



Department of Transportation Budget FY2012

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February 24, 2011

Congressional Research Service

7-5700

www.crs.gov

R41650

Introduction

The President's Department of Transportation (DOT) budget request for FY2012 totals \$123.9 billion. It is divided into two parts: a "base" request of \$78.6 billion, and a one-time "up-front boost," related to the President's proposal for surface transportation reauthorization beginning in FY2012, of \$50 billion.

The base request is \$1.7 billion (2%) more than the FY2010 enacted DOT budget of \$76.9 billion. The total request is \$53 billion over the FY2010 enacted level. See **Table 1** for a breakdown of the request by DOT administration.

One might ask how this increase is possible in light of the President's intention to freeze overall federal discretionary spending in FY2012 (and after) at the FY2010 level. It is possible because most DOT funding is not discretionary funding; it comes from the Highway Trust Fund, and is therefore categorized as mandatory funding. Thus, virtually all of the proposed increase counts as an increase in mandatory rather than discretionary funding. Furthermore, the FY2012 DOT budget request proposes to shift funding for some accounts from the general fund to the Highway Trust Fund (which would be renamed the Transportation Trust Fund). This would have the effect of reducing the total discretionary funding for DOT in FY2012 compared to FY2011, all else being equal.

The budget request is complex because it does two different things at once: it requests funding for DOT programs for FY2012, and it restructures the major surface transportation program accounts and funding structure. The latter changes reflect elements of the Administration's proposal for reauthorizing surface transportation programs for the next six years. The changes include adding intercity rail and new transit construction programs to the programs financed from the trust fund, and increasing the flow of revenues to the fund, although the source of the additional revenues is not specified.

Congress has struggled with surface transportation reauthorization for several years, and may find it challenging to pass a reauthorization proposal on the scale proposed by the Administration in time for it to govern the DOT budget for the fiscal year starting October 1, 2011. Detailed analysis of surface transportation reauthorization proposals is outside the scope of this report.

Selected Budget Issues

Up-Front \$50 Billion Additional Funding

The budget proposes a \$50 billion "up-front" appropriation, on top of DOT's requested base FY2012 funding, to provide an immediate boost to transportation infrastructure improvement and job creation. This is depicted as an alternative to the typical surface transportation reauthorization funding plan, in which funding levels gradually increase over an authorization period of several years. This appropriation would front-load a large increase in funding in the first year of the Administration's proposed six-year surface transportation reauthorization plan, with funding levels for each of the subsequent five years lower than the total for FY2012.

Highway Trust Fund

Most highway and transit funding is taken from the Highway Trust Fund, whose revenues come largely from the federal motor fuels excise tax. For several years, expenditures from the fund have exceeded revenues; for example, in FY2010, revenues were approximately \$35 billion, while expenditures were approximately \$50 billion. Congress transferred a total of \$34.5 billion from the general fund of the Treasury to the Highway Trust Fund during the period FY2008-FY2010 to keep the trust fund solvent. The Congressional Budget Office projects that the trust fund will become insolvent around the end of FY2012.

The President's budget proposes to increase authorized expenditures from the renamed Transportation Trust Fund to \$554 billion over the next six years by increasing the funding levels of existing surface transportation programs and by adding the Federal Railroad Administration and the Federal Transit Administration's New Starts transit construction program to the programs funded by the fund. The budget request does not explain how the fund would support the higher level of expenditures; it says that the President does not support an increase in the federal gasoline tax, but will work with Congress to find new revenue sources.

National Infrastructure Bank (I-Bank)

The budget proposes \$5 billion for a national infrastructure bank. The bank would provide loans or grants to finance transportation projects having national or regional significance. Such projects, such as major bridges on the interstate highways system, are often difficult to build under the current structure of transportation funding, because they benefit the residents of many states but their costs fall on the residents of the state in which the project is located. In the past, such projects have sometimes been financed through specific funding designations by Congress. The national infrastructure bank would, according to the Administration, provide a means for such projects to be evaluated and for the most productive projects to be selected and financed.

