

Issue Brief for Congress

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Transportation Issues in the 107th Congress

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Transportation Issues in the 107th Congress

SUMMARY

This issue brief identifies key transportation issues facing the 107th Congress.

Transportation Budgeting. Under the Transportation Equity Act for the 21st Century (TEA21), spending for highway and transit programs is linked directly to revenue collected. Since the enactment of TEA21, additional highway funds have been provided through a mechanism called “Revenue Aligned Budget Authority” (RABA). **RABA funds** accrue to the trust fund as a result of increased trust fund revenues. For FY2003, revenues will decrease, with an estimated year-over-year \$8.6 billion drop in the availability of highway obligational funding. The **DOT Appropriations for FY2002** is \$59.6 billion.

On Nov. 19, 2001, the President signed the **Aviation and Transportation Security Act (ATSA)**, establishing a new Transportation Security Administration. Congress is expected to continue to pay close attention to the security of aviation and other modes of transportation as the ATSA is implemented. **Transportation security funding** has been authorized through FY2005. The major issue for all modes is what reasonable transportation security measures can be taken without excessively inhibiting commerce and travel.

The enacted FY2002 transportation appropriations bill funded the **Airport Improvement Program** at the fully authorized level of \$3.3 billion. **Airline Industry Financial Turmoil.** Following September 11th, Congress and the Administration moved quickly to pass the Air

Transportation Safety and System Stabilization Act (P.L. 107-42) to provide airlines access to up to \$15 billion in short-term assistance. The first \$5 billion, now largely paid out, provided direct aid for industry losses associated with the Sept. 11th attacks.

The Airbus 380 trade dispute again raises the issue of European subsidies for aircraft projects that compete directly against non-subsidized U.S. products.

Amtrak. Amtrak’s current authorization expires at the end of FY2002. Its previous authorizing legislation, the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134), requires Amtrak by the end of FY2002 to cover its operating expenses out of revenues. One issue is whether Amtrak can operate without using federal funds to cover operating expenses. In recent years, Amtrak has run operating deficits of about \$900 million. Various bills have been introduced in the 107th Congress to reauthorize **Amtrak**. Some would increase Amtrak’s funding significantly; others would restructure Amtrak. **Rail Safety** programs have not been reauthorized since they expired at the end of FY1998. **Hazardous Materials Transportation Safety** was not reauthorized during the 106th Congress. **Pipeline Safety** measures are under active consideration in the 107th Congress.

Coast Guard Reauthorization. Major issues include replacing aging vessels and addressing expanded operational responsibilities.

MOST RECENT DEVELOPMENTS

TEA21 linked spending for highway programs directly to revenue collections for the highway trust fund and created a protective “firewall” around highway and mass transit spending programs. Through a mechanism called “Revenue Aligned Budget Authority” (RABA), trust fund revenues that were greater than anticipated would be made available to states for highway obligational funding. For FY2000-FY2002, RABA revenues provided states with almost \$9 billion in additional spending. In FY2001, revenues unexpectedly decreased. This decrease requires that a RABA adjustment be made to the federal highway obligational authority in the FY2003 budget. The RABA adjustment in FY2003 is a negative \$4.965 billion. Core highway program year-over-year obligational authority for FY2003 will be reduced by \$8.6 billion, to approximately \$23.3 billion. This issue has been the subject of hearings in the House and Senate and legislation, the Highway Funding Restoration Act (H.R. 3694/S. 1917), has been introduced to restore highway funding to its authorized level of \$27.7 billion for FY 2003. The House bill has 308 cosponsors, while the Senate bill has 68 cosponsors. A second bill, H.R. 3900, would restore the program to its authorized level, but would do so by abolishing the RABA mechanism.

BACKGROUND AND ANALYSIS

Introduction

This issue brief provides an overview of key issues on the transportation agenda of the 107th Congress. The issues are organized under the headings of budget, aviation, surface transportation, and maritime, with the author of each issue identified. Relevant Congressional Research Service (CRS) reports are cited in the text. Consult the CRS Home Page [<http://www.crs.gov/>] or the *Guide to CRS Products*, or call CRS on (202) 707-5700 to obtain the cited reports or identify materials in other subject areas.

Budget

Transportation Budgeting

During the 105th and 106th Congresses, major legislation changed the relationships between the largest transportation trust funds and the federal budget. The Transportation Equity Act for the 21st Century (TEA21)(P.L. 105-178) linked spending for highway programs directly to revenue collections for the highway trust fund. In addition, core highway and mass transit program funding were given special status in the discretionary portion of the federal budget by virtue of the creation of two new budget categories. The Act thereby creates a virtual “firewall” around highway and mass transportation spending programs. The funding guarantees are set up in a way that makes it difficult for funding levels to be altered as part of the annual budget/appropriations process. Additional highway funds can be provided annually by a mechanism called “Revenue Aligned Budget Authority” (RABA). RABA funds accrue to the trust fund as a result of increased trust fund revenues. For FY2003, however, the RABA adjustment would lead to a significant and unexpected drop in the availability of highway obligational funding. It now appears that Congress will restore at least some of this funding.

The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (FAIR21 or AIR21)(P.L. 106-181) provides a so-called “guarantee” for Federal Aviation Administration (FAA) program spending. The guarantee for aviation spending, however, is significantly different from that provided by TEA21. Instead of creating new budget categories, the FAIR21 guarantee rests on adoption of two point-of-order rules for the House and the Senate. Supporters of FAIR21 believe the new law requires significant new spending on aviation programs; and, for at least the FY2001 appropriations cycle, new spending was significantly higher. Most observers view the FAIR21 guarantees, however, as being somewhat weaker than those provided by TEA21. Congress can, and sometimes does, waive points-of-order during consideration of legislation. Enactment of TEA21 and FAIR21 means that transportation appropriators have total control over spending for the Coast Guard, the Federal Railroad Administration (including Amtrak), and a number of smaller DOT agencies. All of these agencies are concerned about their funding prospects in a constrained budgetary environment. For more information, see CRS Report 98-749E, *The Transportation Equity Act for the 21st Century (TEA21) and the Federal Budget* and CRS Report RS20177, *Airport and Airway Trust Fund Issues in the 106th Congress*. (CRS contact: John Fischer.)

