

## **MEMORANDUM**

**TO:** Santa Clara Valley Transportation Authority  
Board of Directors

**FROM:** Kurt Evans, Government Affairs Manager  
Santa Clara Valley Transportation Authority

**DATE:** April 4, 2008

**SUBJECT:** Summary of President's FY 2009 Transportation Budget

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### **BACKGROUND**

President George W. Bush has submitted a \$3.1 trillion budget to Congress for FY 2009. It includes \$68.2 billion in total transportation spending, a \$2.13 billion reduction from the amount that was enacted in FY 2008. The cuts primarily come from four areas—the federal-aid highway program, transit, Amtrak, and airport grants.

The highway program is proposed to be reduced by \$800 million from the amount that was guaranteed in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In the case of transit, the President is recommending \$10.1 billion, roughly a \$600 million increase over the \$9.5 billion appropriated for FY 2008, but \$202 million less than the level of spending guaranteed in SAFETEA-LU. However, he is also proposing to transfer \$3.2 billion from the Mass Transit Account to the Highway Account to prevent the latter from ending FY 2009 with a negative balance. This temporary fix would: (a) hasten the insolvency of the Mass Transit Account, putting it in the red in FY 2010, rather than in FY 2012; and (b) absent new revenues, preclude federal transit programs from being funded at even current levels in FY 2010.

The following summarizes the key elements of the President's proposed FY 2009 transportation budget.

### **Federal Transit Administration**

The Federal Transit Administration (FTA) provides planning, technical assistance and financial resources necessary to provide public transportation that safely and efficiently moves tens of millions of people every day, connecting them to their jobs and communities. The President is proposing \$10.1 billion in FY 2009 to fund the various programs that are under FTA's jurisdiction. The breakdown for the key program categories is as follows:

**Urbanized Area Formula Program** = \$5.3 billion. These funds are allocated to public transit operators in urbanized areas (UZAs) through a complex formula and can be used for any transit capital purpose. Under the provisions of SAFETEA-LU, these formula funds can also be used for preventive maintenance, as well as for paratransit services required by the federal Americans with Disabilities Act (ADA), provided that the amount dedicated for this purpose does not exceed 10 percent and the operator is in full compliance with ADA. On average, VTA receives approximately \$35 million-\$45 million per year in UZA formula funds, depending on federal appropriations levels.

**Rural Area Formula Program** = \$538 million. These funds are allocated to public transit operators that are not in a UZA. In California, Caltrans is responsible for distributing these funds to rural public transit operators as directed by the California Transportation Commission (CTC).

**Elderly and Individuals with Disabilities Program** = \$134 million. These funds are granted to non-profit organizations to provide transportation services to elderly and disabled individuals who cannot use or do not have access to public transit systems. In California, Caltrans is responsible for administering these funds as directed by the CTC. As VTA's paratransit broker, Outreach is the principal recipient of these funds locally.

**Job Access/Reverse Commute Program** = \$165 million. This formula grant program funds projects designed to provide access to employment opportunities for welfare recipients and low-income individuals. It also funds reverse commute initiatives. In addition to public transit operators, funds under this program can be allocated to other governmental entities and non-profit organizations, provided that they coordinate their activities with their local public transit operators. VTA and the county together are responsible for programming Santa Clara County's formula share of Job Access/Reverse Commute Program funds, which amounts to roughly \$500,000 per year, depending on federal appropriations levels.

**New Freedom Program** = \$93 million. This formula program provides funding for new transportation services beyond those required by ADA for individuals with special mobility needs. Roughly \$440,000 per year is available to VTA, depending on federal appropriations levels.

**Bus and Bus Facilities Program** = \$984 million. These discretionary funds are earmarked by Congress primarily for the purchase of buses, as well as for the construction or upgrading of bus facilities. For FY 2009, VTA has submitted an appropriations request for our Advanced Zero-Emission Bus Demonstration Program. Congresswoman Zoe Lofgren is sponsoring this request on our behalf.

