

A Budget Update on the Department of Transportation

Congress Avoids a Shutdown and Increases Transportation Spending

On March 21, Congress passed [H.R. 933](#) a continuing resolution (CR) to fund the federal government through the end of FY 2013 (Sept. 30, 2013). The CR sets overall discretionary funding at \$984 billion, which is down from \$1.043 trillion in FY 2012. The \$984 billion reflects the sequester cuts, since the CR did not undo any of these across the board reductions. However, before taking into account the impact of the sequester, the [CR does increase transportation](#) funding for highway, transit, highway safety and motor carrier safety programs to make them consistent with the levels authorized under the Moving Ahead for Progress Act in the 21st Century (MAP-21). This increase to MAP-21 funding levels will result in annualized levels of \$39.7 billion for highways and \$8.48 billion for transit, up from \$39.1 billion and \$8.35 billion respectively. Additionally, this will allow for the full funding of the new transportation grant programs included in MAP-21, including the National Highway Traffic Safety Administration's state grant program. The CR passed in Sept. 2012 did not include such language.

The Sequester is Here to Stay

States can expect domestic discretionary accounts not exempt from sequestration to be reduced by 5 percent for the remainder of FY 2013 and defense discretionary accounts to be reduced by nearly 8 percent for the same time frame. Specifically, the Department of Transportation (DOT) will face nearly \$2 billion in reductions [according to the Office of Management and Budget](#). Within DOT, the Federal Highway Administration must reduce its budget by over \$35 million, the Federal Transit Administration by \$111 million, and the Federal Railroad Administration by \$88 million, 80 percent of which will come from federal subsidies to Amtrak. However, the Federal Aviation Administration (FAA) is likely to see the most significant reduction with a budget cut of more than \$600 million, resulting in the furloughing of a "vast majority" of the agency's 47,000 employees. The FAA also [announced](#) that it will close 149 air traffic control towers at lesser-volume airports starting in April, as part of its cost reduction measures to comply with the sequester. Airplanes can continue to use these airfields, although pilots will have to coordinate takeoffs and landings with each other directly. Additionally, the sequester would reduce emergency relief funding for Hurricane Sandy damage by nearly \$650 million

On March 21, the four DOT modal administrators, highway, transit, highway safety, and motor carriers [testified](#) at a House Transportation and Infrastructure Subcommittee on Highways and Transit hearing where they noted that the sequester was going to increase implementation time of new and reorganized programs included in MAP-21.

House and Senate Make Opening Bids for FY 2014

On March 21, the House passed its [FY 2014 budget resolution](#), which does not include specific transportation funding levels. However, the [resolution does describe federal highway and transit spending](#) as "The mechanisms of federal highway and transit spending have become distorted, leading to imprudent, irresponsible, and often downright wasteful spending..." The [Senate's 2014 budget resolution](#) would maintain current funding levels as well as add an [additional \\$100 billion infrastructure package](#) that includes \$50 billion for deteriorating transportation infrastructure, \$10 billion to repair dams, and dredge and maintain ports as well as \$10 billion in funding for the creation of an infrastructure bank. The infrastructure investment

proposal is similar to a [proposal released by President Obama](#) on Feb. 20. President Obama is expected to release his FY 2014 budget on April 8. FY 2014 begins on Oct. 1, 2013.

What's Next?

Now that both the House and Senate approved their respective FY 2014 budget resolutions, the appropriations committees in both chambers will move to begin approving the 12 individual appropriations bills that make up a full budget before the beginning of FY 2014, on Oct. 1, 2013. Based on the experience of the past few years, approving all 12 is unlikely, especially given the differences between the two budget resolutions. Should Congress fail to pass all 12 appropriations measures, they would need to approve a continuing resolution to fund the federal government at current levels and avoid a shutdown.

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