Highway Finance, FY2003: The RABA Dilemma

According to estimates by the Department of Transportation (DOT), revenues (fuel taxes and other fees) accruing to the Highway Trust Fund decreased in FY2001 as a result high fuel prices and the onset of the recession. Most of the decrease in the transportation sector seems to be related to problems in the trucking industry. The RABA process created by TEA21 requires that federal highway obligational authority be adjusted accordingly. In simple terms, this means that the RABA adjustment for FY2003 is a negative \$4.369 billion. Core highway program obligational authority for FY2003 will therefore be limited to approximately \$23.3 billion, a \$8.6 billion reduction from the FY2002 level.

This is an unexpected and unwelcome development for state and local governments whose long-term transportation improvement plans (TIPs) are largely predicated on continued growth in the federal contribution to highway-program funding. The RABA situation is equally unwelcome among those interests that build roads or associated transportation infrastructure and those who support continued highway improvements.

Concern has been expressed that DOT’s estimates are incorrect. Some national travel indicators do not indicate any significant falloff in travel. The House Committee on Transportation and Infrastructure has already asked that the General Accounting Office (GAO) investigate how DOT and the Office of Management and Budget (OMB) arrived at the \$5 billion negative RABA figure. The effects of the RABA reduction would not be felt immediately; highway construction is a multi-year process. DOT is suggesting that the RABA reduction would reduce the government’s ability to spend on highway projects by only 1.8% in FY2003. Longer term, however, the effects of this decrease would be dramatic.

Hearings on this issue have already been held on this issue in both the House and the Senate. At this time legislation that would restore the highway program to its authorized level of \$27.7 billion by raising the existing limitation on obligations has been introduced, H.R. 3694 and S. 1917. A majority of both the House and Senate have signed on as cosponsors of this legislation. An amended version of H.R. 3694 was reported out of the House Committee on Transportation and Infrastructure on May 1st. A second legislative approach introduced more recently, H.R. 3900 would also restore the program to its authorized level, but would do so by eliminating the entire RABA program for FY2003. Finally, the House

Budget Committee has passed a budget that allows sufficient new outlay authority to for the program to operate at the \$27.7 billion level. A bill passed by the Senate Budget Committee would raise the FY2003 spending level by an additional \$1.3 billion over the House level. (CRS contact: John Fischer.)

Department of Transportation Appropriations

Appropriations for the Department of Transportation (DOT) (Function 400 in the federal budget) provide funding to a variety of programs that include regulatory, safety, research, and construction activities.

Money for over half of DOT programs comes from highway fuel taxes, which are credited to the highway trust fund. In turn, the trust fund supports two accounts: the federal-aid highway account and the mass transit account. Aviation programs are also supported, in part, by fuel taxes but rely more heavily on other user fees such as the airline ticket tax. The DOT annual appropriations also include significant monies from Treasury general-fund revenues.

Table 2. Department of Transportation Appropriations
(for selected agencies, in millions)

Agency	Enacted FY2002	Requested FY2003	House Passed	Senate Passed	Enacted FY2003
Federal Highway Administration	33,081	24,694			
Federal Aviation Administration	13,512	13,582			
Federal Transit Administration	6,871	7,226			
United States Coast Guard	5,240	5,893			
Transportation Security Administration	2,200	4,800			
Federal Railroad Administration	840	652			
National Highway Traffic Safety Administration	423	425			
Office of the Secretary	155	141			
Office of the Inspector General (OIG)	52	57			
Surface Transportation Board (STB)	18	18			

Source: Figures in **Table 2** are drawn from tables provided by the House Committee on Appropriations. Some figures include offsetting collections. Enacted FY2002 figures have been adjusted to reflect the emergency supplemental, rescissions, additional appropriations, transfers, and carry-overs.

The FY2002 enacted appropriation (P.L. 107-87) for DOT is \$59.6 billion. This is 2.5% above the \$58.1 billion provided for FY2001 and 1% above the \$59.0 billion requested by the Bush Administration. **Table 2** shows, for selected agencies and offices that receive funding under the DOT appropriations act each year, the amounts enacted for FY2002, as well as the FY2003 amounts proposed by the Bush Administration.

Following the September 11 terrorist attack Congress quickly passed the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (P.L. 107-38). The Act provided \$40 billion for a variety of responses to the attacks, including “providing for increased transportation security.” P.L. 107-38 provided roughly \$1.9 billion for transportation security purposes, most of which went to the new Transportation Security Administration.

On February 4, 2002, President Bush submitted his FY2003 budget request. For DOT, the budget requests just over \$59 billion (the Administration figure includes some proposed user fees and offsets normally not included in Appropriations Committee figures). This would represent a slight decrease from FY2002; however, this decrease is not evenly spread. The features of the budget that have generated the most interest are the impact of the \$4.369 billion RABA reduction on highway spending, the large increase in the Transportation Security Administration budget, and the record increase for the Coast Guard. For more information see CRS Report RL31008, *Appropriations for FY2002: Department of Transportation and Related Agencies*. (CRS contact: D. Randy Peterman.)

Transportation Security

Transportation Security in the Aftermath of the September 11 Attack

The September 11, 2001 hijacking of four airliners from three different airports and the enormous loss of life that resulted from terrorist attacks using those aircraft as weapons has focused concerns in Congress on aviation security and on the security of the other modes of transportation in the United States. The overarching issue for all modes is what reasonable transportation security actions can be taken without excessively inhibiting commerce and travel. For aviation security in particular, the issue is implementation of recently passed transportation security legislation within the tight deadlines set forth in the Act.