**Clean Fuels Grant Program** = \$52 million. This program provides grants to public transit operators to help them utilize clean-fuel technologies for their bus fleets. The funds were originally intended to be distributed according to a complex formula that takes into consideration a public transit provider's fleet size and passenger miles, as well as the severity of the air quality problems in the area in which the public transit provider operates. However, Congress historically has opted to transfer these funds to the Bus/Bus Facilities Program and to earmark them for specific projects under that program.

**Fixed Guideway Modernization Program** = \$1.7 billion. These funds are distributed by formula to UZAs for rehabilitation and enhancement projects related to existing rail systems. On average, our area receives approximately \$15 million to \$20 million per year, depending on federal appropriations levels. These funds are shared by VTA and Caltrain.

**New Starts/Small Starts** = \$1.6 billion. These discretionary funds are earmarked by Congress primarily for major rail expansion projects called “New Starts.” There is a \$200 million takedown for smaller New-Starts-eligible projects, including bus rapid transit, with a federal share of less than \$75 million. These projects are called “Small Starts.” VTA is not requesting any of these funds in FY 2009.

## **Federal Highway Administration**

The Federal Highway Administration (FHWA) is primarily responsible for preserving and improving the 160,000-mile National Highway System, which includes Interstate facilities and other roadways of importance for national defense and mobility. The President is proposing \$39.4 billion in FY 2009 to fund federal-aid highway programs, which fall under the jurisdiction of FHWA. The breakdown for the key program categories is as follows:

**National Highway System (NHS)** = \$6.3 billion. This formula program funds improvements to highways designated as part of the NHS. These include the current Interstate system, other rural principal arterials, urban freeways and connecting urban principal arterials, facilities on the U.S. Defense Department’s designated Strategic Highway Network, and roads connecting the NHS to intermodal facilities. California’s share of these formula funds are programmed through the State Transportation Improvement Program (STIP) process.

**Interstate Maintenance Program** = \$5.2 billion. This formula program funds maintenance, rehabilitation, restoration, and reconstruction work related to highways on the Interstate System. California’s share of these formula funds are programmed through the STIP process.

**Bridge Replacement and Rehabilitation Program** = \$4.5 billion. This formula program funds replacement, rehabilitation and systematic preventive maintenance work related to highway bridges. California’s share of these formula funds are programmed through the STIP process.

**Surface Transportation Program (STP)** = \$6.6 billion. This flexible funding category under the highway title provides money for roadway, highway, bridge, and transit capital improvement projects. Under federal law, these funds are allocated by formula to the states. In California, the money is then suballocated to metropolitan planning organizations (MPOs), such as MTC in the Bay Area, and programmed at the regional level. Acting in its congestion management agency role, VTA is responsible for submitting to MTC the prioritized list of projects in Santa Clara County for our share of these funds, which amounts to about \$8 million to \$15 million per year, depending on federal appropriations levels.

**Congestion Mitigation and Air Quality Improvement Program (CMAQ)** = \$1.8 billion. This is another category of flexible funds under the highway title. CMAQ funds are available to

urbanized areas that have not attained the ozone and carbon monoxide air quality standards established in the federal Clean Air Act or that have been designated as maintenance areas for ozone and carbon monoxide. The funds may be applied to projects and programs that contribute to the attainment of these air quality standards. Similar to STP dollars, CMAQ funds are allocated by formula to the states. Again, in California, the money is then suballocated to the MPOs. VTA is responsible for submitting to MTC the prioritized list of projects in Santa Clara County for our share of these funds, which amounts to about \$5 million to \$10 million per year, depending on federal appropriations levels.

**Transportation Infrastructure Finance and Innovation Act (TIFIA) Program** = \$122 million. These funds are used to help stimulate private capital investment in transportation infrastructure. Under TIFIA, approved applicants receive credit assistance in the form of direct loans, loan guarantees or lines of credit for up to one-third of the cost of large infrastructure construction projects of national or regional significance.

**Intelligent Transportation Systems (ITS)** = \$110 million. These funds are used for ITS research, development and implementation.

**Emergency Relief (ER) Program** = \$100 million. These funds are used to repair or reconstruct federal-aid highways that have suffered serious damage as a result of natural disasters.

