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ISTEA [Intermodal Surface Transportation Efficiency Act]: ISTEA - Budget

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, DC 20503

FACSIMILE COVER SHEET

TO: Dorothy Robyn

TELEPHONE: ______ FAX: 456-2223

FROM: TCJS/Transportation Branch

[✓ Jonathan Ball]
___ Sharon Barkeloo
___ Andrew Kleine
___ Diane Montgomery
___ Kim Nakahara
___ Desiree Noble
___ Dan Tangherlini
___ David Tornquist
___ David Worzala

TELEPHONE: 5-3100 FAX: (202) 395-4797

NUMBER OF PAGES SENT: 2 (including this cover sheet)

COMMENTS:

G:\DATA\FAXCOVER.WPD

Comparison of Surface Transportation Funding Levels, FY 1998

DoT Request (BR in Millions of Dollars)

	1997	1998	1999	2000	2001	2002	2003
Federal Highway Administration	18,225	24,949	25,871	26,356	26,738	26,728	26,713
Federal Transit Administration	4,382	5,692	5,842	5,992	5,992	5,992	5,992
National Highway Traffic Safety Administration	301	633	653	669	683	693	703
Total	**22,908**	**31,274**	**32,366**	**33,017**	**33,413**	**33,413**	**33,408**

DoT Appeal (BR in Millions of Dollars)

	1997	1998	1999	2000	2001	2002	2003
Federal Highway Administration	18,225	22,280	22,100	22,340	22,340	22,340	22,340
Federal Transit Administration	4,382	5,022	5,022	5,022	5,022	5,022	5,022
National Highway Traffic Safety Administration	301	430	430	430	430	430	430
Total	**22,908**	**27,732**	**27,552**	**27,792**	**27,792**	**27,792**	**27,792**

Settlement (BR in Millions of Dollars)

	1997	1998	1999	2000	2001	2002	2003
Federal Highway Administration	18,225	18,520	18,520	18,520	18,520	18,520	19,002
Federal Transit Administration	4,382	4,382	4,232	4,182	4,182	4,182	4,291
National Highway Traffic Safety Administration	301	333	333	333	333	333	342
Total	**22,908**	**23,235**	**23,085**	**23,035**	**23,035**	**23,035**	**23,634**

Note: ISTEA reauthorization may also include funding for Amtrak ($767 mil per year) and High Speed Rail ($20 mil per year).

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725 17th St. N.W.
Room 9208 N.E.O.B.
Washington, D.C. 20503

FAX # - 202-395-4797
Alternate Fax # - 202-395-7238

Number of Pages: 2 (including this page)

To: Dorothy Robyn

From: DAVID WORZALA
202-395-3101

Comments: DOT totals, not necessarily final

DW

FILENAME: [illegible]
Table 6 – 21,433 Ceiling

FINAL

ISTEA REAUTHORIZATION PROGRAM PROPOSAL

(Dollars in Millions)

	ISTEA 1997	1998	1999	2000	2001	2002	2003
Highway Infrastructure							
National Highway System	3,600	4,480	4,405	4,392	4,419	4,419	4,419
Interstate Maintenance Program	2,914	4,480	4,405	4,392	4,419	4,419	4,419
Surface Transportation Program/TE	4,097	6,874	5,815	5,783	5,793	5,754	5,752
Flexible Highway Infrastructure Safety	0	500	500	500	500	500	500
Interstate Transfer							
Interstate Construction							
Minimum Allocation	3,780	790	674	583	528	508	508
Donor State Bonus							
Hold Harmless							
90% of Payments							
Wisconsin							
Ferry Boats							
Demos							
NHS Corridors							
Bridge Program	2,783	2,677	2,636	2,629	2,644	2,644	2,644
Cong. Mitigation/Air Quality Impr. Program	1,029	1,300	1,300	1,300	1,300	1,300	1,300
Interstate Reimbursement	2,000	1,000	1,000	1,000	1,000	1,000	1,000
Recreational Trails Program	( )	7	7	7	7	7	7
Scenic Byways Program	14	15	15	15	15	15	15
ITS/ITI Integration Deployment	113	100	100	100	100	100	100
FHWA Research & Tech. Programs	( )	222	222	222	300	300	300
Federal Lands	447	525	525	525	525	525	525
Tax Evasion	5	5	5	5	5	5	5
Congestion Pricing	( )	14	14	14	14	14	14
Bureau of Transportation Statistics	25	31	31	31	31	31	31
Emergency Relief Program	182	100	100	100	100	100	100
Miscellaneous Trust Funds	7	7	7	7	7	7	7
High Speed Rail							
Truman-Hobbs Bridge	0	17	17	17	17	17	17
Woodrow Wilson Memorial Bridge	( )	40	180	180	0	0	0
Appalachian Highways	( )	200	290	350	400	450	500
State Infrastructure Banks	150	150	150	150	150	150	150
Other							
Budget Compliance							
Transit							
Formula Capital	1,920	3,971	3,971	3,971	3,971	3,971	3,971
Discretionary Grants	2,880	800	950	1,000	1,000	1,000	1,000
Safety							
Operations and Research	52	148	148	148	148	148	148
Highway Traffic Safety Grants	188	231	231	231	231	231	231
Motor Carrier Safety Assist. Pgm Grants	90	100	100	100	100	100	100
Subtotal ISTEA Programs		27,784	27,798	27,752	27,724	27,718	27,763
ADDITIONAL ISTEA PROGRAMS							
HIGHWAY							
Integrated Safety Planning	0	50	50	50	50	50	50
Gateway Border Crossing Pilot Program	0	45	45	45	45	45	45
RSPA Strat. Planning R&D & Intermod. Res.	0	10	10	10	10	10	10
Credit Reform Program	0	100	100	100	100	100	100
TRANSIT							
FTA/Other	0	139	139	139	139	139	139
WMATA	0	200	50	0	0	0	0
RAIL							
AMTRAK Capital (HA)	0	223	223	223	223	223	223
NECIP (HA)		200	200	200	200	200	200
AMTRAK Operating (HA)		344	344	344	344	344	344
Subtotal Additional Programs		1,311	1,161	1,111	1,111	1,111	1,111
TOTAL BA/CA (less MTF)		29,088	28,952	28,856	28,828	28,819	28,867

ISTEA REAUTHORIZATION HTF PROGRAM OPTIONS

- **OMB Target**. President's FY 1997 budget outyear funding based on OMB target numbers. Total obligations are projected to be significantly below current levels with corresponding growth in Highway Trust Fund balance to $77 billion by the end of FY 2003. FY 1998 obligations would total $22.2 billion compared to $23.4 billion in FY 1997, or a reduction of $1.2 billion. Obligations would decrease to $17.6 billion in FY 2000 and increase thereafter to $23.0 billion by FY 2003. The average annual obligations would be $20.7 billion over the period FY 1998 through FY 2003.

