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SPECIAL REPORT: Senate FY 2006 Transportation, Treasury, HUD Appropriations and California Implications

The Senate Appropriations Committee passed by voice vote its \$88.9 billion version of the Transportation-Treasury-Housing and Urban Development-District of Columbia Appropriations spending plan for Fiscal Year 2006, HR 3058, on July 21. The Committee Report accompanying the bill is S. Rept. 109-109.

This report is available on the web at <http://www.calinst.org/pubs/trap06s.htm> or in pdf format at <http://www.calinst.org/pubs/trap06s.pdf>.

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.

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 appropriations bill makes a combined appropriation of \$14,258,500,000 for FY 2006 FAA operations, facilities, grants and research and other activities; representing \$423 million more than previously enacted in FY2005. FAA funding is broken down as follows:

- \$8 billion Operations,
- \$2.5 billion Facilities and Equipment,
- \$134.5 million Research, Engineering and Development,
- \$3.5 billion Grants in Aid for Airports

Oceanic Automation System

The Senate committee provides \$35.7 million for this program. Because of unsuccessful project developments at an Oakland facility, the committee singles out its concerns about progress being made with the ATOP initiative. Report language directs FAA to provide clear project status details and a schedule for when projects will be ready for operation at all sites.

Essential Air Services and Rural Airport Improvement Program

The Senate bill provides \$110 million to fund Essential Air Services improvements, \$60 million more than the President's budget and \$8.4 million more than FY 2005 enacted levels. 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, Merced,

and Visalia as California communities currently receiving subsidies, however, it does not specify FY 2006 amounts to be used to support these communities (Crescent City received among the lowest subsidies (\$32.83) per passenger in the nation, according to the report).

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

Under facilities and equipment appropriations, \$105,100,000 in earmarks is recommended to fund the replacement of outdated air traffic control towers. This sum represents a \$19.7 million increase from the FY2006 Budget request.

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

The Senate Committee recommendation includes \$51.470 million to fund this program, with a number of set asides for the following California projects:

- Ontario- Replace HVAC Seismic compliance, \$402,602
- Bakersfield Stars Facility Upgrade– Design, \$69,929
- Carlsbad, Modernize term fac/seismic upgrade, \$1,157,025

Total California earmarks amount to \$2,383,979 out of \$22,193,438, or 10.7 percent.

Regional Facilities Improvement Projects

- Chino, Obtain 2nd D-brite for tower cab, \$27,400
- Kearny Mesa, D-brite radar display installation, \$20,700
- La Verne, Install portable rechargeable light gum, \$6,300
- Sacramento, Provide new portable water piping, \$46,500
- Long Beach Replace Elevator Control System, \$64,100
- San Diego Recessed curb ramps \$14,100
- San Luis Obispo, Replace ATCT Elastomeric roofing material, \$93,425
- Reid Hillview, Resurface parking lot and surface road, \$18,800
- San Luis Obispo, Replace Roof, \$30,500

Total California earmarks under this section amount to \$321,825 out of \$4,769,900 or 6.75 percent.

Terminal Digital Radar

Of \$60.6 million assigned to this program, the Senate report recommends unspecified amounts to be used to procure six radar sites, one of which would be located in Monterey.

Instrument Landing System (ILS)

\$14 million is provided to finance this program for the establishment of ILSs. Report language sets aside \$2 million to support the installation of previously procured approach lighting systems.

Airport Discretionary Grants

Within the overall grants-in-aid obligation limitation in the Senate bill, \$902,442,269 is available for discretionary grants to airports. Specifically, the committee requires the FAA to give priority consideration to one California based project: Sacramento International’s airport master plan update.

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 \$2.419 million in grant allocations will support the Norman Y. Mineta San Jose International LOI project in FY 2006.

FEDERAL HIGHWAY ADMINISTRATION

The Senate report appropriates \$40,194,259,000 in obligations for the administration and operation of the Federal Highway Administration (FHWA) in FY 2006, roughly a \$5.5 billion increase over FY 2005's enacted level and the President's budget request.

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 \$490 million for FMCSA programs, \$25 million more than the Bush administration's proposal and roughly \$46 million more than the FY 2005 appropriated level. The Senate report provides \$211.4 million for FMCSA operations and safety programs, \$21 million less than the FY2006 Budget estimate, to remain consistent with Senate transportation bill reauthorization levels.

New Entrant Program

The Senate bill recommends \$2 million for this programs, a substantial \$14.6 million less than the requested amount. According to report language, SAFETEA language provides \$29 million to a different account to assist states with new entrants.

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 not yet completed all requirements necessary to bring all states into compliance under Section 350,

according to report language. Committee members tasked FHWA with taking all necessary measures to make states comply with section 350.

