Congressional Research Service
Informing the legislative debate since 1914

Appropriations for FY2003: Transportation and Related Agencies

February 26, 2003

Congressional Research Service
https://crsreports.congress.gov
RL31308

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

On February 20, 2003, President Bush signed the FY2003 Consolidated Appropriations Resolution (H.J.Res. 2: H.Rept. 108-10, P.L. 108-7), providing appropriations for the Department of Transportation (DOT) and other departments. Congress agreed to the conference committee report on February 13, 2003. It provides $64.6 billion to the DOT and related agencies for FY2003, minus a 0.65% across-the-board rescission which reduces the total by around $420 million (figures in this report do not reflect the 0.65% rescission, as it is unclear how that cut would be calculated for DOT and related agencies overall and for particular departments, agencies, and programs in the bill). This is $9 billion more than the President requested for FY2003, the primary difference being increased highway spending. It is $1.8 billion less than enacted in FY2002, a year in which transportation appropriations were boosted by supplemental spending for security and for repair of damage to transportation infrastructure in New York City. Prior to the passage of P.L. 108-7, DOT was funded through a series of 8 Continuing Resolutions (CRs) that provided funding at FY2002 levels, prorated.

The events of September 11, 2001, have had a significant impact on DOT's budget. The DOT received an extra $7.3 billion in FY2002 in emergency supplemental appropriations, much of it for security-related activities, including the creation of an entirely new agency, the Transportation Security Administration (TSA). During FY2003 the Coast Guard and TSA are scheduled to be transferred to the newly-created Department of Homeland Security.

The abrupt decrease from FY2002 to FY2003 in requested federal-aid highway funding–from $32 billion to $24 billion–caused a stir. It was mandated by the Revenue-Aligned Budget Authority (RABA) provision in the Transportation Equity Act for the 21st Century (TEA-21) that ties annual highway funding levels to trust fund revenues; trust fund revenues dropped below predicted levels in 2001. The second FY2002 emergency supplemental act (P.L. 107-206) included a provision setting the RABA adjustment for FY2003 to zero, effectively restoring the federal-aid highway program to $27.7 billion, the level authorized in TEA-21. The House Appropriations Committee recommended this level; the Senate-passed version of H.J.Res. 2 maintained the FY2002 level (which was $4.5 billion over the authorized level as a result of a RABA increase that year) for FY2003, $31.8 billion. P.L. 108-7 provided $31.8 billion.

P.L. 108-7 provides Amtrak $1.05 billion, plus deferral of repayment of a $100 million loan, which it said would be enough to keep it solvent through FY2003. The bill introduced a new policy on Amtrak oversight, providing the money not to Amtrak directly but to the Secretary of Transportation, who will provide the money to Amtrak in quarterly installments through the grant-making process. Each of Amtrak's long-distance routes will have to have a separate grant application for funding.

Contents

Abstract 1
Most Recent Developments 1
Key Policy Issues 3
Issue Overview 3
Major Funding Trends 6
Transportation Security Administration (TSA) 7
Coast Guard 9
Federal Aviation Administration (FAA) 11
Operations and Maintenance (O&M) 13
Facilities and Equipment (F&E) 13
Research, Engineering, and Development (RE&D) 13
Essential Air Service (EAS) 13
Grants-in-Aid for Airports 14
Federal Highway Administration (FHWA) 14
Revenue Aligned Budget Authority (RABA) Reduction 16
The TEA-21 Funding Framework 17
FHWA Research, Development, and Technology (RD&T) Programs 17
Federal Motor Carrier Safety Administration (FMCSA) 18
Administrative and Research Expenses 18
Grants to States and Other Activities 18
Border Enforcement 19
National Highway Traffic Safety Administration (NHTSA) 19
NHTSA Program Responsibilities 19
Federal Railroad Administration (FRA) 21
Railroad Safety and Research and Development 22
Next Generation High-Speed Rail R&D 24
Amtrak 24
Federal Transit Administration (FTA) 25
FTA Program Structure and Funding 25
Capital Investment Grants and Loans Program (Section 5309) 25
Urbanized Area Formula Program (Section 5307) 26
Other Transit Programs 27
Job Access and Reverse Commute Program 27
Research and Special Programs Administration (RSPA) 27
List of Acronyms 31
For Additional Reading 32
CRS Products 32
Selected World Wide Web Sites 33
Appendix 1: The Transportation Appropriations Framework 33
Transportation Equity Act for the 21st Century (TEA-21) 34
Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (FAIR21 or AIR21) 34
Appendix 2: Transportation Budget Terminology 35
Key Policy Staff 36

Figures

Figure 1. Transportation Security Agency 8
Figure 2. U.S. Coast Guard Appropriations 10
Figure 3. Federal Aviation Administration Appropriations 12
Figure 4. Federal Highway Administration 16
Figure 5. National Highway Traffic Safety Administration Appropriations 21
Figure 6. Federal Railroad Administration Appropriations 23
Figure 7. Federal Transit Administration Appropriations 26
Figure 8. Research and Special Programs Administration 28

Tables

Table 1. Status of Department of Transportation Appropriations for FY2003 3
Table 2. Department of Transportation Appropriations: FY1988 to FY2002 7
Table 3. National Highway Traffic Safety Administration FY2003 Budget 19
Table 4. Budgetary Resources of Selected Agencies and Selected Programs 29

Contacts

Author Information 36

Abstract

Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bound by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations.