- **DOT Program**. DOT proposes a program that is sustainable over the long term for the highway program and increases funding for the high priority transit program. In total, DOT proposes a trust funded program of about $31.4 billion in FY 1998 for highway, transit, safety, and Amtrak and High Speed Rail programs. This includes $24.2 billion for highway infrastructure compared with the OMB Target number of $17.9 billion. Within this total, DOT proposes to fund $500 million of general fund highway construction programs currently funded in other agencies. Woodrow Wilson Bridge, Appalachian Highways and a Credit Reform program are also included. This also funds all of transit in the trust fund at $5 billion, compared to a total transit program of $4.4 billion in FY 1997. The transit program is switched to the "Byrd Test" for determining the solvency of the Transit Account. The DOT Program consolidates the safety functions of NHTSA, STP set aside, and Motor Carrier Safety Grants, among others, into a Consolidated Safety Program that will provide an integrated approach to overall transportation safety. The DOT Program provides about $800 million for Amtrak and Northeast Corridor capital funding and for a High Speed Rail program. Obligations from the Highway Trust Fund under this option will average about $33.2 billion per year between FY 1998 and FY 2003. The Highway Trust Fund balance is estimated to be $20.6 billion at the end of FY 2003.

- **STEP 21/APTA**. This option funds the highway program at the **STEP 21** proposed level and the transit program at the APTA proposed level. The **STEP 21** proposal is being advanced primarily by donor States and simplifies the program structure and changes the formula for distribution. It contains only four highway categories: NHS, a streamlined STP, an apportionment adjustment category, and Federal Lands. Revised formulas would return more money to donor States. The **APTA** proposal maintains the current ISTEA transit program structure, would extend from one year to two the ability of the Transit Account to rely on future revenue, making it comparable to the Highway Account and permitting higher funding levels, and would try to assure that any shortfall in appropriations is distributed evenly among transit programs.

ISTEA REAUTHORIZATION PROGRAM
DOT PROGRAM
($ in millions)

	1998	1999	2000	2001	2002	2003
HIGHWAY INFRASTRUCTURE						
National Highway System	4,800	5,063	5,201	5,310	5,307	5,303
Interstate Maintenance	4,800	5,063	5,201	5,310	5,307	5,303
Surface Transportation Program	7,244	7,640	7,849	8,013	8,009	8,002
Transportation Enhancements	500	500	500	500	500	500
Bridge	3,000	3,000	3,000	3,000	3,000	3,000
Equity	0	0	0	0	0	0
Cong. Mitigation/Air Quality Imp.	1,029	1,029	1,029	1,029	1,029	1,029
Recreational Trails	15	15	15	15	15	15
Scenic Byways	20	20	20	20	20	20
Planning/Administration 1/	Takedown	Takedown	Takedown	Takedown	Takedown	Takedown
ITS/ITI integration	200	200	200	200	200	200
FHWA R&T	357	357	357	357	357	357
Fed. Lands	625	625	625	625	625	625
ER	250	250	250	250	250	250
Tax Evasion	5	5	5	5	5	5
Terr. Highways	(48)	(48)	(48)	(48)	(48)	(48)
Cong. Pricing	15	15	15	15	15	15
BTS	30	30	30	30	30	30
State Infrastructure Bank	250	250	250	250	250	250
MTF	8	8	8	8	8	8
Credit Reform Program	250	250	250	250	250	250
Gateway Border Crossing Pilot Program	50	50	50	50	50	50
RSPA Strategic Plan'g R&D & Intmod. Res.	35	35	35	35	35	35
Woodrow Wilson Memorial Bridge 3/	67	67	67	67	67	67
Appalachian Highways	200	200	200	200	200	200
Other Agency	500	500	500	500	500	500
Highway Infrastructure Total	24,249	25,171	25,656	26,038	26,028	26,013
TRANSIT INFRASTRUCTURE						
New Starts	850	1,000	1,050	1,050	1,050	1,050
Rail Mod.	0	0	0	0	0	0
Bus	0	0	0	0	0	0
Formula Capital	4,142	4,292	4,442	4,442	4,442	4,442
Transit Infrastructure Total 2/	4,992	5,292	5,492	5,492	5,492	5,492
RAIL INFRASTRUCTURE						
AMTRAK Capital (HA)	734	789	799	811	823	836
High Speed Rail (HA)	84	84	84	84	84	84
Rail Infrastructure Total	818	873	883	895	907	920
CONSOLIDATED SAFETY						
Operations & Research	265	277	288	299	309	319
Hwy. Traffic Safety Grants	368	376	381	384	384	384
Motor Carrier Grant	150	150	150	150	150	150
Flexible Hwy. Infrastructure Safety	500	500	500	500	500	500
Integrated Safety Planning	50	50	50	50	50	50
Consolidated Safety Total (HA)	1,334	1,353	1,369	1,383	1,393	1,403
TOTAL TRUST FUNDED	31,380	32,689	33,400	33,808	33,820	33,828
GENERAL FUND PROGRAMS						
Transit Operating Expenses	500	500	500	500	500	500
Amtrak Operating Expenses	355	292	242	192	142	142
GENERAL FUND TOTAL	855	792	742	692	642	642

1/ Includes funding for planning and admin. as a takedown from contract authority as now and estimated at $750 million.
2/ Includes funding for admin, planning, and R&D through takedown of about $210 million.
3/ To replace existing structure of the Woodrow Wilson Bridge; final amount to be determined in ongoing negotiations.

ISTEA REAUTHORIZATION PROGRAM OPTIONS 1/

($ in millions)

11/05/96

	OMB Target 1/	DOT PROGRAM	STEP 21/APTA 2/
HIGHWAY INFRASTRUCTURE			
National Highway System	4,000	4,800	
Interstate Maintenance	4,000	4,800	
Surface Transportation Program	5,339	7,244	
Transportation Enhancements	348	500	
Bridge	2,088	3,000	
Equity	0	0	
Cong. Mitigation/Air Quality Imp.	716	1,029	
Recreational Trails	15	15	
Scenic Byways	13	20	
Metro Planning/Administration	Takedown	Takedown 3/	
ITS/ITI integration	150	200	
FHWA R&T	200	357	
Fed. Lands	426	625	
ER	100	250	
Tax Evasion	5	5	
Terr. Highways	(40)	(48)	
Cong. Pricing	15	15	
BTS	30	30	
State Infrastructure Bank	225	250	
MTF	8	8	
Credit Reform Program	100	250	
Gateway Border Crossing Pilot Program	0	50	
RSPA Strategic Plan'g R&D & Intmod. R	10	35	
Woodrow Wilson Memorial Bridge 5/	67	67	
Appalachian Highways	0	200	
Other Agency		500	
Highway Infrastructure Total	17,855	24,249	27,207
TRANSIT INFRASTRUCTURE			
Formula Capital Grants	1,725	0	0
Disc. Grants	1,691	0	0
New Starts	0	850	820
Rail Mod.	0	0	820
Bus	0	0	410
Formula Capital	0	4,142	2,457
Transit Infrastructure Total	3,416	4,992 4/	4,507
RAIL INFRASTRUCTURE			
AMTRAK Capital (HA)		734	
High Speed Rail (HA)		84	
Rail Infrastructure Total	0	818	0
CONSOLIDATED SAFETY			
Operations & Research	55	265	65
Hwy. Traffic Safety Grants	187	368	218
Motor Carrier Grant	178	150	
Flexible Hwy. Infrastructure Safety	500	500	
Integrated Safety Planning		50	
Consolidated Safety Total (HA)	920	1,334	284
TOTAL TRUST FUNDED	22,178	31,380	31,998
GENERAL FUND PROGRAMS			
Transit Operating Expenses		500	
Amtrak Operating Expenses		355	
GENERAL FUND TOTAL		855	

OMB Target 1/	1997 President's budget estimates for 1998. Reduction in 1998 of 8% from 1997 levels, further changes in the outyears.
DOT PROGRAM	Obligations increase then growth at rate of income.
STEP 21/APTA 2/	STEP 21 (Warner) for highway program, APTA for transit, safety at DOT level.