Total funding for motor carrier safety border enforcement is set at \$33,000,000, according to the Senate spending plan.

National Highway Traffic Safety Administration

The Senate report recommends \$779,062,000 for NHTSA, the federal agency tasked with overseeing and conducting research on highway safety on roads and in vehicles. This is roughly \$22 million more than the FY'05 enacted level.

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 \$11.5 million for the development, demonstration, and implementation of high-speed rail technologies, rejecting the budget recommendation that this program be zeroed out.

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'05 enacted funding level amounted to \$1,207,264,000. The Senate Committee recommends \$1,450,000,000 in federal subsidies to Amtrak, roughly \$1 billion less than the administration's \$360 million proposal to maintain Amtrak operations. Citing a report from the IG, the Senate panel notes that the troubled passenger rail service can cut its costs by limiting sleeping car accommodations and providing catering alternatives on Amtrak trains. The Senate bill prohibits subsidies from covering losses resulting from these services after 6 months. Furthermore, Amtrak is authorized to charge a passenger service fee (of 2% if not traveling through the Northeast Corridor) to improve Amtrak revenues. A sum of no less than \$5 million is to be used by Amtrak to finance a new managerial cost accounting system.

FEDERAL TRANSIT ADMINISTRATION

The Senate report provides a little over \$8.2 billion to finance FTA activities for FY2006. FTA support would be split between the general fund (\$1,386,522,000) and the HTF's mass transit account (\$6,822,125,000). Senate committee recommendations are greater than the 2005 enacted figure, although they are somewhat less generous than House proposed funding levels.

Formula Grants

Senate appropriators recommend a total transit formula grant budget of \$4,354,191,000 to be split among three major formula programs. This total represents an increase of \$354 million from the FY2005 level. The formula split would be as follows under the Senate plan:

Urbanized Area Formula (UAF), \$3,713,389,578, California share, \$636,895,839
Elderly and Persons with disabilities (EPD), \$178,291,778, California share, \$19,281,482

Nonurbanized Area Formula (NAF), \$449,613,205, California share, \$19,224,938

Committee estimates predict that California would receive \$675.4 million in total FY'06 transit formula grants receipts out of \$4.35 billion in available formula resources, which comes to roughly 15.5 percent. California's healthy share of transit grants is largely driven by state gains made from the UAF formula structure. California receives 17.1 percent of UAF disbursements.

Capital Investment Grants

Senate appropriators provide \$3.5 billion for CIG expenditures to be split among the New Starts (\$1.4 billion), Fixed Guideway Modernization (\$1.3 billion) and Bus and Bus Facilities (\$797 million) programs. CIGs are discretionary grants used to finance major capital investments and public transit improvements.

Bus and Bus Facilities

Report language states that the committee will not look favorably upon requests for obligation extensions of certain projects after 2006. FTA is also charged with providing a report detailing why funds for certain projects were not obligated after the 3-year time frame allowed in current law. The following California earmarks are identified in report language:

- LACMTA Bus Program, \$3 million
- San Joaquin Regional Hybrid Bus Acquisition, \$1 million

Fixed Guideway Modernization

Funds for FG-Mod are used to maintain fixed guideway transit systems with segments in operation for at least 7 years. Although this program is discretionary, a formula is used to distribute funds to states. The Senate committee recommends \$1,307,473,000 to support FG-Mod expenses. Out of roughly \$1.3 billion appropriated, California would receive the following allocations under the Senate plan.

Concord, \$13,454,313
Lancaster-Palmdale, \$2,302,895
Los Angeles-Long Beach-Santa Ana, \$39,377,991
Mission Viejo, \$1,533,025
Oxnard, \$1,277,412
Riverside-San Bernardino, \$4,237,757
Sacramento, \$3,480,443
San Diego, \$14,899,234
San Francisco-Oakland \$72,810,098
San Jose, \$13,697,671
Thousand Oaks, \$703,060

In response to industry allegations of the mishandling of FG-Mod program funds, the Senate report directs the office of the inspector general to investigate accounting practices and oversight roles.

New Starts

The Senate appropriations committee provides the following sums for California based New Starts projects:

- Metro Gold Line Eastside LR Extension. \$80,000,000
- Mid-coast LRT Extension, \$7,160,000
- Mission Valley East, \$7,700,000
- Oceanside Escondido Rail Project, \$12,210,000
- BART Extension to SFO, \$81,860,000
- Muni 3rd Street LR Project, \$10,000,000
- Silicon Valley Rapid Transit Corridor Project, Santa Clara County, \$5,000,000

The Senate committee members express concern about FTA's proposal to change New Starts evaluation ratings, suggesting that such unforeseen shifts in policy could challenge the credibility of FTA standards. The report requests that the FTA and DOT clearly and consistently articulate the revised rating standards.