On November 19, 2001, President Bush signed the Aviation and Transportation Security Act (ATSA). The Act establishes a new Transportation Security Administration (TSA) headed by an Under Secretary of Transportation Security. The Under Secretary is responsible for the security of all modes of transportation. On January 7, 2002, President Bush announced the recess appointment of John Magaw as Under Secretary for Transportation Security. (CRS contact: Bob Kirk.)

Aviation Security. There are three overall areas of concern in aviation security: the screening of passengers and baggage and cargo; the security of restricted areas at an airport (access to the aprons, taxiways, runways, baggage and cargo processing areas, etc.); and security measures on board the aircraft (stationing of air marshals, securing of cockpit doors, cabin video cameras, etc.). ATSA provides for a one-year transition during which federal workers will be phased in to replace contract screeners. For the next two years federal workers will provide all screening activities at all commercial service airports (except at five pilot program airports that would contract private screening services under federal oversight). After the two years (i.e. three years after enactment), airports will have the option of ending this arrangement and contracting private companies. The Act requires the screening of all individuals, goods, property, vehicles, and other equipment seeking access to secure areas at airports. ATSA provides for the transfer of a greatly expanded Federal Air Marshal program to the TSA. The marshals may be deployed on every passenger flight but must be deployed on every flight determined to present a high security risk. ATSA also requires the strengthening of cockpit doors and limits cockpit access to authorized persons. As of this writing, TSA maintains that, to date, it has successfully implemented the ATSA's provisions within the time-line required by the Act. Despite this success so far, most observers argue that the most difficult deadlines are the upcoming November 19, 2002 deadline to have all federal screener personnel in place at all commercial service airports and the December 31,

2002 deadline for having all checked baggage screened by explosive detection systems (EDS). (See Aviation Security [<http://www.congress.gov/brbk/html/ebter116.html>] in the CRS Terrorism Electronic Briefing Book as well as CRS Report RL31151, *Aviation Security Technology and Procedures: Screening Passengers and Baggage*, and CRS Report RL31150, *Selected Aviation Security Legislation in the Aftermath of the September 11 Attack*). (CRS contacts: John Fischer and Bob Kirk.)

Transportation Security Funding. ATSA authorizes such sums as may be necessary for aviation security for FY2002, FY2003, FY2004, and FY2005. To pay the costs of the new and expanded aviation security programs, ATSA authorizes a passenger fee of \$2.50 per enplanement (capped at \$5 per one-way ticket). Additional funds may be appropriated or come from a fee imposed on air carriers. The Act authorizes a total of \$1.5 billion for FY2002 and FY2003 to reimburse airport operators and on-airport service providers for the cost of post-September 11 FAA security mandates. ATSA also authorizes \$500 million for air carriers to defray the costs of security enhancements to aircraft such as fortifying cockpit doors or installing video surveillance cameras. In addition, the eligibility of Airport Improvement Program and Passenger Facility Charge grants for security purposes is expanded significantly.

The 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (P.L. 107-38) provided \$40 billion for anti-terrorism security including for transportation security purposes. As of this writing, roughly \$1.9 billion has been approved for transfer to DOT. Included in the transfers are: \$94.8 million for the TSA (mostly for seaport security); \$209 million for the U.S. Coast Guard; \$1.145 billion for FAA; \$6 million for FRA; \$100 million for Amtrak; \$175 million for FHWA; \$133.5 million for FTA; and \$2.5 million for RSPA. In addition, on March 21, 2002, the Bush Administration requested an FY2002 emergency supplemental appropriation of \$27.1 billion that included \$4.3 billion for TSA, \$225 million for the Coast Guard, \$19.3 million for the Federal Motor Carrier Safety Administration's Border Enforcement Program, and \$3.5 million to upgrade and convert the DOT's Crisis Management Center into a new Transportation Information Operations Center. For FY2003, President Bush has proposed a TSA budget of \$4.8 billion. Some observers argue that this proposed level will be insufficient and predict that supplemental appropriations will be needed. (CRS contact: Bob Kirk.)

Surface Transportation Security. The September 11 attack has led to increased concerns about the security of rail, highway, pipeline, transit, and maritime transportation. World-wide, roughly one-third of terrorist attacks target transportation systems; the most common transportation mode attacked is public transit. Because transit systems' effectiveness depends on ease of access to the system, security measures common in aviation are difficult to nearly impossible to apply. Likewise, the many miles of rail, highway, and pipeline networks are impossible to guard thoroughly. Of particular concern are the daily shipments by rail and truck of hazardous materials (especially flammable and poisonous gases). Seaports, which are typically located in large urban areas, are also vulnerable to attack as are the inland cities to which containers are shipped, often without inspection.

DOT has asked the domestic transportation industry to assume a heightened state of alert and to take security measures accordingly. The President's creation of the White House Office of Homeland Security, to coordinate the federal government's response to terrorism, may have an impact on the policy treatment of surface transportation security; at present, one impact has been frustration on the part of some in Congress with the refusal of the director

of Homeland Security to appear before Congress to discuss the Administration's priorities and funding requests. The creation, in the House of Representatives, of the Select Subcommittee on Terrorism and Homeland Defense may also have an impact on surface transportation security policy. Section 1012 of Public Law 107-56 specifies that a state may not issue to any individual a license to operate a motor vehicle transporting hazardous materials unless the Secretary of Transportation has determined that the individual does not pose a security risk warranting denial of the license.