This report is a guide to one of the 13 regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the Subcommittees on Transportation of the House and Senate Committees on Appropriations. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

NOTE: A Web version of this document with active links is available to congressional staff at:

http://www.crs.gov/products/appropriations/apppage.shtml.

Most Recent Developments

On February 4, 2002, President Bush submitted his budget proposal for FY2003. The proposed FY2003 budget for the Department of Transportation (DOT) is roughly $56.1 billion, a decrease of $3.5 billion (6%) from the FY2002 enacted total. This decrease was primarily due to a decline in Highway Trust Fund revenues during 2002, which triggered an automatic reduction in highway spending for FY2003 of $4.4 billion.

On March 21, 2002, President Bush submitted an emergency supplemental budget request to Congress for $27.1 billion; $6.7 billion of which was for the DOT. The largest items were $4.4 billion for the Transportation Security Administration (TSA) for explosives detection equipment and screeners and $1.8 billion for the Federal Transit Administration's Capital Grants Program for rebuilding sections of the Manhattan transit system damaged by the September 11 attack. Other items included $255 million for the Coast Guard, $167 million for the Federal Highway Administration, $100 million for the Federal Aviation Administration, $19 million for the Federal Motor Carrier Safety Administration's Border Enforcement Program, and $3.5 million for the Research and Special Project Administration.

On June 7, 2002, President Bush submitted a proposal for a new Department of Homeland Security. It would involve transferring the Coast Guard and TSA from the DOT to the proposed new agency, along with elements of other existing federal agencies. These two agencies represent 19% of the DOT's total budget, and 40% of its discretionary budget (generally, those activities funded out of the general fund rather than trust funds), for FY2003.

On July 26, 2002, the Senate Appropriations Committee reported its version of the DOT Appropriations bill, S. 2808/S.Rept. 107-224. The Committee recommended $64.7 billion, $8.6 billion more than the Administration request. The major differences were an increase in FHWA spending to FY2002 levels, $8.6 billion above the FY2003 request, and an increase of $679 million for Amtrak, to $1.2 billion.

On August 2, 2002, the President signed the second FY2002 emergency supplemental bill (P.L. 107-206). This bill included an additional $6.6 billion for the DOT for FY2002. This included $3.9 billion for the Transportation Security Administration, $1.8 billion for the Federal Transit Administration (for grants to rebuild New York City's subway system in Manhattan), $728 million for the Coast Guard, and $205 million for Amtrak.

On August 9, 2002, the President announced that he would not ask for the $5.1 billion in contingency emergency funding that was included in the supplemental bill (P.L. 107-206). The act provides that if the President requests any of the contingency emergency funding, all of it is released. This decision reduced the supplemental funding to DOT by $1.1 billion, from $6.6 billion to $5.5 billion. The biggest reductions were to TSA ($480 million), the Coast Guard ($262 million), and the FAA's Grants-in-Aid to Airports ($150 million).

On September 3, 2002, the Administration submitted a budget amendment increasing the FY2003 request for TSA by $546 million.

On October 7, 2002, the House Appropriations Committee reported its version of the DOT Appropriations bill, H.R. 5559/H.Rept 107-722. The Committee recommended $60.1 billion, $4.0 billion more than the Administration request. The major difference was a $4.6 billion increase in FHWA spending.

On November 19, 2002, the Congress passed the fifth in a series of Continuing Resolutions (CR) to fund the Department of Transportation (and other government agencies) in FY2003 in the absence of an FY2003 DOT appropriations act. This CR, P.L. 107-294, provides funding through January 11, 2003, at the levels enacted in FY2002, prorated on a daily basis.

On November 19, 2002, the Congress passed legislation creating the Department of Homeland Security (H.R. 5005;P.L. 107-296). This legislation provides for the transfer of the Coast Guard and the Transportation Security Administration from the DOT to the new Department of Homeland Security during FY2003.

On January 8, 2003, the House passed H.J.Res. 2, a bill without any transportation appropriations, as a vehicle for the Senate.

On January 23, 2003, the Senate passed H.J.Res. 2, now an omnibus FY2003 appropriations bill including transportation appropriations. It provides a total of $65.1 billion to DOT and related agencies, $9 billion more than the Administration request (see ***Table 1****); the major differences are $8.6 billion more in highway spending and $679 million more for Amtrak under the Federal Railroad Administration. However, in an effort to keep total spending in line with the Administration's request, the Senate included an across-the-board cut of 2.852% in the bill. The House will now go to conference with the Senate in an effort to produce a final omnibus appropriations act which will likely include transportation appropriations.*

On February 13, the Conference Committee passed out H.J.Res. 2, which was agreed to by both House and Senate. It provides $64.6 billion for DOT and related agencies, but by agreement with the White House it also includes a 0.65% across-the-board rescission to hold down overall spending.