High Speed Rail

The budget proposes \$8 billion for high speed rail, the first year of a proposed six-year, \$53 billion program. High speed rail development is seen as a way of creating new jobs, providing a new transportation option for intercity travel, and increasing the capacity, competitiveness, and environmental sustainability of the transportation system. To date, Congress has provided \$10.5 billion for DOT's high speed and intercity passenger rail grant program, beginning with \$8 billion in the American Recovery and Reinvestment Act of 2009.

Critics have questioned the economic efficiency of building an expensive high speed rail network in the United States. While grants have been awarded to 23 states, since the elections of November 2010, the new governors of three states—Wisconsin, Ohio, and Florida—have rejected high speed rail projects for which their states had received grants totaling \$3.6 billion.¹ The governors said their states could not afford the costs of building and maintaining high speed rail lines that would likely require ongoing operating support. The Administration has said that the grant money will be redistributed to other states pursuing high speed rail; California, New York,

¹ Although Florida's governor has rejected the project, the project apparently had not been officially canceled as of February 23, 2011, and press reports indicate that efforts are being made to salvage the project.

and Illinois have been among the states requesting the money. The Full Year Continuing Appropriations Act, 2011 (H.R. 1), passed by the House on February 19, 2011, would eliminate the high speed and intercity passenger rail grant program for the balance of FY2011, and would rescind the unobligated portion of the \$10.5 billion already appropriated.

Amtrak Funding

The budget proposes to place Amtrak funding into a new Federal Railroad Administration account, System Preservation. This account would fund public rail asset development and maintenance; at present, Amtrak would be the only recipient of grants, though in the future competition for the grants is envisioned. Amtrak's FY2012 grant request totaled \$2.2 billion; it received \$1.6 billion in FY2010.² It appears that Amtrak would receive \$1.5 billion from the base funding, and another \$2.5 billion from the up-front supplemental funding.³

National Highway Traffic Safety Administration (NHTSA)

Although the request proposes a \$13 million cut in funding for NHTSA from the \$873 million in FY2010, the request notes that, with the ending of NHTSA's \$124.5 million Safety Belt Performance Grants program, "the request will allow the agency to increase funding for all ongoing primary enforcement, safety, or rulemaking activities."⁴

Detailed Budget Table

The budget table below presents more detail about the President's FY2012 budget request. The FY2012 request is presented in two columns: one for the \$50 billion "up-front boost" request for FY2012, the other for the base FY2012 request. In addition, comparative data are provided for three recent fiscal years: FY2008, to show the extent of the reduction required to return to that year's level of funding, as some have proposed; FY2010, as the most recent full year of enacted appropriations for DOT; and the President's request for FY2011. Funding for FY2011 is being provided by a continuing resolution, at roughly the level provided in FY2010, though discretionary grant programs will not make grants pending enactment of appropriations legislation for the full year.

² Amtrak, *FY2012 Grant and Legislative Request*, February 7, 2011, Table 1; available at <http://www.amtrak.com> (Inside Amtrak>Reports and Documents).

³ Based on the crosswalk table in the Federal Railroad Administration's *FY2012 Budget Estimate*, p. 109.

⁴ Department of Transportation, *FY2012 Budget Highlights*, p. 24; available at <http://www.dot.gov/budget/2012/fy2012budgethighlights.pdf>.