Legislation introduced in Congress to address transportation security includes the Preparedness Against Domestic Terrorism Act (H.R. 525) and the Port and Maritime Security Act (S. 1214). S. 1991 authorizes \$1.4 billion to Amtrak for rail security improvement in FY2003. S. 1871 creates a Rail Security Fund and authorizes \$150 million in both FY2003 and FY2004 for freight railroads' security improvements. S. 1739 creates an Over-the-Road Bus Security Fund and authorizes \$200 million in both FY2002 and FY2003 to over-the-road bus operating companies for security improvements. H.R. 3609 seeks to strengthen federal regulations regarding the security of the pipeline infrastructure. S. 517, as amended, includes the previously passed Senate pipeline safety bill (S. 235) plus a new provision seeking a balance between the release of information to meet "community right to know" interests and the withholding of security-sensitive data about pipeline vulnerabilities. H.R. 3555 authorizes funds to assess pipeline vulnerability and to demonstrate good security practices. H.R. 3929 authorizes \$20 million for each of FY2002 through FY2006 for a cooperative federal program for research, development, and demonstrations related to pipeline security.(See Surface Transportation Systems [<http://www.congress.gov/brbk/html/ebter151.html>] in the CRS Terrorism Electronic Briefing Book) **(CRS contacts: Transit-D. Randy Peterman; Railroads and Seaports-John Frittelli; and Highways and Pipelines-Paul Rothberg.)**

Aviation

FAA's Airport Improvement Program (AIP)

The Airport Improvement Program (AIP) provides federal grants for airport development and planning. AIP grants are usually spent on capital projects that support airport operations including runways, taxiways, aprons, and noise abatement. A number of issues that could be subject to congressional scrutiny in the 107th Congress include: whether the pattern of spending of both AIP grants and Passenger Facility Charge (PFC) revenues encourage competition or benefit incumbent carriers; how well FAIR21's spending guarantees hold up; the effectiveness of aircraft noise mitigation at or near airports; the earmarking of dollar amounts for airports identified in the report language of the FY2001 and FY2002 conference reports (H. Rept. 106-940; H. Rept. 107-308) and impact this extensive earmarking on the FAA's grant application process; and the impact of the use of AIP grants to defray post-September airport security costs on the availability of funding for AIP's other traditional priorities of assuring safety, stimulating capacity and mitigating airport noise.

President Bush's FY2002 budget called for funding AIP at the fully authorized level of \$3.3 billion. The enacted FY2002 DOT appropriations bill (P.L. 107-87) provides this amount. In addition, the FY2002 Department of Defense Appropriations Act (P.L. 107-117) provides \$175 million of funds made available under the 2001 Emergency Supplemental Appropriations Act (P.L. 107-38) for reimbursement to airports for direct costs associated

with additional or revised security requirements since September 11. For FY2003, the President has requested the fully authorized \$3.4 billion for AIP.

The September 11 terrorist attack led to increased interest in using AIP and PFC funds for security projects. Following the attack FAA lifted some policies that restricted AIP funding to broaden its use for security improvements. AIP and PFC funds can be used a broad range of security projects including, blast fences, bomb detection dogs and kennels, cameras, security lighting, body armor, reconstruction of terminals to isolate threats, cargo area security equipment or facilities, and others. Items that remained ineligible included, personnel costs, utility costs, maintenance costs, and operational costs. Provisions in ATSA (P.L. 107-71) broaden eligibility for FY2002 to cover the costs to airports of post-September 11 security mandates. Also eligible in FY2002 are payment for debt service to certain airport sponsors under certain conditions. For non-primary airports affected by post-September 11 airspace restrictions, FY2002-FY2003 AIP apportionments can be used to defray any costs incurred while the restriction was in effect. For more information on AIP, see CRS Issue Brief IB10026, *Airport Improvement Program*. (CRS contact: Bob Kirk.)

Airline Industry Financial Turmoil

Congress and the Bush Administration moved swiftly to provide the airline industry with federal financial support in the wake of the events of September 11, 2001. The Air Transportation Safety and System Stabilization Act (P.L. 107-42) signed into law on September 22, 2001, gives the airlines access to up to \$15 billion in short-term assistance. The first \$5 billion, now largely paid out, provides direct aid to pay for industry losses associated with the results of the World Trade Center and Pentagon attacks. Access to the remaining \$10 billion, available as guaranteed loans, is subject to approval by the Air Transportation Stabilization Board and to stringent regulatory requirements established by the Office of Management and Budget. To date, the Board has approved a single loan for America West Airlines. Only a few other smaller airlines have applied for loan funds.

In the time since the attacks, significant airline employee layoffs and scheduled-flight reductions have taken place. United and American, for example, both announced layoffs of 20,000 employees and both announced schedule reductions of approximately 20%. Other airlines made similar announcements, and layoffs industry-wide exceed 100,000. As many as 750 to 1,000 aircraft are likely to be retired and/or put in storage for at least the short term. The actions of the airlines are obviously affecting related industries. Boeing announced layoffs of up to 30,000 employees by the end of 2002, and expects to reduce production of new aircraft proportionately. Airline service providers, such as caterers, airports, and the travel industry, are also losing revenue.

The airline industry was already in financial trouble before the attacks. Most Wall Street analysts were projecting an overall financial loss for the industry in the range of \$1-\$2 billion for 2001. Following the attacks, the same projections range from \$4-\$8 billion, and, in some instances, even more. Losses are now expected to continue well into 2002. There are concerns that continued financial problems could lead to airline business failures and to a new round of airline mergers in the foreseeable future.

Even with the Air Transportation Stabilization Board in place, the issue of how aid will ultimately be distributed remains an issue. This is because of a clear desire amongst policymakers to limit aid to a level needed to stabilize the industry, but not to pay for losses incurred by the industry before September 11. Further, there is concern that the industry

remain competitive after its financial stabilization. This means making sure that any aid distribution scheme ensures that a sufficient number of airlines survive the current turmoil. **(CRS contact: John Fischer.)**

The Airbus A380 Trade Dispute

The events of September 11 have dramatically affected the market for commercial jet aircraft. Many airlines are cancelling and/or delaying new aircraft orders placed with both Boeing and Airbus. It would seem, therefore, that a major retrenchment of this industry is in the offing. It is still too early to tell how this retrenchment will play out in regards to the competition between Boeing and Airbus. It will almost certainly effect the possible dispute over the Airbus A380 program discussed below.

On December 19, 2000, Airbus Industrie announced that it had formally launched a program to construct the world's largest commercial passenger aircraft, the newly numbered Airbus A380. This long expected launch reopened a long-standing trade dispute between the United States and Europe about subsidization of aircraft projects that compete directly with non-subsidized U.S. products, in this case the Boeing 747 series aircraft. Several Members of Congress were expected to call for hearings and other possible actions on this issue during the 107th Congress.

