

TO: Transportation Steering Committee  
FROM: Bob Fogel, staff liaison  
RE: Stimulus Legislation--Transportation Provisions  
DATE: February 13, 2009

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I hope you find this analysis helpful.

### **Transportation**

The stimulus bill provides \$48.1 billion for transportation programs. In most cases the legislation includes 100 per cent funding with no match requirements and there are "use it or lose it" provisions or time limits for spending the funds in most categories and a number of oversight and transparency reporting requirements.

### **Highways and Bridges**

The bill provides \$27.5 billion for highways and bridges. Fifty percent of the money will be distributed to the states based on states' 2008 share of highway and bridge dollars and 50 percent using the Surface Transportation Program (STP) formula. The funds can be used any STP-eligible project with no state or local match required. The legislation requires that 30 percent of the funds apportioned to each state be suballocated within a state using the existing STP formula, which distributes funds to areas over 200,000 population, under 200,000 and under 5000. This totals to about \$8 billion. These are the funds that generally county governments will have access to and in large metropolitan areas are programmed by the MPO. Additionally, 3 percent of each state's share will be available to the Enhancement Program, which counties have often been able to use for their local projects. This totals to about \$800 million. There are several other set asides, including \$310 million for Indian reservation roads and \$170 million national park roads, \$60 million for the Forest Highway Program, \$10 million for Refuge Roads and \$20 million for highway surface transportation and technology training. The remaining \$17.9 will be spent at the discretion of the states. Generally, 50 percent of the highway funds must be obligated within 120 days and 50 percent within one year. The \$8 billion in funds suballocated have a year to be obligated.

### **Competitive Grants for Surface Transportation**

The bill includes \$1.5 billion for new competitive/discretionary grants to state and local governments for transportation projects. Highways, bridges, transit, rail and ports are eligible. Grants would be made in the \$20 million to \$300 million range and generally need to be completed in three years. Funds must reflect an equitable geographic distribution and balance between addressing urban and rural needs.

### **Mass Transit**

The bill provides \$8.4 billion for mass transit, almost of which goes to local governments and all with a 100 percent federal share. The transit formula program will receive \$6.9 with 80 percent going to urbanized areas (\$5.440 billion), 10 percent to rural areas (\$680 million), 10 percent to high growth and high density regions (\$680 million) and \$100 million for grants to transit agencies to reduce energy consumption

and greenhouse gases. There is also a setaside for tribal transit needs. The fixed guideway modernization program will distribute \$750 million in formula grants. For both these formula programs, recipients will have 180 days after grant awards to obligate 50 per cent of the money and two years after the award for the remaining 50 percent. The new starts program will receive \$750 million and priority will be given to projects that are currently under construction or can be obligated within 150 days.

### **Aviation**

The bill provides \$1.1 billion for the Airport Improvement Program (AIP), which provides grants to locally owned airports, with a 100 per cent federal share. Unlike the existing AIP program, the spending will be all discretionary rather than formula and must be applied for. Fifty percent of the grants must be awarded within 120 days and the remaining 50 percent within one year.

### **Rail**

The rail section of the bill provides for \$9.3 billion in spending. Amtrak would receive \$850 million for capital projects with priority given to repair, rehabilitation and upgrading of rail infrastructure. An additional \$450 million is provided for security grants. The largest rail funding is \$8 billion for high speed rail. The Secretary of Transportation is given flexibility in allocating these funds with the goal of advancing the deployment of intercity high speed rail service in the United States. It is not clear how these funds are to be spent on upgrading existing rail service versus the development of new high speed rail routes.