NOTE: PROGRAM FUNDING REPRESENTS ESTIMATED FY 1998 FUNDING ONLY.

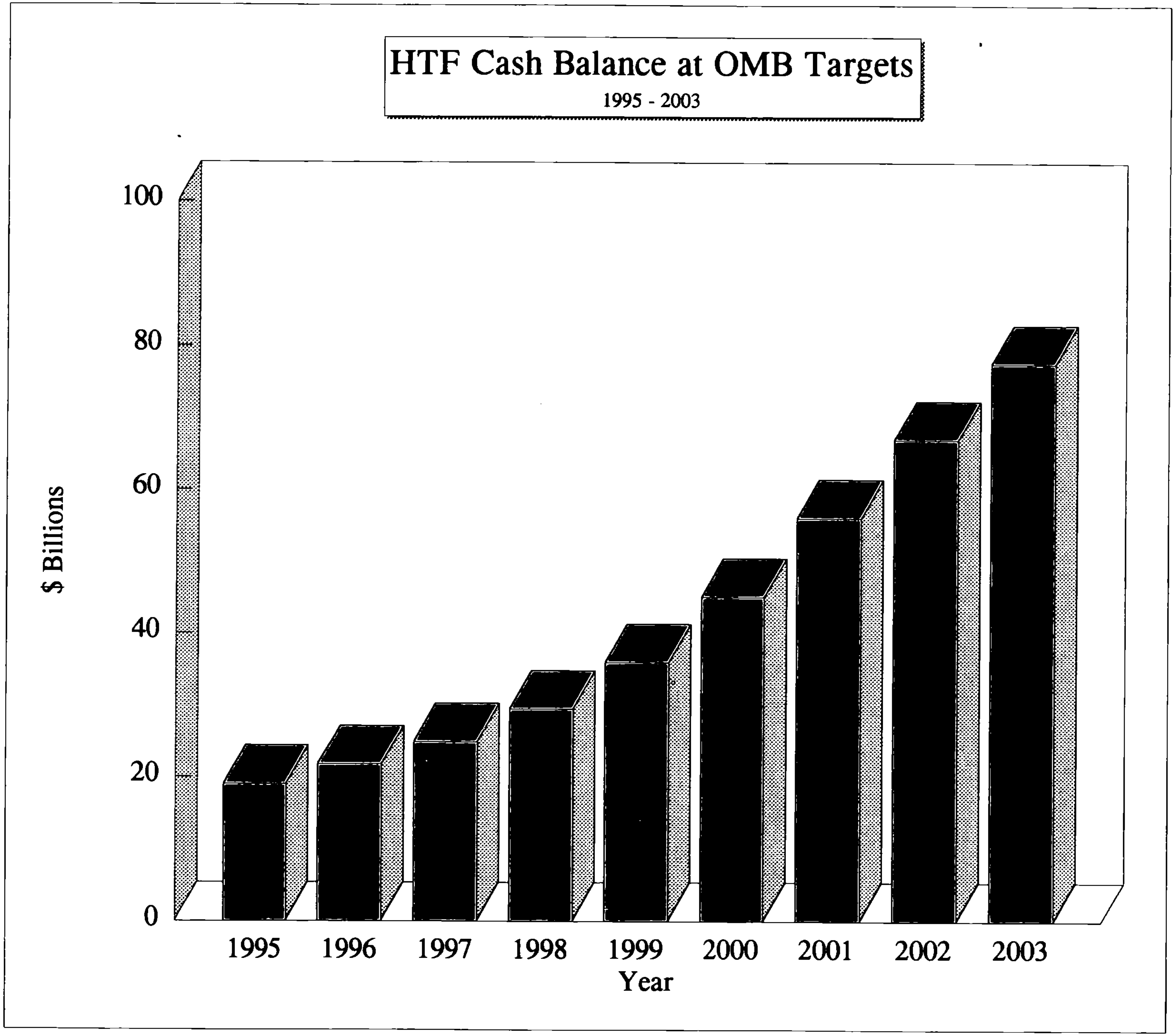
1/ 90% equity is not achievable at OMB Target Level.

2/ Excludes Access program that can not be calculated now.

3/ Includes funding for planning and admin. as a takedown from contract authority as now and estimated at $750 million.