The Airbus A380 will be offered in several versions seating between 500 and 800 passengers. The project is expected to cost at least \$10.7 billion and might cost significantly more. Airbus has over 50 firm orders for the aircraft and an additional 42 options. Airbus expects that its member firms will produce 60% of this sum, with the remaining 40% coming from subcontractors. State-aid, which by a 1992 Agreement on Government Support for Civil Aircraft between the United States and the EU, is limited to one-third of the project's total cost would be used to assist the Airbus partner firms. Boeing does not perceive that an adequate market exists to justify the large expenses needed to develop an aircraft of this size, and has instead decided to pursue a totally different strategy by developing a new class of fast mid-sized aircraft (approximately 250 seats) known as the sonic cruiser.

At issue is at least \$2.5 billion in already identified direct loans to be provided to Airbus member firms by the governments of France, Germany, Spain, and the United Kingdom. Additional funds are likely to be provided to subcontractors by other European nations such as Belgium and Italy. The United States is concerned that the level of state-aid needed for this project could violate the aforementioned bilateral agreement. There are also concerns, expressed by then-President Clinton and the U. S. Trade Representative (USTR), that these loans will not be at commercial rates and that they might be forgiven if the A380 Airbus is a commercial failure. The European Union disputes these claims. **(CRS contact: John Fischer.)**

Surface Transportation

Oversight of the Environmental Provisions of TEA21

Several oversight hearings have been held during the 107th Congress to examine the Department of Transportation's implementation of environmental provisions in TEA21, and oversight will likely continue as the debate over the reauthorization of the law proceeds. TEA21 authorized funding for federal highway and mass transit programs from FY1998 to

FY2003, and set aside approximately \$12.5 billion for several programs to protect the environment. Most of this funding is reserved for air quality projects to assist states in complying with federal air quality standards. The law also increased funding for environmentally related transportation enhancements and established several new programs, as well as requiring that the environmental review process for highway projects be streamlined. (CRS Report 98-646 ENR, *Transportation Equity Act for the 21st Century (P.L. 105-178): An Overview of Environmental Protection Provisions*, describes each of these programs and indicates authorized funding levels.)

Thus far in the 107th Congress, oversight of TEA21's environmental provisions has focused on the implementation of requirements to streamline the environmental review process for highway projects. While TEA21 did not specify a deadline by which implementation must occur, some Members of Congress have expressed concerns over the pace at which implementation has proceeded. While final regulations to implement the environmental streamlining requirements under TEA21 have not been issued to date, the FHWA has proposed regulations for a coordinated environmental review process that address some of the provisions of TEA21, signed a National Memorandum of Understanding with six other federal agencies, and established a pilot program to gain practical experiences in exercising the principles of streamlining. The President's budget proposal includes \$6 million to support the FHWA's streamlining initiatives in FY2003, over \$3 million more than in FY2002. In addition to federal efforts, numerous states have initiated practices intended to streamline the review process as well.

The FHWA's proposed streamlining regulations have been at the center of the oversight debate. Some Members of Congress have criticized the proposal for not fully addressing the streamlining requirements under TEA21, and for addressing other planning and regulatory issues not required under the law. Some of the principal criticisms are that there is no requirement for environmental reviews to be conducted concurrently, rather than sequentially, and to be completed within a cooperatively determined time period. Thus far, this requirement has only been addressed outside of the regulatory process through a memorandum of understanding with the federal agencies that are responsible for performing environmental reviews. Some Members also have criticized the proposal for not fulfilling the law's requirement to develop procedures for resolving disputes when federal agencies do not complete their reviews within mutually agreed upon time frames. To address this requirement, the FHWA has been working with the U.S. Institute for Environmental Conflict Resolution, and has issued a discussion draft for dispute resolution procedures, which the Administration expects to complete by the end of 2002. The Department of Transportation reports that its proposal lacked regulatory requirements to establish time frames for review, and to resolve disputes, due to its absence of authority over other federal agencies and a concern that "one-size-fits-all" approaches could limit flexibility. A decision on how to proceed with the proposed regulations has not been made to date. For additional information on this issue, refer to CRS Report RS20841, *Environmental Streamlining Provisions in the Transportation Equity Act for the 21st Century: Status of Implementation*. (CRS contact: David Bearden.)

Traffic Congestion

The Economist and others estimate that delays caused by congestion cost the United States \$100 billion per year. Most of these estimates are predicated on assigning a dollar value to time lost by individuals and businesses as a result of people and products being stuck in traffic. Sometimes these estimates also include energy and pollution costs. By

necessity these estimates are very generalized. Nonetheless, these estimates are illustrative of a massive problem for American society. There are few individuals living near major urbanized areas who could honestly claim to be unaffected by congestion-caused delays.

In the last several decades there have been numerous attempts to reduce traffic congestion, primarily at the state, local, and regional levels. DOT has often provided funding for specific projects, and has offered the expertise of its employees in the battle against congestion. The crux of federal transportation spending, however, has been and continues to be aimed at overall infrastructure improvement, while air quality improvement, congestion improvement, and other issues essentially have been secondary goals. There is a sense that there is no one good solution to congestion problems and that successful congestion reduction strategies require multiple remedies. New infrastructure alone, at the level currently being constructed, has not been able to stay ahead of the congestion problem. Efforts aimed at alleviating congestion by changing individual travel behaviors have also been largely unsuccessful.