On February 20, 2003, President Bush signed H.J.Res. 2 (P.L. 108-7).

Table 1. Status of Department of Transportation Appropriations for FY2003

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
H.R. 5559 10-7-02	S. 2808 7-25-02	H.Rept. 107-722 10-7-02	H.J.Res. 2 1-8-03 vv	S.Rept. 107-224 7-26-02	H.J.Res. 2 1-23-03 69-29	H.Rept. 108-10 2-13-03	2-13-03 338-83	2-13-03 76-20	P.L. 108-7 2-20-03

Note: H.R. 5559 and S. 2808 died at the end of the 107th Congress. FY2003 transportation appropriations are included in H.J.Res. 2, an omnibus FY2003 appropriations bill. The Senate Committee on Appropriations report for H.J.Res. 2 was printed in the Congressional Record for January 15, 2003.

Key Policy Issues

Issue Overview

The Conference Agreement (H.Rept. 108-10, P.L. 108-7)

While the House and Senate Committees on Appropriations passed out DOT appropriations bills during the second session of the 107th Congress, that Congress ended without passage of a DOT appropriations bill, or any other non-defense spending bill. All pending legislation from the 107th Congress expired with the beginning of the 108th Congress in January 2003, so new appropriations legislation had to be provided. The House passed H.J.Res. 2, a bill without substantive appropriations language, on January 8, 2003 and sent it to the Senate. The Senate amended it by inserting all the non-defense agency appropriations for FY2003, and passed it January 24, 2003. On February 13, 2003, the Committee on Conference issued their report (H.Rept. 108-10), and the House and Senate agreed to the report and sent the legislation to President Bush, who signed it on February 20, 2003. Prior to that, DOT funding had come from a series of 8 continuing appropriations acts, known as continuing resolutions (CRs), which provided agencies the same level of funding they received in FY2002 (minus extraordinary one-time appropriations) prorated on a daily basis for the life of the CR.

FY2003 Budget Overview

The Bush Administration's FY2003 budget request, released on February 4, 2002, proposed a Department of Transportation (DOT) budget of roughly $56.1 billion–about 6% below FY2002's enacted level of $59.6 billion.[1] The FY2003 budget included a $4.4 billion reduction in highway funding required by the provisions of the Revenue-Aligned Budget Authority mechanism created in the Transportation Equity Act for the 21st Century (TEA-21; P.L. 105-178). The budget request conformed to the basic outline of both TEA-21, which authorizes spending on highways and

[1] This report relies on figures from tables provided by the House Committee on Appropriations, though the FY2003 Senate figures come from the table at the back of the Senate Appropriations Committee report published in the Congressional Record for January 15, 2003 (S710-765). Because of differing treatment of offsets, rescissions, and the structure of DOT appropriations bills, the totals will at times vary from those provided by the Administration. The DOT appropriations bills do not fund the Maritime Administration, which is part of the DOT, but do fund some smaller entities that are not included in the DOT budget, i.e, the Architectural and Transportation Barriers Compliance Board and the National Transportation Safety Board.

transit, and the aviation funding authorized in the Wendell Ford Aviation Investment and Reform Act of the 21st Century (FAIR21 or AIR21; P.L. 106-181).

The FY2003 budget proposal continued trends of the past couple of years, with proposed increases for the Coast Guard (18%) and Federal Transit Administration (FTA, 5%), and decreases for the Federal Railroad Administration (FRA, down 11%). The big changes in the FY2003 DOT budget were the reduction in highway funding and the presence of the TSA.

The events of September 11, 2001, have had a significant impact on the DOT's budget. The DOT received an additional $1.8 billion for FY2002 through an emergency supplemental bill passed on September 14,[2] and another $5.5 billion through another emergency supplemental bill passed on July 24, 2002, for a total of $7.3 billion in supplemental funding in FY2002.[3] In addition, an entirely new agency was created within the DOT, the TSA, due to concerns about security. In FY2003, both the Coast Guard and TSA are scheduled to be transferred out of the DOT to the newly-created Department of Homeland Security.