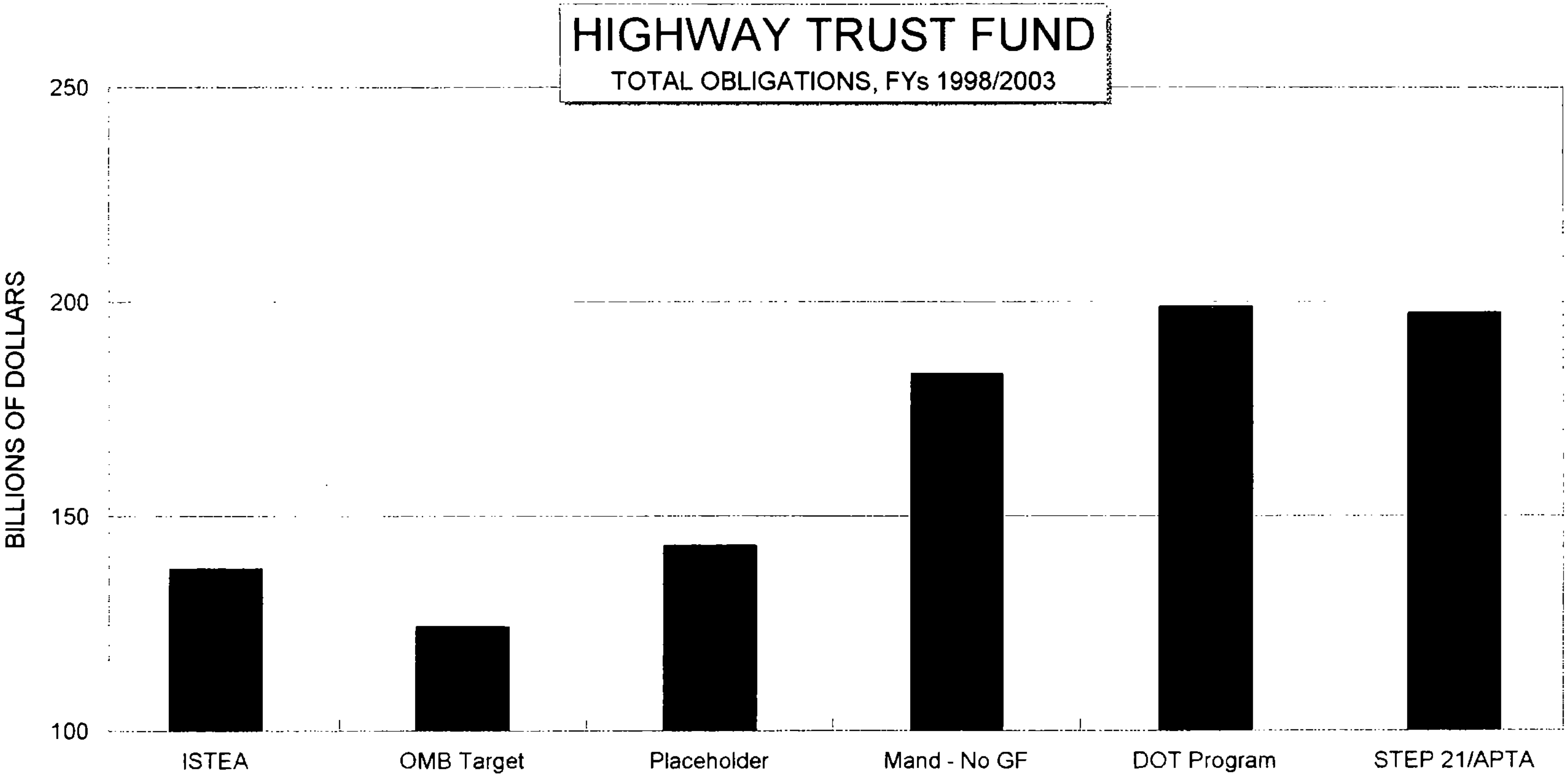
4/ Includes funding for admin, planning, and R&D through takedown of about $210 million.

5/ To replace existing structure of the Woodrow Wilson Bridge; final amount to be determined in ongoing negotiations.



HTF Cash Balance at OMB Targets

1995 - 2003

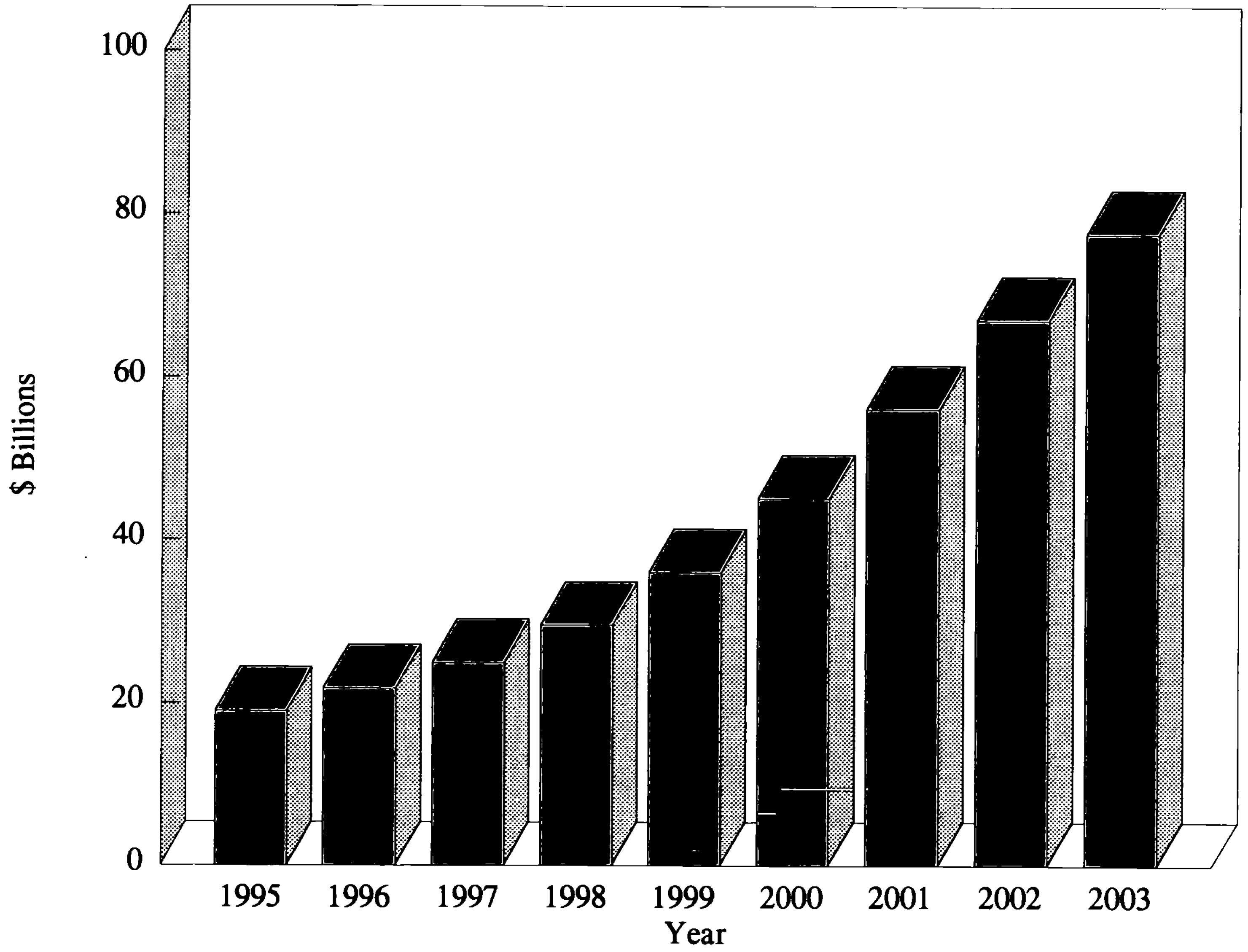


HIGHWAY TRUST FUND

TOTAL OBLIGATIONS, FYs 1998/2003

HTF Cash Balance at OMB Targets

1995 - 2003



EXECUTIVE OFFICE OF THE PRESIDENT

09-Jan-1997 07:53pm

TO: (See Below)

FROM: David E. Tornquist

SUBJECT: Revised ISTEA Allocations

Message Creation Date was at 9-JAN-1997 19:50:00

DOT is proposing the spread of ISTEA obligations listed below. Based on this morning's discussion, DOT has calculated the average obligations in each category for the life of ISTEA. The table compares this amount to the proposed 1998 allocation. Since funded is proposed to be level over the next 5 years, this amount is also the average. Using the average corrects for anomalies in the year-by-year spread of obligation.