During the 107th Congress, discussion will begin on how, or whether, to modify the Transportation Equity Act for the 21st Century (TEA21). Congestion issues can be expected to play a major role in this discussion, especially as regards changes to specific federal initiatives such as the Congestion Mitigation and Air Quality program (CMAQ), whose purpose is to fund projects and programs in air quality nonattainment and maintenance areas for ozone, carbon monoxide (CO), and small particulate matter (PM-10) which reduce transportation related emissions. The House Committee on Transportation and Infrastructure has already held several hearings on this subject. **(CRS contact: John Fischer.)**

Amtrak Funding

Amtrak earns around \$2 billion a year. Unfortunately, it spends nearly \$3 billion a year, producing operating deficits of around \$900 million in recent years. In addition, it has around \$3 billion in long-term debt and capital lease obligations, and nearly \$6 billion in capital maintenance work backlogged, as a result of which trains are experiencing more delays. In the summer of 2001, Amtrak mortgaged part of its Pennsylvania Station in New York City to raise \$300 million to cover operating expenses until the start of FY2002. At that time, the Secretary of Transportation observed that it was clear that Amtrak would not be able to cover its operating expenses without federal support by December 2002, as is called for by the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134). This observation was formalized by the Amtrak Reform Council in November 2001, when it declared that Amtrak will not meet the deadline set by the Act; in accordance with the Act, the Reform Council submitted a plan to restructure Amtrak on February 7, 2002. Amtrak's authorization expires at the end of FY2002.

The Administration's FY2003 budget requests \$521 million for Amtrak, while noting that figure is only a placeholder while the Administration develops a proposal for Amtrak reauthorization. Amtrak's former President testified in February 2002 that if Amtrak did not receive at least \$1.2 billion in FY2003, it would have to curtail its long-distance routes; Amtrak has since laid off several hundred people, its President left that job to return to his former employer, and a new President was appointed on April 28th.

Four Amtrak reauthorization bills have been introduced. The National Defense Rail Act (S. 1991) would authorize \$14.5 billion for Amtrak over the next five years and remove the requirement that Amtrak be operationally self-sufficient after December 2002. It would also

direct the Secretary of Transportation to develop a national high-speed rail transportation policy and provide for federal support in both planning and implementing high-speed rail corridors; it would authorize \$9.3 billion over six years for that purpose. It would also increase the authorization for the Rail Revitalization and Regulatory Reform Act of 1976 to \$35 billion. This bill was reported out of the Senate Commerce Committee on April 18, 2002.

The Rail Passenger Service Improvement Act (S. 1958) would authorize \$1 billion for operations, \$3.6 billion for capital improvements, and \$1.4 billion for safety and security improvements for Amtrak over the next four years. It would require Amtrak to divide itself into three separate subsidiaries with transparent accounting systems, and these organizations would be privatized within four years of passage of the bill. The bill would also allow competition for passenger rail operations through franchising of various routes. Amtrak would turn over control of the Northeast Corridor to the Department of Transportation, and by October 1, 2002, would cease operating any route whose revenue does not cover its expense unless Amtrak has an agreement with some entity that will cover the deficit.

The Railroad Advancement and Infrastructure Law for the 21st Century (S. 1530; RAIL-21) would remove the requirement that Amtrak operate without federal support for operating costs by December 2002 that was created by the Amtrak Reform and Accountability Act of 1997. It would also reauthorize Amtrak for one year (at \$1.2 billion); authorize \$3.2 billion in emergency spending on security personnel, infrastructure improvements and new equipment for Amtrak over the next two years; and increase the authorization for the Railroad Rehabilitation and Infrastructure Financing loan and loan guarantee program to \$35 billion. No action has been taken on this bill.

H.R. 4545 would reauthorize Amtrak for one year at \$1.9 billion; it would also require that Amtrak's appropriation be administered by the Department of Transportation, rather than being given to the corporation directly. This provision is controversial; supporters say it would increase Amtrak's accountability.

After September 11th, Amtrak ridership rose nationwide as some travelers sought alternatives to flying. Also, heightened airline security increased the amount of time required for air travel, making train travel more competitive in some corridors. However, this surge in ridership proved temporary; by November, Amtrak's ridership declined as Americans cut back on travel. Moreover, while Amtrak revenues rose in the weeks after September 11th, so did its security costs. S. 1550, the Rail Security Act of 2001, would provide \$1.77 billion in emergency assistance to Amtrak for security needs, including both new security personnel and equipment and life-safety improvements to the escape routes of tunnels in New York. It also calls for a DOT study of security improvements needed for rail transportation. S. 1991 would authorize \$1.3 to Amtrak for security and life-safety needs. These bills have been passed out of committee. **(CRS contact: D. Randy Peterman.)**

Amtrak Oversight

Amtrak's current authorization expires at the end of FY2002. Its previous authorizing legislation, the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134), requires Amtrak to operate without using federal funds to cover operating expenses by the end of FY2002; that is, to be able to cover its operating expenses out of revenues. The Amtrak Reform Council, a creation of the Act, is to notify the Congress if it judges that Amtrak will not meet that goal. On November 9, 2001 the Council formally declared that Amtrak would

not meet the deadline. However, the Act does not prescribe any penalty if Amtrak fails to meet that goal. The Act provides that the Council is to present a plan for a restructured national intercity rail passenger system to Congress within 90 days of that finding (i.e., by February 7, 2002); the Act also calls for Amtrak to present a plan to liquidate itself to Congress by the same date. After receipt of these plans, the Act gives Congress 90 working days to pass a restructuring plan; failing that, a liquidation disapproval resolution is to be introduced in the Senate. However, nothing is prescribed in the Act in case that resolution passes or fails. Also, a provision in the FY2002 Defense Appropriation Act conference committee report (H.Rept. 107-350, p. 448) prohibits Amtrak from using any of its own revenues or appropriated funds to develop a liquidation plan until after enactment of an Amtrak reauthorization act.

The Amtrak Reform Council's restructuring plan, submitted to Congress on February 7, 2002, recommends separating Amtrak into three components—operations, infrastructure, and policy planning—and increasing federal capital spending on passenger rail. It also encourages the idea of introducing competition by franchising the operation of trains and Northeast Corridor maintenance through competitive bidding.¹ The notion is to put passenger rail service in a situation comparable to other transportation modes, where infrastructure is a government responsibility and operations are a commercial responsibility. For more information on Amtrak, see CRS Report RL30659, *Amtrak: Overview and Options*. (CRS contact: D. Randy Peterman.)