The Senate Committee on Appropriations passed out a DOT appropriations bill on July 25, 2002 (S.Rept. 107-224), which provided $64.7 billion; the House Committee on Appropriations passed out a DOT Appropriations bill on October 7, 2002 (H.Rept. 107-722), which provided $60.1 billion. Neither the House nor the Senate passed an FY2003 DOT appropriations bill during the second session of the 107th Congress; those bills passed by the Committees on Appropriations expired with the convening of the 108th Congress. On January 8, 2003, the House passed H.J.Res. 2, a bill without substantive appropriations language, and sent it to the Senate. The Senate inserted appropriations language for the 11 non-defense departments whose FY2003 appropriations bills had not been enacted and passed the bill on January 23, 2003. The Senate version of H.J.Res. 2 provided $65.1 billion for transportation for FY2003. The major difference between the Senate and House figures was $4.1 billion more for the federal-aid highway program in the Senate bill. The Senate bill also included a 2.852% across-the-board rescission to acknowledge President Bush's insistence on a limit for FY2003 non-defense spending. The Committee on Conference's report on H.J.Res. 2 was agreed to on February 13, 2003 (H.Rept. 108-10); it provides $64.6 billion for DOT and related agencies, but also provides an across-the-board rescission of 0.65%, by agreement with the White House, to hold down overall non-defense spending. President Bush signed the bill on February 20, 2003 (P. L. 108-7).

RABA and Highway Funding

TEA-21 created a mechanism called Revenue-Aligned Budget Authority (RABA), which was intended to prevent revenues from accumulating in the Highway Trust Account. While TEA-21 set guaranteed spending levels for the highway program through FY2003, based on forecast of future Highway Trust Account revenues, RABA allowed the highway spending level to increase automatically if Highway Trust Account revenues exceeded the forecasts. It also provided that the highway spending levels would be reduced if revenues fell below the forecasts.

[2] H.R. 2888, became P.L. 107-38 on September 18th. This bill appropriated $40 billion, available in three parts; $10 billion was available for allocation by the President immediately (i.e. during FY2001); $10 billion was available for allocation by the President 15 days after he notified the Congress how he would use the funds; and the remaining $20 billion was allocated in a separate title of the FY2002 Defense Department Appropriations bill (P.L. 107-117).

[3] H.R. 4775 became P.L. 107-206 on August 2, 2002. The bill provides $6.6 billion for DOT, but $1.1 billion is contingency emergency funding, which the President has said (August 9, 2002) he would not utilize. Except where otherwise noted, the figures in this report do not include the $7.3 billion in supplemental appropriations received by the DOT in FY2002.

For several years, the RABA adjustment mechanism provided windfall gains for highway funding: increases of $1.5 billion in FY2000, $3 billion in FY2001, and $4.5 billion in FY2002 over the guaranteed funding levels. However, the recession of 2001 slowed receipts into the Highway Trust Account, and in January 2002 it became clear that revenues had dropped below the forecast levels. The result was an automatic cut in the FY2003 highway program funding level of $4.4 billion. The impact of this cut was magnified by the RABA boost to FY2002 highway funding of $4.5 billion over the guaranteed level. This meant that RABA, by giving a $4.5 billion "bonus" in FY2002 and a $4.4 billion cut in FY2003, created an $8.4 billion difference between FY2002 highway funding and FY2003 funding (for more information, see CRS Report RS21164, *Highway Finance: RABA's Double-edged Sword*, March 5, 2002).

On August 2, 2002, the President signed the second FY2002 emergency supplemental legislation (P.L. 107-206), which included a provision setting the RABA adjustment for FY2003 to zero (Section 1402). This had the effect of restoring FY2003 highway funding to the level guaranteed in TEA-21, $27.7 billion.

On October 7, the House Committee on Appropriations reported its version of the FY 2003 DOT Appropriations bill (H.R. 5559). It recommended funding the federal aid highways program at $27.7 billion, $4.4 billion over the Administration request. On January 23, 2003, the Senate passed H.J.Res. 2, an omnibus FY2003 appropriations bill which includes transportation appropriations. It provided $31.8 billion for FY2003, the same amount provided in FY2002. P.L. 108-7 provides $31.8 billion.

The Transportation Security Administration's (TSA) budget

TSA was created by the Aviation and Transportation Security Act (ATSA)(P.L. 107-71) in November 2002 in response to concerns about the security of aviation and other transportation systems. Congress required TSA to assume responsibility for screening passengers and checked baggage at airports, and to hire screeners and purchase equipment to carry out this task, by the end of calendar year 2002. Initial estimates were that TSA would need to hire around 25,000-30,000 screeners to do this, giving it a total workforce of 35,000-40,000 people. However, this estimate was based on the existing number of screeners, and overlooked the impact of other ATSA requirements, such as the screening of checked baggage; this activity was virtually non-existent before September 11, so there were no precise estimates of the total workforce this task would require. As the scale of that task became clearer, estimates of the workforce needed by the TSA increased by another 25,000 or so screeners, to screen checked baggage, to a total workforce of as many as 70,000 people. Some members of Congress expressed concern about TSA growing to such a size; the FY2002 emergency supplemental act capped TSA's full-time screener positions at 45,000, the House Appropriations Committee recommended that cap be extended for FY2003, and P.L. 108-7 extended that cap. Currently, TSA employs nearly 62,000 screeners, of whom 28,000 are temporary.[4]

TSA was appropriated $1.3 billion in FY2002; it also received an additional $3.9 billion in the second FY2002 emergency supplemental bill[5]. Its FY2003 request was $5.3 billion–though that

[4] Office of the Inspector General, United States Department of Transportation, *Aviation Security Costs, Transportation Security Administration*, Testimony before the Senate Committee on Commerce, Science and Transportation, Subcommittee on Aviation, February 5, 2003, CC-2003-066.