Jobs Access and Reverse Commute (JARC) program

Senate appropriators provide \$121.8 million for the JARC program, a cut of \$2.2 million from the prior fiscal year's level.

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

The Department of Housing is budgeted \$34.76 billion under the Senate plan, almost \$3 billion in excess of the FY 2005 appropriated amount, and \$5.6 billion above the President's budget recommendation.

Housing Certificate Fund/section 8

The Committee funds the Housing Certificate Fund at \$20.7 billion, which is \$1.5 billion over FY04 funding levels and \$2.3 billion greater than the President's budget request. Within the Housing Certificate Fund, the vast majority of funds go toward Section 8 programs, including tenant-based and project-based rental assistance. Section 8 is the "principle appropriation for Federal housing assistance and provides rental housing assistance to over 3 million families." Section 8 funds pay for Vouchers, Moderate Rehabilitation, Loan Management, Property Disposition, New Construction/Substantial Rehabilitation, and Preservation contracts.

Public Housing Capital Fund

The Committee funds the Public Housing Capital Fund at \$252 million, which is \$3.7 million above FY05 funding and matches the budget request.

Public Housing Operating Fund

The bill recommends funding of \$3.6 billion for the Public Housing Operating Fund, which is \$1.1 billion greater than FY05 funding and \$150 million more than the President's request.

Revitalization of Severely Distressed Public Housing (HOPE VI)

The Committee appropriates \$150 million for HOPE VI programs, which is slightly over \$7 million more than FY05 funding and \$150 million above the Administration's request. Report language urges the elimination and restructuring of the program to make it more cost-effective,

efficient and operationally effective. Backlog reductions through project process simplification is also highlighted by the committee as an aspect of HOPE VI that can be improved.

Native American Housing Block Grant

The Committee recommends level funding of \$622 million for the Native America Housing Block Grant, which is virtually no change from prior levels and \$39.4 million above the President's request. The Senate Committee directs HUD to reassess recent revisions eligibility requirements used to qualify recipients.

Community Planning and Development - Housing Opportunities for Persons With AIDS (HOPWA)

The bill allocates level funding of \$287 million for HOPWA, which exceeds the budget request by \$19 million and FY 05 appropriations by \$6.3 million. The law requires that 90 percent of these funds be distributed via formula based on the number of reported AIDS cases. Remaining funds are distributed on a competitive basis.

Community Development Fund

The Senate bill funds the Community Development Fund (which feeds the Community Development Block Grant (CDBG)) at \$4.32 billion, which is \$348 million above comparable FY05 funding and challenges the Administration's recommendation of zero funding for the program. CDBG would receive an appropriation of \$3.77 billion under the Senate plan. Within the fund, California would receive six direct earmarks totaling \$2.8 million, including:

- Inglewood, \$200,000 for the City of Inglewood for the construction of a senior center;
- San Francisco, \$250,000 for the City of San Francisco for the Old Mint Redevelopment Project; and
- San Francisco, \$250,000 for the 10th Mission Affordable Family Housing and Commercial Space Project, Mercy Housing.
- Oakland, \$600,000 for Fox Theater Restoration.
- Redding, \$200,000 for the Stillwater Business Park
- West Angeles, \$200,000 for the West Angeles Community Development Corporation of the West Angeles Plaza.
- Santa Clara County, \$200,000 for the First Time Home Buyer Loan Program
- San Francisco, \$200,000, SF Fine Arts Museum for MH de Young Memorial Construction
- Palm Springs, \$200,000 for the Agua Caliente Cultural Museum construction costs.

HOME Investment Partnership Program

The Committee recommends funding of \$1.9 billion for HOME Investment Partnership Program, including \$50 million for the American Dream Downpayment fund. The Senate Committee's proposed total exceeds FY 2005 appropriations by \$320,000 and is \$41 million lower than the amount requested in the President's budget.

Homeless Assistance Grants

The Committee funds the Homeless Assistance Grants at \$1.4 billion, surpassing FY05 enacted grant levels by \$174,489,000 funding levels and \$25 million short of the budget request. The Homeless Assistance Grants are comprised of both formula and competitive grants awarded to

states for providing rental assistance, emergency shelter, transitional and permanent housing, and supportive services to homeless persons and families.

Housing for the Elderly

The bill appropriates \$742 million for Housing for the Elderly, which is nearly \$1 million more than the Administration's request and less than \$1 million over the FY05 enacted level.

Housing for Persons with Disabilities

The Senate Committee recommends funding of \$240 million for Housing for Persons with Disabilities, which is \$1.9 million greater than FY05 funding and \$120 million greater than the budget request.

Rental Housing Assistance

The Committee recommends \$26.4 million for HUD-assisted, State-aided, non-insured rental housing.