	ISTEA Avg	1998 Proposed	% Inc
STP*	5,047	5,887	16.6%
NHS	3,167	3,607	13.8%
Interstate Maintenance	2,354	3,607	53.2%
CMAQ	753	1,046	38.9%
Bridge	2,033	2,155	6.0%

* Included in the STP numbers are the obligations for the interstate reimbursement program. By law, these funds are transferred to STP and spent in accordance with STP eligibility criteria.

Another way to look at is to compare the percent of spending for each program under ISTEA and proposed for 1998. This compensates for the fact that 1998 proposed spending is greater than the 6-year avg. ISTEA spending.

	ISTEA	1998 Proposed
STP	31.6	35.0
NHS	19.8	21.1
CMAQ	4.7	6.1
Interstate Maintenance	14.7	21.1
Bridge	12.7	12.6

This allocation appears to address the concerns raised in this morning's meeting. Please provide me with any comments or concerns you may have as soon as possible. Thanks.

Distribution:

TO: ROBYN_D
TO: SEIDMAN_E
TO: MAZUR_M

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

725 17th St. N.W.
Room 9208 N.E.O.B.
Washington, D.C. 20503

FAX # - 202-395-4797
Alternate Fax # - 202-395-7238

Number of Pages: 2 (including this page)

To: Dorothy Robyn

From: DAVID WORZALA
202-395-3101

Comments:

For 11 AM meeting w/OMB + DOT
on Thursday (today)

OMB - INTERNAL USE ONLY

DISTRIBUTION OF SURFACE TRANSPORTATION FUNDING

(Obligations $ in millions)

	1997 ENACTED	DOT Proposal	TRB Proposal	Delta
FEDERAL-AID *				
Surface Transportation Program	5,869	4,452	5400	948
Transportation Enhancements	1/	500	500	0
Flexible Hwy. Infrastructure Safety	1/	403	500	97
National Highway System	3,073	3,849	3073	(776)
Interstate Maintenance	2,487	3,849	3849	0
Other Interstate	1,707	0	0	0
Bridge	2,343	2,156	2156	0
Congestion Mitigation/ Air Quality	878	1,047	1047	0
Federal Lands	428	512	407	(105)
Recreational Trails	15	13	7	(6)
Research & Misc.	198	290	245	(45)
Intermodal Transportation Systems	235	344	250	(94)
RSPA Strategic Plan/Intermodal Res.	-	25	5	(20)
Bureau of Transportation Statistics	25	31	31	0
Congestion Pricing	15	14	14	0
Woodrow Wilson Bridge	30	40	40	0
Appalachian Highways	30	200	200	0
Gateway Border Crossing Pilot	-	45	45	0
Scenic Byways	15	15	15	0
Tax Evasion	5	5	5	0
Administration	299	314	314	0
Integrated Safety Planning	NA	50	50	0
Truman Hobbs Bridges	NA	17	17	0
Equity	558	NA	NA	0
Federal-aid Total	**18,210**	**18,170**	**18,170**	**(0)**
OTHER FHWA				
State Infrastructure Banks	150	150	150	0
Credit Reform Program	0	100	100	0
Motor Carrier Safety Grant	78	100	100	0
Emergency Supplemental	82	0	0	0
OTHER FHWA Total	310	350	350	0
FHWA Discretionary TOTAL	**18,520**	**18,520**	**18,520**	**(0)**
FHWA Mandatory - New NBR				
Minimum Allocation	**744**	**868**	**639**	**(229)**

*** Program spending in Federal-Aid. State determines final obligation among available CA.**

EXECUTIVE OFFICE OF THE PRESIDENT

09-Jan-1997 09:38am

TO: (See Below)

FROM: David E. Tornquist

SUBJECT: ISTEA Funding Meeting

Message Creation Date was at 9-JAN-1997 09:30:00

The meeting to discuss the allocation of 1998 ISTEA funding is today at 11:00 in Room 231 in the OEOB (the NEC Conference Room). Attending from DOT will be Jack Basso, Deputy Asst. Secretary for Budget and Programs, Janno Lieber, Deputy Asst. Secretary for Policy, and Bev Pheto, Budget Officer. If I have overlooked any EXOP staff with an interest in ISTEA, please forward them this message.

You should each have received a faxed table showing DOT and OMB's proposed allocation of the FHWA obligation limitation. If not, please e-mail or call me (53257). This is meant as a starting point for discussions and does not represent final decisions on OMB's part. Keep in mind that this s a zero sum game, any proposals to increase funds in one area must be offset elsewhere.

I apologize for the rushed nature of this meeting. However, the POTUS made a decision on ISTEA late in the process and DOT was only able to translate this into its proposed suballocations on Tuesday. Nevertheless, the production schedule for the budget requires final decisions preferably today, but no later than early tomorrow.

Below are some issues to consider for the meeting.

Obligations vs. Contract Authority (CA). There are two relevant measures of budgetary resources for FHWA, obligations and contract authority. The ISTEA authorization provides CA to the various FHWA programs for the 6 year term of the bill. The appropriators limit the obligations that can occur under the CA in each year's appropriations bill through an obligation limitation. Therefore, CA exceeds obligations. Generally, States are allocated CA by formula and receive an amount of obligation limitation in proportion to their share of CA. Within broad constraints, the States decide how to apply the obligation limitation against the CA for various programs in each year. That is, a State may chose to use its NHS CA this year but to direct more obligation limitation to STP next year. Finally, the so-called equity programs receive their own CA but the actual spending occurs primarily in the STP program. Therefore, for comparison purposes, they should be added together.

Obligations are more relevant to the annual budget discussion and more closely reflect actual spending. CA is more relevant to the reauthorization bill, which we hope to release shortly after the budget. Both the CA and the obligations are effectively estimates of how states will allocate their spending. The table faxed last night is obligations. A table similar to this will print in the 1998 Budget.

STP vs. NHS and Interstate Maintenance. Their are valid arguments in favor of both programs. The NHS and IM programs focus on major roads important to interstate commerce. The DOT ISTEA proposal would include some new flexibility to transfer NHS and IM funds to other programs if certain criteria are met. The STP program is a flexible block grant that allows States flexibility to make transportation decisions among various alternatives, including transit or highway construction.

ITS. DOT proposes a new $175M grant program to States to get them to deploy ITS technologies in an integrated fashion as well as a healthy increase in the ITS research program. The deployment program is in addition to making ITS eligible to be funded from other ISTEA funds the State receives such as STP.

RSPA Research This new program is intended to coordinate transportation research both within DOT and with other agencies and provide funds with which RSPA would entice other parts of DOT to improve and better coordinate their research. It is the functional equivalent to the Bureau of Transportation Statistics (BTS) created in ISTEA. BTS was funded at $5M in its first year and ramped up over the life of ISTEA.