[5] President Bush announced on August 9, 2002 that he would not request the contingent emergency funding included in the second FY2002 supplemental bill (P.L. 197-206); that would cut $480 million from the TSA's FY2002 supplemental appropriation. The President subsequently increased the FY2003 request for TSA by $546 million (Budget Estimate #23, September 3, 2002).

request was based on 41,300 full-time employees. Some members of Congress questioned the amounts being requested, and criticized the lack of detail about how the money will be used. At the same time, TSA was under pressure to hire and train as many as 50,000-60,000 screeners, and to purchase and install thousands of baggage-screening devices at 429 airports, by December 31, 2002. The DOT Inspector General has noted resulting inefficiencies.[6]

When it created the TSA, Congress gave it the power to levy two fees, one on passengers and one on airlines. The expectation, at least on the part of some in Congress, was that these fees would provide enough revenue to cover the TSA's annual budget requirements. However, while the DOT estimates that these two fees will bring in around $2.0 billion each year, the TSA's budget request for FY2003 is $5.3 billion. Revenue from fees will not come close to covering the TSA's annual budget.

The House Committee on Appropriations recommended $5.146 billion for TSA, $200 million less than the Administration request. The Senate provided $5.346 billion in H.J.Res. 2, the amount requested by the Administration. P.L. 108-7 provides $5.180 billion.

On November 19, 2002, President Bush signed legislation creating the Department of Homeland Security. TSA is scheduled to be transferred from DOT to this new department in March of 2002. The budget implications of this proposal are not clear; the TSA's FY2003 budget request represents 9% of the DOT's total budget request, and the portion of the TSA's budget request that exceeds their offsetting collections, $2.5 billion, is 12% of the discretionary portion ($20.7 billion) of the DOT's budget.

Amtrak Funding

Amtrak told Congress that it needed at least $1.2 billion in FY2003 to maintain operations. The Administration requested $521 million for Amtrak for FY2003, noting that this figure was a "placeholder" while the Administration worked to finalize a plan to restructure passenger rail service. In the midst of Amtrak's quest for funds to make it through FY2002, the Administration presented a set of principles for restructuring passenger rail service, including the end of federal operating support and greater financial support from states, and said it opposed providing Amtrak more than $521 million in FY2003 unless significant reforms were made. The House Committee on Appropriations recommended $762 million, while requiring enhanced financial reporting from Amtrak; the Senate provided $1.2 billion in H.J.Res. 2. P.L. 108-7 provides $1.05 billion, and postpones repayment of a $100 million loan. In a change of policy, Congress did not provide the money directly to Amtrak, but to the Secretary of Transportation, who will allocate the money to Amtrak quarterly through the grant-making process. Also, each of Amtrak's long-distance routes will have to make individual grant applications to receive funding.

Major Funding Trends

Table 2 shows DOT actual or enacted funding levels for FY1988 through FY2002. Total annual DOT funding more than doubled from FY1988 through FY2002.

[6] Office of the Inspector General, op. cit.

Table 2. Department of Transportation Appropriations: FY1988 to FY2002

(in millions of dollars)

Fiscal Year [a]	Appropriation [b]
FY1988 Actual	25,779
FY1989 Actual	27,362
FY1990 Actual	29,722
FY1991 Actual	32,776
FY1992 Actual	36,184
FY1993 Actual	36,681
FY1994 Actual	40,359
FY1995 Actual	38,878
FY1996 Actual	37,378
FY1997 Actual	40,349
FY1998 Actual	42,381
FY1999 Actual	48,310
FY2000 Actual	50,851
FY2001 Actual	64,463
FY2002 Enacted	66,450[c]
FY2003 Enacted	64,637[d]

a. "Actual" amounts from FY1988 to FY2001 include funding levels initially enacted by Congress in the Department of Transportation and Related Agencies Appropriations bill as well as any supplemental appropriations and rescissions enacted at a later date for that fiscal year. **Source:** DOT Budget in Brief, Budgetary Resources Table, "Actual" year column, adjusted by subtraction of Maritime Administration funding and addition of Related Agencies funding from DOT appropriations acts.

b. Amounts include limitations on obligations, DOD transfers, and exempt obligations.

c. FY2002 and FY2003 enacted figures are drawn from tables provided by the House Committee on Appropriations.

d. FY2003 enacted figure does not reflect a 0.65% across-the-board rescission.