### **Federal Aviation Administration**

The Federal Aviation Administration (FAA) is responsible for promoting aviation safety and efficiency, and reducing congestion in U.S. airspace. This includes: (a) building, maintaining, and operating the nation's air traffic control system; (b) overseeing commercial and general aviation safety through regulation and inspection; and (c) providing assistance to improve the capacity and safety of airports throughout the country. For FY 2009, the President is requesting \$14.6 billion for the programs that fall under the jurisdiction of FAA, a decrease of 2 percent compared to the FY 2008 appropriations level of \$14.9 billion. The key components of the FAA budget request are as follows:

**Air Traffic Organization** = \$9.7 billion. These funds go for operations, maintenance, communications, and logistical support related to the nation's air traffic control and air navigation systems.

**Grants-in-Aid for Airports** = \$2.8 billion. This program provides money for planning and developing airports in the United States, including grants for security, safety, capacity, and noise-reduction projects.

### **Federal Railroad Administration**

The Federal Railroad Administration (FRA) is responsible for ensuring safe, secure and efficient nationwide rail transportation. For FY 2009, the President is requesting \$1.1 billion for FRA activities, which represents a decrease of approximately 30 percent from the FY 2008 level of \$1.56 billion. Most of this cut is related to Amtrak. The FY 2009 request for Amtrak is \$900

million, which is roughly \$400 million less than the amount that was appropriated in the current fiscal year. Included in the Amtrak request is \$100 million for capital matching grants to the states for intercity passenger rail projects to enable them, rather than Amtrak, to undertake rail infrastructure projects that address their transportation goals and priorities.

## **NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION**

The National Highway Traffic Safety Administration (NHTSA) is responsible for conducting highway and vehicle safety research, setting and promulgating vehicle safety standards, studying driver behavior to reduce the frequency and severity of motor vehicle crashes, and providing grants to the states for the administration of highway traffic safety programs. For FY 2009, the President is requesting a total of \$851 million for NHTSA's activities. This figure represents a 1.5 percent increase over the current fiscal year amount of \$838 million. The key programs under NHTSA are as follows:

**Vehicle Safety Research** = \$122 million. NHTSA uses these funds to conduct research on how to make motor vehicles safer.

**Highway Safety Research and Development** = \$106 million. These funds go for research activities related to reducing highway fatalities, preventing injuries, and minimizing the economic toll of highway accidents.

**State and Community Grants** = \$235 million. This is a formula grant program that supports state highway safety programs designed to reduce motor vehicle accidents.

**Alcohol-Impaired Driving Countermeasures Incentive Grants** = \$139 million. These grant funds are allocated to the states to encourage them to adopt and implement programs to reduce impaired driving.

**Seat Belt Performance Grants** = \$124.5 million. These incentive grants are used to encourage state efforts to increase seat belt usage. States can qualify for a grant by enacting a primary seat belt use law or, beginning in 2008, by achieving a statewide seat belt use rate of 85 percent for the two prior consecutive years. A state may use these grant funds for any project that corrects or improves a hazardous roadway location or feature, or that proactively addresses highway safety problems.

## **FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION**

The Federal Motor Carrier Safety Administration (FMCSA) is responsible for promoting the safety of commercial motor vehicles, which includes large trucks and buses, by conducting research, education, and testing, as well as by promulgating safety standards. For FY 2009, the President is recommending \$541 million for FMCSA, which represents a 2 percent increase over the FY 2008 enacted budget of \$530 million. Important activities of FMCSA are as follows:

**Commercial Motor Vehicle Safety** = \$193.5 million. These funds go for FMCSA activities related to reducing the incidence and severity of commercial vehicle crashes and hazardous materials incidents.

**Commercial Motor Vehicle Security** = \$7.4 million. These funds are used to improve the security of motor carriers transporting hazardous materials.

**Motor Carrier Safety Assistance Program** = \$209 million. This grant program provides funds to the states to conduct motor carrier compliance reviews and roadside inspections, and to enforce violations that are uncovered during roadside inspections.

**International Border Enforcement** = \$32 million. These funds go for state safety enforcement efforts at the international borders to ensure that Mexican and Canadian trucks and buses adhere to the same safety standards as U.S. motor carriers.

**Commercial Driver's License** = \$25 million. This program is geared toward improving state commercial driver's license oversight activities to prevent unqualified drivers from being issued licenses.