Distribution:

TO: ROBYN_D
TO: SEIDMAN_E
TO: MAZUR_M
TO: HOLSTEIN_E
TO: REGAS_D
TO: Linda Lance
TO: Ananias Blocker III
TO: Henry C. Kelly

CC: Kenneth L. Schwartz
CC: David J. Worzala
CC: Diane R. Montgomery
CC: Jonathan C. Ball

DOT Budget
1-9-96

CA is what

when when get to Hill — CA is key

after bill passed, [illegible] OA is key

OA data will go up in budget (Feb. 6)
CA " " " w/ subsequent ISTEA prop.

Jack's suggestion: Hold off on detailed #s
until bill goes up

H/way
Transit
Other

H/way

NHS
IM
Bridge

- Cong. Viability

(protect cities w/th rural areas · STP = were adding eligibility

well rep'd in GOP Cong

· IM

· bridge

· were tightening req's to keep in cities, e.g.

Interstate Reimbursement — Moynihan?

N/East States

DT: OA is what people

OA will ↓ in STP b/c were e the equity accounts

ISTEA REAUTHORIZATION PROGRAM PROPOSAL

(Dollars in Millions)

Highway Infrastructure/STP/BTS, etc.	ISTEA 1997	1998	Percent Change	1999	2000	2001	2002	2003
National Highway System	3,600	4,180	16%	4,105	4,092	4,119	4,119	4,119
Interstate Maintenance Program	2,914	4,180	43%	4,105	4,092	4,119	4,119	4,119
Surface Transportation Program/TE	4,097	5,350	44% [8]	5,217	5,195	5,243	5,243	5,243
[1] Minimum Allocation	3,780	868	-77%	754	652	561	500	498
Bridge Program	2,763	2,677	-3%	2,636	2,629	2,644	2,644	2,644
Cong. Mitigation/Air Quality Impr. Program	1,029	1,300	26%	1,300	1,300	1,300	1,300	1,300
Interstate Reimbursement	2,000	2,000	0%	2,000	2,000	2,000	2,000	2,000
Recreational Trails Program	[ ]	13		13	13	13	13	13
Scenic Byways Program	14	15	7%	15	15	15	15	15
[2] Metropolitan Planning/Administration	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	[ ]
ITS/ITI Integration Deployment	113	175	55%	175	175	175	175	175
[3] FHWA Research & Tech. Programs	[ ]	250		250	250	325	325	325
Federal Lands	447	525	17%	525	525	525	525	525
Tax Evasion	5	5	0%	5	5	5	5	5
[4] Territorial Highways	[ ]	[ ]		[ ]	[ ]	[ ]	[ ]	[ ]
[3] Congestion Pricing	[ ]	14		14	14	14	14	14
Bureau of Transportation Statistics	25	31	24%	31	31	31	31	31
Gateway Border Crossing Pilot Program	0	45		45	45	45	45	45
RSPA Strat. Planning R&D & Intermod. Res.	0	25		25	25	25	25	25
[3,5] Woodrow Wilson Memorial Bridge	[ ]	40		180	180	0	0	0
Truman-Hobbs Bridge	0	17		17	17	17	17	17
[3] Appalachian Highways	[ ]	200		290	400	400	500	500
Emergency Relief Program	182	100	-45%	100	100	100	100	100
[3] State Infrastructure Banks	150	150	0%	150	150	150	150	150
Credit Reform Program	0	100		100	100	100	100	100
Miscellaneous Trust Funds	8	8	0%	8	8	8	8	8
[7] Other ISTEA Programs	1,294							
Highway Infrastructure Total	22,421	22,268	-1%	22,060	22,013	21,934	21,973	21,971
Transit Infrastructure								
Formula Capital	1,920	3,976	107%	3,976	3,976	3,976	3,976	3,976
Discretionary Grants	2,880	800	-72%	950	1,000	1,000	1,000	1,000
WMATA	0	200		50	0	0	0	0
Transit Infrastructure Total	4,800	4,976	4%	4,976	4,976	4,976	4,976	4,976
FTA/Other	0	133		135	136	138	139	141
Rail								
AMTRAK Capital (HA)*	0	223		223	223	223	223	223
NECIP (HA)		200		200	200	200	200	200
AMTRAK Operating (HA)		344		292	242	192	142	142
Rail Total	0	767		715	665	615	565	565
Consolidated Safety								
Operations and Research	52	148	185%	148	148	148	148	148
Highway Traffic Safety Grants	188	231	23%	231	231	231	231	231
Motor Carrier Safety Assist. Pgm Grants	90	100	11%	100	100	100	100	100
Flexible Highway Infrastructure Safety	0	500		500	500	500	500	500
Integrated Safety Planning	0	50		50	50	50	50	50
Consolidated Safety Total (HA)	330	1,029	45%	1,029	1,029	1,029	1,029	1,029
[6] TOTAL TRUST FUNDED BA	27,545	29,167	6%	28,909	28,813	28,686	28,675	28,675

[1] For 1997, includes minimum allocation, hold harmless, additional allocation for Wisconsin, 90 percent of payments adjustment, and donor state bonus.

[2] Includes funding for planning and administration as a takedown from the contract authority of the core highway programs.

[3] For 1997, funded from administrative takedown.

[4] Takedown from NHS.

[5] To replace existing structure of the Woodrow Wilson Bridge; final amounts to be determined in ongoing negotiations.

[6] Total includes funding for GSA Rent ($2 million in FY 1997-2001; $1 million in FY 2002-2003) and excludes funding for Miscellaneous Trust Funds.

[7] Includes funding restoration, ferry boats, university transportation centers, research institutes and ISTEA demos.

[8] Percentage includes FY98 Highway Safety funding.

NOTE: $2 billion in Interstate Reimbursement

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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, DC 20503

FACSIMILE COVER SHEET

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SUMMARY OF MAJOR INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT (ISTEA) REAUTHORIZATION POLICY ASSUMPTIONS

Overall ISTEA Program Funding/Eligibility

The Passback fully-funds the estimated Federal share of the system maintenance requirements of the Interstates, National Highway System (NHS) and transit systems, provides modest funding for capacity enhancement, and provides a proportionately larger increase in funding for the Surface Transportation Program (STP). The STP funding will encourage intermodal decision making and will permit States to meet high priority needs for either highways or transit. The Passback emphasizes the Federal role in transportation safety by providing an increase for safety programs above 1997 enacted levels.

The Passback expands eligibility of the State-managed ISTEA funds and the innovative financing programs to include the National Railroad Passenger Corporation. The Department's request to expand eligibility further, in particular to private transportation companies, is not approved.

ISTEA-related issues not specifically addressed in the Passback will be determined through the inter-agency legislative clearance process. OMB's goal is to have all issues decided in time so the Administration's ISTEA reauthorization bill can be transmitted to Congress along with the President's 1998 Budget.

Federal Highway Administration

Federal-aid Highways -- The Passback provides a total mandatory and discretionary funding level for the Federal Highway Administration of $18.3 billion. This includes a total obligation limitation of $17.8 billion, $250 million for innovative financing programs, $100 million for Motor Carriers grants, and $100 million in mandatory funding for Emergency relief programs (described below). The Department's request to eliminate the equity programs is approved. Should the Department reconsider its proposal, any new equity program would be funded within the totals provided.