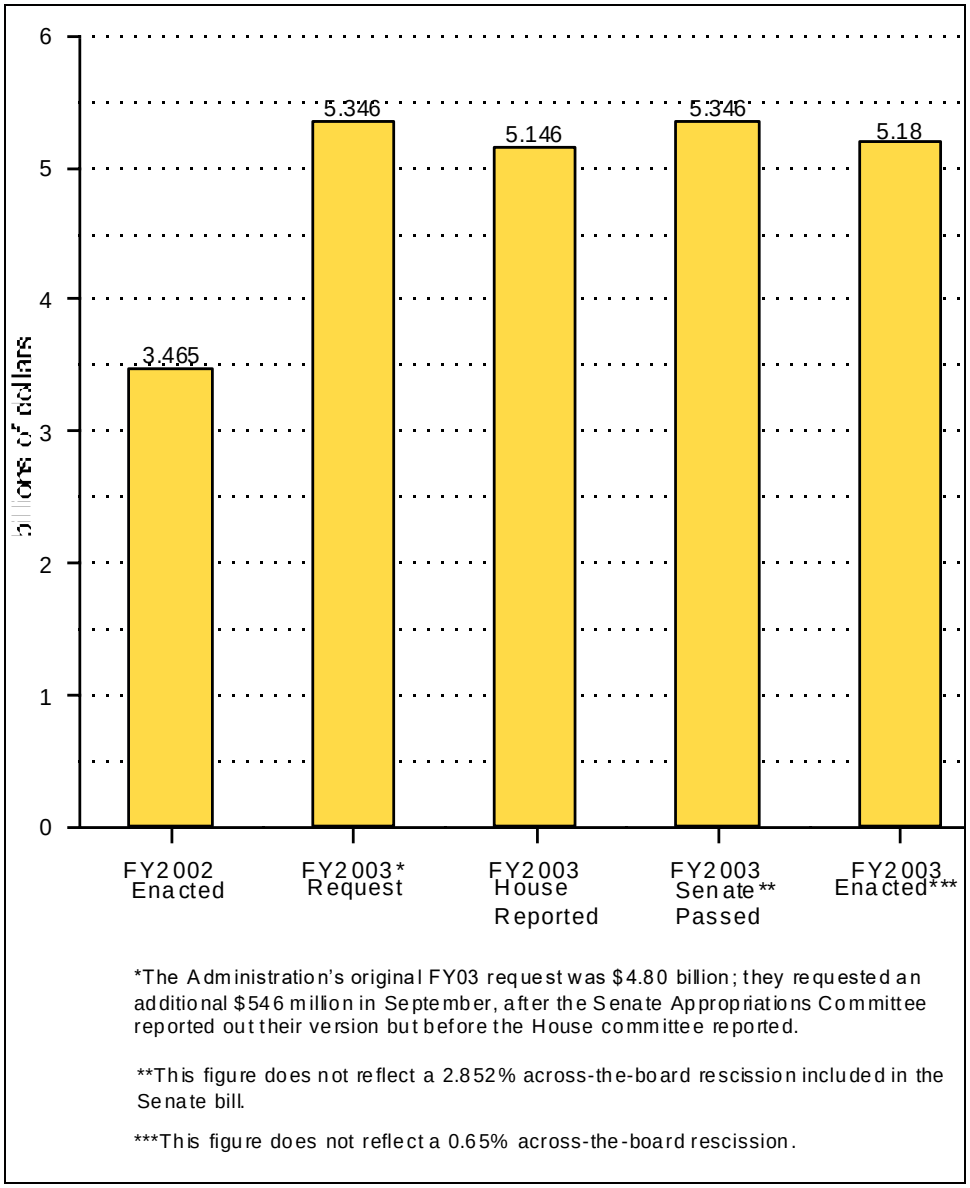
Transportation Security Administration (TSA)

http://www.tsa.dot.gov/

The Aviation and Transportation Security Act (P.L. 107-71), passed in the aftermath of the attack on September 11, 2001, created a new agency in the DOT—the Transportation Security Administration (TSA). With respect to air transportation, the TSA assumes the civil aviation security functions of the FAA as promulgated under 49 U.S.C. 449. TSA is responsible for screening passengers and checked baggage at airports, and for hiring screeners and purchasing equipment to meet these responsibilities. TSA also deploys Federal Security Managers at each airport to oversee screening and deploys Federal Air Marshals for every flight considered a "high security risk." TSA is assigned the task of improving airport perimeter-access security and acquires and deploys explosive-detection machines and other equipment designed to detect chemical or biological weapons.

TSA is responsible for the security of all modes of transportation, passenger and cargo. During a national emergency, TSA is to coordinate and oversee domestic transportation for air, rail, maritime (including seaports), and other surface transport modes and to coordinate threat assessments among appropriate federal, state, and local agencies. The agency is to develop policies, strategies, and plans for dealing with security threats, and to undertake R&D activities to enhance transportation security.

