

Economic Stimulus Update

29, 2009

The 111th Congress has been actively moving two versions of an economic stimulus package through the legislative process. On Tuesday (1/27), the Senate stimulus bill was approved by the Appropriations and Finance Committees. It is expected to be brought to the floor for a vote next week. The House approved their version of the American Recovery and Reinvestment Act of 2009 on Wednesday (1/28) by 244-188. No Republicans voted for the bill and eleven Democrats voted 'no'. Leadership has indicated that their goal is to get the final bill approved by Congress before the President's Day recess.

The Senate stimulus package, as marked-up by the Committees, allocates \$27 billion for highway construction, including supplemental grants to be allocated to states under the STP formula for highways and bridges. It also requires each state to allocate at least 5% of its funds towards programs that qualify for the Congestion Mitigation and Air Quality (CMAQ) improvement program. The bill also provides \$8.4 billion for mass transit, apportioned via the transit formula. For both highway and transit funding, fifty percent of funds must be allocated within 180 and the other half must be assigned within one year. The first half of funds will be allocated exclusively to states, while most of the second half will be allocated to local governments. The bill contains a "use-or-lose" provision, which means that any funds remaining after one year will be transferred into the Supplementary Discretionary Grants program. The stimulus allocates \$5.5 billion to this program, which gives the Secretary of Transportation discretion to award funds on a competitive basis to highway and bridge projects; to public transportation, including New Starts or Small Starts; or to passenger rail, freight and port improvements. In addition the bill provides \$1.1 billion to Amtrak and intercity passenger rail. No funding is provided to fixed guideway modernization or to New Starts, both of which receive funding in the House stimulus package. However, an additional \$2 billion is included for high-speed rail that does not appear in the House bill. Overall, there are fewer dollars for key programs in the Senate bill and there exists some concern about formulas and the suballocation of funding.

The \$819 billion House stimulus package includes more funding for key transportation programs, but obligation timing requirements is of some concern at both the State and local level. This bill allocates \$63 billion for infrastructure investment, including \$30 billion for the Federal Highway Administration, to be distributed to states using the formula established by the most recent highway law. Approximately \$1.1 billion is allocated for high-speed and intercity rail, as this bill is lacking the additional \$2 billion added to the Senate version. The House allocates \$12 billion to mass transit, including \$1.5 billion for the Transit Capital Improvement Program and \$1.5 billion for the New Starts Program, as added by an amendment from Reps. Nadler (NY), DeFazio (OR), Lipinski (IL), McMahan (NY), Ellison (MN) and Perlmutter (CO). An amendment from Rep. Oberstar (D-MN) strikes language that gave MPOs longer timelines to obligate funding. The bill now requires that States obligate 50 percent of funding within 90 days and MPOs within 75 days.