STP Set-asides -- The Department's request to fund the STP Safety set-aside and Enhancements program as separate programs is approved. The STP safety set-aside is proposed to be funded at a level equal to 10 percent of the STP program, as currently authorized. This reflects the important Federal role in safety programs. The Enhancements program is funded at the request level of $500 million. In light of the recent U.S. Court of Appeals decision in the Preseault case, Enhancement funds will be eligible to be used to reimburse reversionary property rights owners along rail banked corridors. The Department is requested to develop for the ISTEA reauthorization an arbitration process for reimbursement claims that will speed resolution of claims while minimizing frivolous claims. This might include the principle of "loser pays" for both applications for reimbursements and challenges to those applications. OMB notes that State-managed ISTEA funds are currently used to pay railroads for easements actually owned by reversionary property rights owners. The Department is asked to consider how these funds could be targeted to compensating the owners of these easements. Such a system, if accepted by all parties, would greatly reduce the expense and animosity related to the current process and allow trails to be created with the support of, rather than over the opposition of, the community.

Highway Demonstration Projects -- The Passback does not limit highway demonstration projects spending through a 50 percent obligation limitation applicable to both appropriated and authorized demonstration projects. Such a proposal would push outlays into the outyears, particularly into 2002.

Bridge Programs -- The Passback includes $2.2 billion to fund the consolidated bridge program requested by the department. The Passback reflects the Department's proposal to tighten restrictions on the transferability of bridge funds to other programs. In addition, the ISTEA reauthorization will permit highway bridges that are hazards to navigation to be funded out of the bridge program.

Emergency Relief (ER) Program -- The Passback assumes $100 million in annual funding for the ER program. Tentatively, the Administration plans to propose legislation to consolidate all Federal disaster programs into a government-wide disaster assistance and contingent disaster reserve fund. Any additional ER funds would come from this central fund. The Passback assumes that the ISTEA reauthorization will reflect programmatic changes to tighten ER eligibility and make it more consistent with other Federal disaster assistance programs. These changes include: 1) reducing the eligibility period for 100 percent Federal funding from 180 days to 30 days, 2) reducing the match rate to a flat 75 percent and 3) increasing the minimum threshold for eligibility from $3,000 to $6,000.

National Recreational Trails Program -- Consistent with the policy in the 1997 President's Budget, no funding is provided within the Department of Transportation's budget for the Recreational Trails program. The Department is encouraged to find a more appropriate agency to manage and fund this program, if the Department believes the program should be continued. If another home is found, funding for the program can continue to be derived from the Highway Trust Fund.

Federal Lands Highways -- The Federal Lands Highway program is funded at $381 million as a separate contract authority-funded program starting in 1998. Starting with the 1999 OMB Budget Submission, the Department is requested to provide a list of the individual projects it proposes to fund through this program, the cost of each project, the need for the project, and how each project contributes to the goals set out for the Department in its strategic plan. The Department is asked to coordinate this information request with the land management agencies for which the Department funds and constructs these roads.

State Infrastructure Banks (SIBs)/ Federal Credit Program (FCP)-- The Passback assumes that States will continue to be allowed to use up to 10 percent annually of their obligation limitation to capitalize SIBs. Also, consistent with the 1997 enacted levels, an additional $150 million from the Highway Trust Fund is provided to further capitalize SIBs. To leverage additional infrastructure investment, the Passback funds the Department's proposed National Federal Credit

Program at $100 million. This new program will address large infrastructure programs of national significance similar to the Alameda project. OMB looks forward to working with the Department to develop further the authorization for this program. OMB suggests the new credit program be complementary to the SIB program by targeting projects too large to be funded by any one SIB. As previously stated, the eligibility for the SIB and new credit program will reflect current eligibility for SIB funding plus the National Railroad Passenger Corporation.

General Operating Expenses (GOE) -- The Passback provides an GOE level of $364 million. Downsizing is assumed to continue at half the rate of attrition. The Passback assumes that the LGOE account will become a separate account with its own contract authority and an allocation of the obligation limitation. This account will consist of Administrative Expenses and Miscellaneous Programs. It is assumed that this account will include discretionary funds to meet unanticipated needs. Research, including ITS, will be combined with the existing FHWA research program. The Office of Motor Carriers is funded at $49 million.

The purpose of separating administrative and research funding from infrastructure funding is to highlight Administrative efforts to restrain overhead costs which permit greater spending on infrastructure. Currently the FHWA receives no credit for these efficiencies as they are lost in the Federal-aid totals. This change also will permit more informed decisions to be made among different proposed uses of the Federal-aid obligation limitation. Under this proposal, FHWA would continue to submit, and OMB would review, a detailed justification for a fixed spending level for the LGOE account. The spending level resulting from this review would become the President's request level.

Research/Intelligent Transportation Systems (ITS) -- The Passback provides $337 million in contract authority for FHWA Research, including ITS. ITS is funded at $199 million, which includes $139 million for Research, Development, and Technical Assistance activities, $50 million for a new Deployment Incentives Program, and $10 million for the "Next Generation Internet" initiative. This will allow high priority research to continue and permit the near-term benefits of ITS to be demonstrated. Non-priority areas, including simulator research, transportation centers, and technical assistance were reduced. OMB supports the Department's proposal to expand the eligibility of the State-managed ISTEA programs to more broadly include ITS, so long as controls are provided on the funding of operating expenses. OMB looks forward to working with the Department on this issue. OMB believes that most of the ITS deployment nationwide will be funded through this expanded eligibility, and that the deployment program need only be temporary. The Congressional justification and other materials presented to Congress for the ITS program should be streamlined to articulate a clear program focus. Finally, the total amount available in 1998 to the Department from all sources to be spent on the National Advanced Driving Simulator is $10 million.

Motor Carrier Safety Grants -- The Passback provides $100 million for Motor Carrier Safety Grants, an increase of $22 million over 1997 enacted. The Department's proposal to reauthorize the program on a performance basis similar to NHTSA's section 402 program is approved.

Treasury Accounting Error -- The amounts provided in Passback include an additional $298 million in 1998 to be distributed to the States who received lower 1997 Federal-aid allocations as a result of Treasury's decision to correct a 1994 accounting error.

Other Programs -- The Department's requested funding levels for the Gateway Border Crossing Pilot Program, Appalachian Highways, Congestion Pricing, and Tax Evasion enforcement are approved. The costs associated with the planning, preliminary engineering and design of the Woodrow Wilson Bridge replacement are funded at the 1997 level in a separate account. The Passback assumes the Federal share of construction costs for the replacement bridge will not exceed the existing bridge's replacement costs, less Federal contributions made to date. This funding level should be reflected in the Congressionally requested financial plan. In addition, the Passback provides $24 million for the Bureau of Transportation Statistics, including the Office of Airline Information (OAI), to be derived from the Highway Trust Fund. This includes $270,000 to develop GPRA measures as part of a government-wide effort to develop consistent performance measures for statistical programs. Further details of the GPRA initiative will be discussed at the December 11, 1996, meeting of the ICSP. No funding is provided for the RSPA R&D initiative. The CMAQ program is funded at $900 million, a modest increase over 1997 enacted levels.