Figure 1. Transportation Security Agency



In FY2002, TSA received a total of $5.8 billion, including transfers. For FY2003, the first full year of funding for TSA, the Administration initially requested $4.8 billion. The Administration submitted a budget amendment on September 3, 2002 raising TSA's budget request by $546 million to an overall total of $5.346 billion. Approximately $2.0-2.4 billion of this amount will be offset with collections from the fees authorized under the Aviation and Transportation Security Act (ATSA). ATSA imposes a fee of up to $2.50 per passenger (limited to $5 per one-way trip) to

pay for civil aviation security services. If this fee proves to be insufficient to pay for the cost of security services, TSA may impose a fee on air carriers–as it has done. The revenue collected from this air carrier fee is limited to the amount air carriers paid in calendar year 2000 for screening services. There is a dispute over the amount of this fee; the federal government estimates that the airlines paid around $700 million in 2000 for screening services, but the airlines say they paid only around $300 million.

On November 19, 2002, President Bush signed legislation creating a new federal agency, the Department of Homeland Security. Among the organizations which are scheduled to be transferred by March 2003 to this new agency is TSA. The budget implications of this proposal are not clear; the TSA's FY2003 budget request represents 9% of the DOT's total budget request; the portion of TSA's budget request that exceeds their offsetting collections, approximately $3 billion, is 13% of the appropriated portion ($22.1 billion) of the DOT's budget.

The Consolidated Appropriations Resolution for FY2003, H.J.Res. 2, provides $5.2 billion for the TSA, $166 million less than the Administration's budget request. The Act provides $4.5 billion for civil aviation security services. This amount includes $3 billion for screening activities, of which $265 million is provided for modifying airports to make room for checked baggage explosive detection systems and $175 million is provided for purchasing these systems. For airport support and enforcement presence, the Act provides $1.5 billion. The Act also extends a cap of 45,000 full-time employees for TSA's workforce.

The Act also provides $245 million for maritime and land transportation security, which includes $150 million for seaport security grants and $30 million for Operation Safe Commerce. Operation Safe Commerce is a pilot program for testing new initiatives for ensuring the security of marine container shipments from their point of origin to final destination. The Act includes $309 million for administrative expenses including intelligence activities. For research and development related to transportation security, the Act provides $110 million.

Among the key issues discussed regarding the TSA's FY2003 budget was its rapidly growing size and the fact that user fees, as mentioned above, are not covering the costs. The issue of properly allocating funds among the various transportation modes, reflecting the areas of greatest vulnerability, was also debated. Members of Congress from coastal states, for instance, raised the issue of whether enough funds have been allocated for seaport security.

Coast Guard

http://www.uscg.mil/

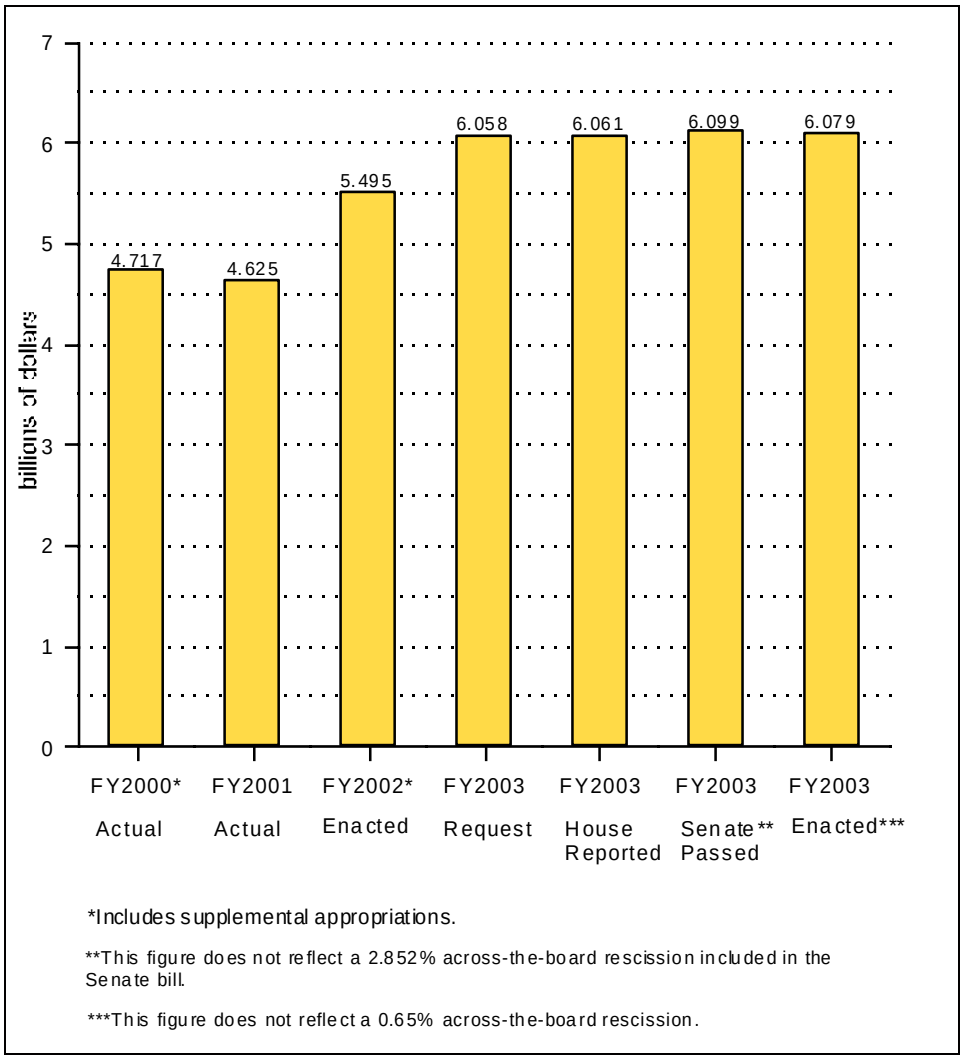
The Coast Guard is challenged by increased responsibilities for Homeland Security, search and rescue, enforcement, drug and illegal immigrant interdiction on the high seas as well as by its aging water craft and aircraft. The Administration requested budget authority of $6.1 billion for Coast Guard funding in FY2003.[7] Compared to the $5.2 billion appropriated in FY2002[8], the FY2003 request was $862 million, or 17%, more. Planned increases of $771 million for Coast Guard operating expenses accounted for most of the proposed increase. In the 107th Congress, the