Table I. Department of Transportation Budget FY2012 Budget Request

(in millions of current dollars)

Department of Transportation Selected Accounts	FY2008 Enacted	FY2010 Enacted	FY2011 Request	FY2011 Enacted	FY2012 Base Request	FY2012 “Up- Front Boost”
National Infrastructure Innovation and Finance Fund	—	—	4,000		—	—
National Infrastructure Bank	—	—	—		5,000	—
Office of the Secretary	157	890	352		343	—
Essential Air Service ^a	117	200	182		173	—
National Infrastructure Development	—	600	—		—	2,000
Federal Aviation Administration (FAA)						
Operations	8,740	9,350	9,793		9,823	—
Facilities & Equipment	2,514	2,936	2,970		2,870	250
Research, Engineering, & Development	147	191	190		190	—
Grants-in-Aid for Airports (AIP) (limitation on obligations)	3,515	3,515	3,515		2,424	3,100
Total, FAA	14,794	15,992	16,468		15,307	3,350
Federal Highway Administration (FHWA)	41,985	42,789	42,857		42,764	27,650
Federal Motor Carrier Safety Administration (FMCSA)						
Motor Carrier Safety Operations and Programs	230	240	260		276	—
Motor Carrier Safety Grants to States	300	310	310		330	—
Total, FMCSA	530	550	570		606	—
National Highway Traffic Safety Administration (NHTSA)						
Operations and Research ^b	238	249	250		304	—
Highway Traffic Safety Grants to States	600	620	621		556	—
Total, NHTSA	838	873	878		860	—
Federal Railroad Administration (FRA)						
High-speed and intercity passenger rail grant program ^c	—	2,500	1,000		1,000	3,000
Total, Amtrak ^d	1,325	1,565	1,637		1,546	2,500
Total, FRA	1,561	4,360	2,856		2,809	5,500
Federal Transit Administration (FTA)	9,492	10,733	10,800		10,851	11,500
Maritime Administration (MARAD)	307	363	352		358	—
Assistance to small shipyards	10	15	—		—	—
Pipeline and Hazardous Materials Safety Administration (PHMSA)	154	193	202		221	—
Research and Innovative Technology Administration (RITA)	12	13	17		18	—
Office of Inspector General	66	75	80		89	—
Saint Lawrence Seaway Development Corporation	17	32	32		34	—
Surface Transportation Board	25	28	28		30	—

Department of Transportation Selected Accounts	FY2008 Enacted	FY2010 Enacted	FY2011 Request	FY2011 Enacted	FY2012 Base Request	FY2012 “Up- Front Boost”
Department of Transportation Subtotals						
Appropriation (discretionary funding)	15,460	21,877	23,143		13,431	—
Limitations on obligations (mandatory funding)	53,739	54,244	54,821		64,476	50,000
Exempt contract authority (mandatory funding)	739	739	739		739	—
Total non-emergency budgetary resources, DOT ^e	69,906 ^f	76,860	78,703		78,646	50,000
Emergency appropriations	1,065	—	—		—	—
Non-emergency discretionary total	10,774	14,739	14,000		13,431	—

Source: FY2008 figures from the Comparative Statement of New Budget Authority table in Division I of the House Committee on Appropriation Committee Print on the Omnibus Appropriations Act, 2009, pp. 2274-2277 (http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_house_committee_prints&docid=f:47494i.pdf); FY2010 enacted and FY2011 request figures from the CSBA tables in H.Rept. 111-564 and S.Rept. 111-230, except non-emergency discretionary totals from the FY2012 President's Budget; FY2012 figures taken from the President's Budget for FY2012 and the Department of Transportation's FY2012 Budget Highlights (<http://www.dot.gov/budget/2012/fy2012budgethighlights.pdf>).

Notes: Totals do not include rescissions of contract authority, which reduce the budget total but do not reduce the amount of funding made available.

- a. These figures include the \$50 million in mandatory funding received by the Essential Air Service each year. The FY2012 request also counts \$22 million in unobligated balances from previous years, for a total of \$195 million.
- b. Includes National Driver Register Modernization funding.
- c. FY2012 base figure is calculated by CRS.
- d. FY2012 base figure is calculated by CRS.
- e. Figures reflect budgetary resources, except DOT FY2012 request reflects budget authority; DOT FY2012 budget requests \$123.9 billion in budgetary resources, \$128.6 billion in budget authority.
- f. A \$33 million rescission of budget authority reduced the total to \$69,906 million.

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