¹ The report is available at [<http://www.amtrakreformcouncil.gov>]

High Speed Rail Infrastructure Funding

In the first session of the 107th Congress, Amtrak and its congressional supporters sought, but failed to achieve, the passage of the High-Speed Rail Investment Act of 2001 (107th Congress: S. 250, H.R. 2329). Under the bill, Amtrak would be allowed to raise up to \$12 billion over the next 10 years by issuing up to \$1.2 billion in bonds each year to pay for track improvements in the 11 high-speed rail corridors designated by the Department of Transportation.² The bonds would not pay interest; instead the bondholders would be eligible to deduct from their taxes an amount equivalent to interest on the bonds. The General Accounting Office and the Congressional Budget Office have estimated the total cost of these bills, over the 30-year life of the program, at between \$7 and \$10 billion in 2001 dollars, while estimating that they would raise around \$8 billion in 2001 dollars.³ Participating states would provide a 20% match, which would be used to redeem the bonds.

Given the uncertainty about Amtrak's financial and institutional future, it is unclear how attractive bonds offered by Amtrak would be to the market right now. Critics also observe that \$12 billion, divided among the 11 federal high-speed corridors, is only a fraction of the amount needed to make high-speed rail service a reality. Also, some critics are not convinced that Amtrak should be the one to manage such investments. An alternative approach to funding, providing financial assistance for high-speed passenger rail infrastructure through states rather than through Amtrak, is proposed in H.R. 2950, the "Rail Infrastructure Development and Expansion Act for the 21st Century" (RIDE-21). It would authorize states or groups of states to issue up to \$36 billion in tax-exempt bonds over 10 years to develop high-speed rail corridors. In addition, RIDE-21 would increase the authorization for the Railroad Rehabilitation and Infrastructure Financing loan and loan guarantee program from \$3.5 billion to \$35 billion (recipients of loans can include state, groups of state, and rail operators, including Amtrak as well as freight rail companies). Thus, this bill would make up to \$71 billion available for rail improvements, at an estimated cost to the federal government of \$6 billion.⁴

The reason RIDE-21 could provide so much more money than the High-Speed Rail Investment Act of 2001 at less cost to the federal government is that most of the money would come from the states. Critics observe that states already have the power to issue tax-exempt bonds to pay for improvements to rail infrastructure; what holds them back is not the limit on the amount of bonds they have outstanding, which this bill would raise, but rather the question of where the money to pay off the bonds would come from, especially at a time when state revenues are falling. No action has been taken on this bill.

The National Defense Rail Act (S. 1991) would require the Secretary of Transportation to develop a national high-speed rail transportation policy and allow the Secretary to provide both planning and implementation assistance to states in developing high-speed rail corridors. The federal share for such projects would be 100 percent. The bill would authorize

² For a map of the high-speed rail corridors, see [<http://www.fra.dot.gov/o/hsgt/states/index.htm>]

³ General Accounting Office, *The High-Speed Rail Investment Act of 2001 (S. 250)*; GAO-01-756R, June 25, 2001; Congressional Budget Office, *A Financial Analysis of H.R. 2329, The High-Speed Rail Investment Act of 2001*, September 2001.

⁴ The cost estimate appears in a September 25, 2001, press release from the House Committee on Transportation and Infrastructure, "Historic Rail Infrastructure Legislation Introduced In U.S. House," available at <http://www.house.gov/transportation/>

\$1.55 billion annually for FY2003-FY2008 for these purposes. **(CRS contact: D. Randy Peterman.)**

Railroad Safety Reauthorization

The Federal Railroad Administration (FRA) is the primary federal agency that promotes and regulates railroad safety. The development of new or revised regulations, the assessment of the safety operations of railroads, and the promotion of compliance with the federal safety regulations form the core of FRA's safety program. The combined impact of FRA's activities, billions of dollars of investment in railroad infrastructure, as well as many other industry and labor initiatives, have yielded improvements in the long-term safety record of the railroad industry, especially during the last 20 years. Nevertheless, a tragic and well-publicized train crash historically occurs every few years that heightens interest in railroad safety. Further improvements in both rail safety and FRA's safety regulations and programs are possible, but each approach has its own potential benefits and costs.

The last railroad safety reauthorization statute was enacted in 1994, and its funding authority expired at the end of FY1998. FRA's safety programs continue using the authorities specified in existing railroad safety law and the funds that are appropriated annually. The reauthorization process provides an opportunity to review federal policies and programs, to consider the current state of railroad safety, and to explore various options intended to further improve the long-term safety record. Some of the issues likely to be debated as part of the reauthorization process include: Should railroads be required to implement operator fatigue management plans? Should the hours-of-service regulations be extended to cover additional railroad workers? What should be done, if anything, to deal more effectively with alleged harassment and intimidation of railroad workers? What might be done to further reduce death and injury at highway-rail grade crossings? Should FRA's current safety program simply be reauthorized without any new authorities or regulatory mandates? Forging new legislation in the railroad safety arena is difficult, especially when a balance is sought among the interests of public safety, railroad labor, and management. For more information, see CRS Issue Brief IB10030, *Federal Railroad Safety Program and Reauthorization Issues*. **(CRS contact: Paul Rothberg.)**

Hazardous Materials Transportation Safety

The 107th Congress is likely to consider several bills that would reauthorize the Hazardous Materials Transportation Act (HMTA), as amended (including P.L. 93-633 and P.L. 101-500). That body of law specifies the broad purposes and operating authorities for DOT's hazardous materials (hazmat) safety program. Although hearings were held during the 106th Congress, none of the committees of jurisdiction reported out a reauthorization bill. Among the key issues under consideration are: the level of funding to support DOT's hazmat emergency preparedness grant program; development of cost-effective strategies to improve further hazmat safety; proposed exemptions for various industries from the safety regulations; and the appropriate role of DOT in the regulation of hazmat transportation. Similar issues are likely to be debated during the 107th Congress. For additional information see: CRS Report RS20580, *Hazardous Materials Transportation Safety—Federal Program and Legislative Issues*. **(CRS contact: Paul Rothberg.)**