Highway Trust Fund -- Consistent with the request, the Passback proposes to reimburse the General Fund of the U.S. Treasury from the Highway Trust Fund for spending by agencies other than DOT for highway-related purposes. The exact amount of the reimbursement is dependent upon the Passback for all Agencies and, therefore, will be determined after appeals are settled. The Department is asked to provide, along with the appeals letter, the previously requested detailed breakout of the $500 million included for these programs in the Department's request. In addition, Amtrak is assumed to be funded from the Highway Trust Fund.

Federal Transit Administration

A total of $4,256 million is provided for the Federal Transit Administration. The Passback level will protect the Federal interest in maintaining system condition and providing low-cost access to mobility, and provide for modest capacity increases, as well as increase program flexibility. All FTA programs would be funded from the Transit Account of the Highway Trust Fund beginning in 1998.

Formula Grants -- The Passback provides $3,289 million in transit capital and operating funds. The Department's proposal to consolidate discretionary bus, fixed guideway modernization, and formula capital grants is approved. This will allow State, regional, and local decision makers increased flexibility to more efficiently invest transit funding based on local needs. Using similar logic, the Passback provides funding for capital in place of the limited operating assistance currently allocated to large and medium urbanized areas. In small urbanized areas, access to low-cost mobility is protected by removing restrictions on operating expenditures for those areas with populations below 200,000, as is currently the case in rural regions. In addition to providing greater flexibility to transit properties, this approach has the potential to increase the enacted levels of total transit funding given Congress' history of reducing Transit Operating more than Transit Capital accounts.

Full Funding Grant Agreements (FFGAs) -- The Passback includes $3.8 billion in FY 1998-2003 funds for transit new start projects, including $634 million in FY 1998. This includes funding for the following existing FFGAs: Atlanta-North Springs, South Boston Piers Phase 1, Denver-Southwest LRT, Houston Regional Bus, Los Angeles-MOS-3, Maryland MARC, New Jersey-Hudson Bergen, New Jersey-Secaucus, Portland-Westside to Hillsboro, St. Louis-St. Clair Extension, Salt Lake City-South LRT, San Juan Tren Urbano, and San Jose-Tasman. The Passback also provides funds for the following new FFGAs: San Francisco-BART Airport Extension and Sacramento LRT extension. Project management oversight funding is included in these amounts. This overall funding level is maintained in each of the outyears. Actual outyear funding requests will be determined during the annual process of formulating the President's Budget. Should the Department wish to issue FFGAs for projects not included in this Passback, an analysis of the benefits and costs of each such project is requested as part of the Department's appeal.

Administrative Expenses -- The Passback provides $46.7 million for program administration. Funding is not provided for currently vacant positions or information technology other than EGM&M and electronic commerce. Downsizing is assumed to continue at half the rate of attrition. For the 1999 OMB submission, FTA is requested to base its request for administrative and R&D accounts on merit and marginal cost rather than a fixed percentage of the overall program. The request to create a GOE account similar to that in FHWA is not approved.

Other Programs -- Transit Planning & Research is funded at $80.3 million, with the reduction of $5.2 million coming from National Planning and Research's New Bus Vehicles and Infrastructure, Transit Service and Management, and New Rail Vehicles and Infrastructure. FTA is requested to consolidate commuter rail safety program with the Federal Railroad Administration's proposed program. University Transportation Centers are funded at the Department's request level of $6 million and the Washington Metropolitan Transit Authority is funded at the request level of $200 million. The request to create a new Transit Emergency Relief program is not approved. Such funding will come from the new consolidated disaster assistance account as needed.

National Highway Traffic Safety Administration (NHTSA)

The Passback provides a funding level of $333 million in budget resources for highway traffic safety programs, an increase of $32 million, or almost 10%, above FY 1997 enacted. $133 million is provided for Operations and Research, the FY 1997 enacted level. The Department's proposal to fund Operations and Research entirely from the Highway Trust Fund is approved. $200 million is provided to fund Section 402, Section 410, and a small occupant protection incentive grant.

Federal Railroad Administration

Grants to the National Railroad Passenger Corporation -- The Passback provides $740 million for Amtrak. Operations is funded at the 1997 enacted level less one-time costs to encourage further operating efficiencies. Capital is funded at $223.5 million, including $24 million for Penn Station, and NECIP at $175 million. The proposal to combine capital and NECIP funding into one account is not approved.

As previously stated, Amtrak is proposed to become an eligible expense for the State managed ISTEA programs. This will result in intercity passenger rail requirements being included in overall state and regional surface transportation planning and investment decision making. All direct Amtrak grants, including operating assistance and NECIP, are proposed to be funded from the Highway Trust Fund beginning in 1998.

OMB looks forward to continued work with the department and Amtrak to develop a meaningful long-term financial plan.

Safety -- The Passback provides $56.6 million for safety, including three new safety positions. No additional funds are included for information technology enhancement. The acquisition of a new automated track inspection vehicle is funded at $3 million. OMB would like to see the reduced operating and maintenance costs resulting from the Automated Track Inspection Program (ATIP) reflected in future FRA budget requests. The Department's request to reestablish the rail safety user fee is approved and expanded to include costs associated with hazardous materials and hours of operation inspection.

Research and Development -- The Passback provides $17.8 million for R&D. While OMB supports FRA's rail research and development efforts, significant amounts of R&D are already undertaken by the freight railroads, Europeans, and Asian nations. OMB encourages FRA to work with its contractor to develop a joint investment strategy for improvements to the Transportation Technology Center. FRA also is encouraged to consolidate its commuter rail safety initiatives with programs requested by the Federal Transit Administration. The R&D share of the FRA-wide technology initiative, if undertaken, should be funded from within base resources.

Next Generation High Speed Rail -- Next generation high speed rail is funded at $16.9 million. This reflects savings associated with one-time 1997 costs, offset by new initiatives included in FRA's initial request. The proposed increase from current services for planning technology is not funded in 1998. FRA's high-speed rail cost benefit analysis demonstrated that few HSR projects provide benefits to the public in excess of the public's costs. Therefore, no funding is provided for HSR development. Passback assumes that the Administration will not propose reauthorization of the Swift High Speed Rail Development Act and that needed research authorizations, if any, will be included in the ISTEA reauthorization bill.

Other Programs -- The Passback provides $19.5 million for the Office of the Administrator, including funding for one safety-related position. New or expanded information technology programs were not funded. Where necessary, these activities should be funded from the base levels. Downsizing of the non-safety workforce is assumed to continue at half the rate of attrition. Rhode Island Rail Development is funded at the requested level of $10 million.