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ISTEA [Intermodal Surface Transportation Efficiency Act]

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Briefing Materials for the Chief of Staff
Erskine B. Bowles

Event: ISTEA Strategy Meeting

Date: Monday, October 20, 1997

Time: 3:00 p.m.

Participants:
Bowles
Sperling
Slater
Raines
Hilley

Purpose: The purpose of the meeting is to agree on the Administration's strategy toward likely Senate amendments to the ISTEA bill (bill will be on Sen. floor next week) -- particularly a Gramm-Byrd amendment that has a lot of support and that would have significant budget implications.

Background: **See attached memo from Dorothy Robyn.**

THE WHITE HOUSE

WASHINGTON

October 17, 1997

MEMORANDUM FOR ERSKINE BOWLES AND GENE SPERLING

FROM: Dorothy Robyn

SUBJ: ISTEA Meeting

On Monday, October 20 at 3 pm, Gene will chair a meeting of the Administration's "core" ISTEA group. The agenda includes key issues related to the upcoming Senate debate.

Gramm-Byrd Amendment

This amendment would raise contract (budget) authority for ISTEA by about $5.5 billion a year and give surface transportation "first dibs" on up to $31 billion of any future budget surplus that Congress deems should be spent. (Note: There is some debate about whether the "first dibs" mechanism is, in fact, part of Gramm-Byrd.) The amendment has considerable support because it would not raise the domestic discretionary cap and therefore is not seen as violating the balanced budget agreement.

The "first dibs" mechanism is highly objectionable, because it would preempt debate on spending. (Even without that mechanism, the higher levels of contract authority would put pressure on appropriators to raise their allocation to surface transportation.) OMB is circulating for clearance a statement of opposition to Gramm-Byrd.

Chafee-Domenici

Sen. Chafee is reportedly livid at Baucus and Warner for supporting Gramm-Byrd. He and Sen. Domenici have countered with a proposal that provides for accelerated consideration of any additional funding for surface transportation that is agreed to as part of the FY99 budget resolution. To elaborate, if next year's budget resolution allocates an additional, say, $3 billion for highways, the authorizing committees would have 10 days to modify or reject the proposal; at the end of that time, it would automatically go to the full House and Senate for a vote.

Because additional funds could be approved and spent more quickly, this mechanism may give surface transportation a leg up in the budget resolution process, although it's not clear how much of one. Because it bypasses the appropriations committees (and gives more power to the budget committees), we would expect appropriators to oppose it. We do not yet know Sen. Lott's position on Chafee-Domenici or Gramm-Byrd. ***Question for meeting: What should the Administration's position be toward this amendment?***

Oppose both

Six-Month Extension vs. No Bill

DOT believes that if Gramm-Byrd passes, there will be far more momentum in the Senate for getting a six-year ISTEA bill. Likewise, Rep. Shuster may well decide he can live with a six-year bill that contains Gramm-Byrd.

Nevertheless, the most likely scenario is that the Senate will run out of time to consider the six-year ISTEA bill (there are more than 40 amendments scheduled for debate). For that reason, the Senate may be faced with a choice between passing either a six-month extension of current law (as the House has done) or no bill at all. According to a former OMB examiner on Sen. Chafee's staff, there is far more sentiment for the latter, because it would force the Congress to pass a multi-year bill next spring. By contrast, because a six-month extension, combined with the existence of several months worth of carry-over ISTEA funds, means that the Congress could avoid dealing with a multi-year bill until next fall. Chafee and other senators want to avoid a showdown with Rep. Shuster in the heat of a campaign, when Members are most hungry for transportation spending.

See attached memo from OMB Examiner David Worzala on the problems of the no-bill scenario. ***Question for meeting: If the Administration cannot get a six-year bill, which is preferable -- a six-month extension or no bill at all?***

Sounds like no bill is better if you believe in BB

Other Issues

I will get you information on Monday about a Faircloth amendment that would distort allocation of transit funds.

You may want to review where we stand on the Disadvantaged Business Enterprise (DBE) amendment and whether additional outreach efforts (e.g., by Secretary Cohen) are needed.

David J. Worzala
10/10/97 06:26:00 PM

Record Type: Record

To: Dorothy Robyn

cc:
Subject: ISTEA - No bill Scenario

Message Creation Date was at 10-OCT-1997 18:26:00

This E-mail responds to your request that we look into a no-ISTEA scenario. At the FHWA FY 1999 Budget Hearing, we had a a long discussion with Gloria Jeff, the Acting-Administrator of FHWA, on the downsides of no reathorization of ISTEA this fall. This email summarizes the impacts of a no bill scenario.

As you are aware, some believe it is preferable that no bill to be enacted rather than acquiesce to the House proposal for an extension. This scenario assumes Congress will be forced to complete the reauthorization more speedily if there is no extension. However, as Gloria Jeff pointed out this morning, there are serious problems with this approach. The problems center around safety initiatives, effective delivery of programs and administrative problems.

Safety initiatives - While safety is the number one priority of Secretary Slater,
the safety grant programs of FHWA motor carriers and NHTSA are at a standstill today because there is no contract authority. In addition, construction funds for hazard elimination are only available to the extent carryover funds are available. To the public, this means that motor carrier inspections, seat-belt and alcohol awareness efforts, and highway safety enforcement efforts are diminished. The National Driver Register, which State Motor Vehicle Departments query for commercial and personnel licensing histories, may have to cease operating. Both FAA and CG use this system as a check for certification of pilots and merchant mariners.

Effective delivery of programs - There is approximately $12 billion of unobligated contract authority held by the States. However, categories of carryover CA do not always match the priority needs of the States. For example, States may have unobligated CMAQ funds, but not NHS funds. In addition to the mismatch of funding to needs, State planning and contracting schedules will be disrupted. Bid proposals will not be published absent the resources to conduct the projects. Delayed starts, or stretching a project over two construction periods, will result in increased project costs. Contractors are also less likely to apply for projects where funding is in question. At a minimum, these disruptions will cause bidders to raise prices commensurate with the perceived risk associated with delayed funding.

Administrative - FHWA runs out of Operating Expenses contract authority on January 1. If no bill is enacted by then, or other relief provided, all FHWA employees would be furloughed. Currently, approximately $62 million is available for an account that spends roughly $500 million on an annual basis.

Under FHWA's emergency operating plan they are delaying as many payments as possible. This would include GSA rent and OST centralized costs. On the personnel management front, no performance awards are being given out and travel has been curtailed. For the programs funded by LGOE, such as research and development, no projects are moving to the bid phase.

Transit - Similar to highways, transit has significant unobligated balances that can be used by transit grantees through the first quarter. However, after that time, the lack of an authorization will begin to cause problems for the smaller less financially robust transit operators. These would include rural and small urban transit systems. Transit does not have an administrative problem because operations, planning and research are funded by appropriations (BA) rather than authorizations (CA).

If you need additional information, please let me know.