Pipeline Safety

The 107th Congress is considering legislation that would amend federal pipeline safety law, which directs the U.S. Secretary of Transportation to regulate pipeline transportation and storage of natural gases and hazardous liquids. Those bills also would authorize funding for the Office of Pipeline Safety (OPS) of the U.S. Department of Transportation (DOT), which is charged with implementing federal pipeline safety law. Among the topics discussed as part of the process of reauthorizing the OPS program are: qualification requirements for pipeline operators, integrity management of pipelines, funding amounts to support OPS and the grant programs it administers, state versus federal roles in pipeline safety, and increased community involvement in pipeline safety. The terrorists attacks of September 11, 2001, have placed increased emphasis on pipeline security. S. 235, as amended, the "Pipeline Safety Improvement Act of 2001," passed the Senate on February 8, 2001. Several pipeline safety/security reauthorization bills have been introduced in the House. For additional information, see CRS Report RS20640, *Pipeline Safety: Federal Program and Reauthorization Issues*. (CRS contact: Paul Rothberg.)

Maritime

Harbor Maintenance Funding

User fees for deepening harbor channels for ships and for maintaining current depths by dredging were established in 1986. The fees cover the federal contribution to the cost of such services. Prior to 1986, the federal contribution came from the General Fund of the U.S. Treasury. On March 31, 1998, the U.S. Supreme Court declared the portion of the user fees levied on exports to be unconstitutional, and such collections were discontinued. Fees on imports continue to be collected. However, these have generated opposition from foreign countries, which oppose import fees on the basis that such fees unfairly discriminate against imports. On August 24, 1998, the Clinton Administration proposed a new user-fee system based on the cargo-carrying capacity of the vessel, the type of ship, and the number of times the ship enters or leaves a port. The Administration included the proposal again as part of its FY2001 budget, but the new user fee was not approved during the 106th Congress. It was opposed by most shipping groups, including representatives of ports, because they prefer using monies obtained from the General Fund of the U.S. Treasury rather than levying a user fee to pay for harbor maintenance. In August, 2001, Representative Borski introduced the Support for Harbor Investment Program (SHIP) Act (H.R. 2737). The bill would repeal the user fee and fund dredging from the General Fund. For additional information, see CRS Report RL31264, *Harbor Maintenance Funding*. (CRS contact: John Frittelli.)

Reauthorizing the Coast Guard

In the 107th Congress, a major issue is how effectively the Coast Guard is managing its increased responsibilities to protect the U.S. and interdict illegal drugs and immigrants while continuing its traditional functions of search and rescue and aiding navigation. Coast Guard capital needs are at the core of this issue. Congress generally authorizes funds for the Coast Guard for 2-year periods and appropriates these monies annually in the DOT appropriations bill. Issues for the 107th Congress include how the agency is operationally responding to new demands and managing plans to replace many of its aging vessels and aircraft.

The Coast Guard's major acquisition program, the "Integrated Deepwater System," would require an estimated \$9.6 billion to fund acquisitions over 20 years beginning in FY2002. Planning funds only were provided in FY2000 and FY2001 appropriations. On March 1, 2000, at a hearing of the House Committee on Appropriations' Subcommittee on Transportation and Related Agencies, DOT's Inspector General reported that the Coast Guard planned to request \$350 million in FY2002 and \$500 million annually over the next 19 years to implement its acquisition strategy.

The House passed under suspension an FY2002 authorization bill, H.R. 3507, on December 20, 2001. It would authorize Coast Guard programs at \$5.9 billion. Another bill, H.R. 1099, the Coast Guard Personnel and Maritime Safety Act, has already passed the House and has been referred to the Senate. A Senate authorization bill, S. 951, introduced May 24, 2001, would authorize Coast Guard programs at \$5.2 billion. It was reported October 31, 2001 (S.Rept. 107-89) by the Senate Committee on Commerce, Science, and Transportation. Another House bill, H.R. 2481 reported (H.Rept 107-243) on October 16, 2001, by the Committee on Transportation and Infrastructure, includes numerous provisions on Coast Guard operations. The Senate passed a port security bill S. 1214 (S.Rept. 107-64) on December 20, 2001. On April 11, 2002, the House Committee on Transportation and Infrastructure reported a similar bill, H.R. 3983 (H.Rept. 107-345), which would authorize \$225 million to improve security at U.S. ports. (For further discussion, see CRS Report RS21079 *Maritime Security: Overview of Issues*)

The Administration requested \$5.056 billion for Coast Guard funding in FY2002. The final version, P.L. 107-87 (H.Rept. 107-308,) included \$5.03 billion for the Coast Guard. P.L. 107-20 (H.R. 2216), the FY2001 emergency supplemental appropriations bill, increased FY2001 Coast Guard funding by \$92 million. A terrorism FY2001 supplemental of September 21, 2001, P.L. 107-38, included \$18 million in additional FY2001 funds for the recall of Coast Guard reservists, search and rescue. The terrorism supplemental, P.L. 107-118 (H.R. 3338, Division B), included \$209 million in FY2002 supplemental funds for Coast Guard terrorism-related activities.

The Administration requests budget authority of \$7.275 billion for Coast Guard funding in FY2003. Compared to the \$5.702 billion appropriated in FY2002, the FY2003 request would be \$1.573 billion, or 28%, more. Planned increases of \$733 million for Coast Guard operating expenses, \$92 million for acquisitions, and a new \$736 retirement fund payment account for most of the proposed increase. The chief current issue is how Coast Guard is handling heightened security responsibilities with its many other responsibilities such as search and rescue, and enforcement of laws and treaties. The planned \$733 million increase for operating activities is to be allocated among Homeland Security and these traditional activities. For further discussion on Coast Guard-related legislation, see CRS Report RS20924, *Coast Guard Legislation in the 107th Congress*. **(CRS contact: Martin Lee.)**