been shifted to support Bus and Bus Facilities capital investment projects):

	U.S. Total	CA (Sen. Com)	CA (Cal. Inst)
- Urbanized Area (UAF)-	\$3,604,215,608	\$614,884,086	\$616,320,869
- Nonurbanized Area (NAF) -	\$351,320,391	\$10,746,168	\$15,106,777
- Eld. and Persons with Dis. (EPD) -	\$94,689,001	\$9,939,916	\$10,576,761
- Clean Fuels	\$50,000,000	N/A	N/A
- Total formula programs -	\$4,007,175,000	\$635,970,170	\$642,110,174

California’s share of FY2005 FTA transit formula apportionments represents 15.87 percent of total grants under the Senate’s projections, and 16.02 percent if using California Institute estimates.

*Transit Planning and Research*

Out of an appropriated \$128 million for transit planning and research, \$35.5 million is allocated to national planning and research projects. The Senate report contains no California earmarks under this program.

*Capital Investment Grants*

The Senate bill provides \$3,413,000,000 for the three major transit capital investment programs: Fixed Guideway Modernization (FGMOD); New Starts; and Bus and Bus Facilities (BBF). TEA-21 language assigns capital investment program grants using a 40-40-20 format (40% to New Starts, 40% for FG MOD and 20% for BBF). However the Senate Appropriations Committee alters this scheme, directing a greater share of funding to New Starts. Under the Senate plan, New Starts is funded at \$1,474,425,000, the FGMOD program receives \$1,214,400,000, and

BBF is appropriated \$725,000,000. Funds for discretionary projects under these programs may remain unobligated for three years before DOT is authorized to reallocate them.

#### *Bus and Bus Facilities*

The Senate Committee recommends \$725 million for bus and bus facilities funding. These discretionary funds may be used to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. Because of the rise in potential bus procurement irregularities, Senate bill language authorizes an Office of Inspector General (OIG) Study to examine the processes used by BBF recipients to procure buses and equipment.

Report language retains amounts made available for the *Santa Barbara Metropolitan Transit District and Electric Bus Investment* project to be used by the Ventura County Transportation Commission to fulfill the intent of the project.

The Senate bill contains zero earmarks for Bus projects:

#### *Section 5309 Fixed Guideway Modernization*

The Senate bill recommends a total of \$1,214,400,000 for the modernization of existing rail transit systems. Under TEA-21, all such funds are distributed to transit systems with fixed guideway segments in operation for seven years or more, by formula. California would receive \$147,724,101 or 12.16 percent from this program in FY2004, according to the Senate report. Funds would be distributed as follows:

- Los Angeles-Long Beach-Santa Ana, \$34,583,358
- San Francisco-Oakland, \$66,777,607
- San Diego, \$13,574,750
- San Jose, \$13,306,474
- Riverside-San Bernardino, \$3,636,184
- Sacramento, \$3,196,161
- Concord, \$7,778,640
- Mission Viejo, \$1,291,472
- Oxnard, \$1,093,925
- Lancaster-Palmdale, \$1,885,035
- Thousand Oaks, \$600,495

#### *Transit New Starts*

The bill provides \$1,318,400,000 for New Starts. These funds are available for major investment studies, preliminary engineering, right-of-way acquisition, project management, oversight, and construction for new systems and extensions. The committee expresses its concern at FTA's alleged withholding of appropriated new starts funds for certain projects over \$25 million. Bill language rejects FTA's added review and evaluation requirements for advancing such projects and states that alternatives analysis, preliminary engineering, and final design are not to be subject to the \$25 million federal limit. The Senate bill directs FTA to extend the availability of new starts funds provided in 2002 for a number of non-California projects. It contains zero earmarks. Full Funding Grant Agreements have been issued by the FTA to the following California-based New Starts projects currently in construction phases:

- San Diego, Mission Valley East Line Extension project,

- San Francisco, SFO BART extension project,
- Los Angeles, MTA Gold Line Light Rail Transit System project,
- San Diego Oceanside-Escondido Light Rail Project

### **Job Access and Reverse Commute Grants**

The Committee recommends \$125 million for the Job Access and Reverse Commute Grants program (JARC). This program is meant to provide enhanced transportation services for low-income individuals, including former welfare recipients traveling to jobs or training centers.

The program makes competitive grants to qualifying metropolitan planning organizations (MPOs), local governmental authorities, agencies, and nonprofit organizations. The Senate bill contains no JARC earmarks.

### **General Provisions**

Section 172 authorizes the Secretary of Transportation to extend the calculation of local contributions for the San Francisco Muni Third Street Rail Transit Project.

### **Treasury Title**

#### *General Services Administration*

The Senate committee provides \$710,823,000 for construction and acquisition purposes, a cut of just under \$11 million from FY2004 allocation levels and \$60.6 million higher than the President's budget request. Of this amount, \$14.054 million is set aside for the construction of a Federal Bureau of Investigation facility in Los Angeles and \$314.385 million is awarded for the construction of a U.S. Courthouse in Los Angeles. The bill also provides an earmark of \$3.068 million for the construction of a federal courthouse in San Diego.

#### *United States Mint*

This agency manufactures coins, sells investment products, and provides for security and asset protection. The state of the mint's Public Enterprise Fund (PEF), established in 1996 to manage coin variability and support capital equipment requirements, is highlighted as a committee concern. To remedy the lack of budget justification materials provided to warrant federal support, the Senate report contains a number of new accounting guidelines to accompany future mint budget requests including a current organizational chart, detailed expense breakdowns, construction cost details, costs associated with the mint's new museum, and a breakout by job function for the San Francisco mint and all other mint facilities.