[7] The Administration's budget request was scored as $5.9 billion because of $165 million in offsetting collections from a navigational fee requested by the Administration. The House Appropriations Committee and the Senate-passed bill both denied this new fee proposal, bringing the Administration's request to $6.1 billion.

[8] The Coast Guard received FY2002 supplemental funds of $209.2 million in P.L. 107-117 and $255 million in P.L. 107-206 (the Coast Guard received $528 million in P.L. 107-206, but over half was contingent emergency funding, which the President has said he will not request, reducing the total to $255 million). These supplemental funds totaling $464.2 million are not included in the FY2002 figure. They bring the total Coast Guard FY2002 appropriation to $5.7 billion.

House Appropriations Committee recommended $6.1 billion. In the 108th Congress, Senate-passed H.J.Res. 2 provided $6.1 billion. The final FY2003 appropriation was $6.1 billion, though the 0.65% across-the-board rescission will likely reduce that to $6.0 billion. Coast Guard programs are usually authorized every 2 years; authorization for FY2003 was included in the Maritime Transportation Security Act of 2002 (P.L. 107-295). See CRS Report RS20924, *Coast Guard Legislation in the 107th Congress*, for discussion of authorization bills. CRS Report RS211125, *Homeland Security: Coast Guard Operations–Background and Issues for Congress*, and CRS Report RS21079, *Maritime Security: Overview of Issues* also discuss related issues. CRS Report RS21303, *Homeland Security: the Coast Guard's FY2003 Budget*, also addresses Coast Guard funding.

Figure 2. U.S. Coast Guard Appropriations



The FY2003 budget request was intended to allow the Coast Guard to continue its activities against drug smuggling and to recapitalize aircraft and vessel fleets while it conducts accelerated Homeland Security activities. A requested $4.2 billion ($771 million, or 23%, more than FY2002) was for operation and maintenance of a wide range of ships, boats, aircraft, shore units, and aids to navigation. The Senate and House committees in the 107th Congress each recommended $4.3

billion.[9] As enacted, P.L. 108-7 included $4.3 billion. Another major component of the request is allocated to acquisition, construction, and improvement. The Administration sought $725 million, $89 million, or 14%, more than current year funding. The Senate and House Committees on Appropriations had approved this amount. P.L. 108-7 provides $742 million. For complying with environmental regulations and cleaning up contaminated Coast Guard sites, the budget seeks, and both committees had approved $17 million, the final amount approved by Congress. No funds were requested for altering bridges, but the House Appropriations Committee recommended $17 million, and Senate-passed H.J.Res. 2 includes $17 million as well as $22 million requested for research and development, about the same as approved by earlier actions. Other Coast Guard requested funding includes $62.1 million for spill clean-up and initial damage assessment, available without further appropriation from the Oil Spill Liability Trust Fund. The Senate and House recommended $889 million for retired pay, a mandatory expense, which P.L. 108-7 provides.

The chief issue for the Coast Guard is how it is handling its heightened security responsibilities along with its many other responsibilities, such as search and rescue, and enforcement of laws and treaties. The planned $771 million increase for operating activities is to be allocated among Homeland Security and these traditional activities. Another prominent issue has been the Coast Guard's management of a major planned replacement of aging and outmoded high seas vessels and aircraft, with a special emphasis on improving the Coast Guard's capabilities on the high seas or in deep waters. Only planning and analysis funds were included for FY1998 through FY2001. For FY2003, $500 million was requested, a $179 million (56%) increase over FY2002 funding. The Senate Committee approved $480 million; P.L. 108-7 provides $478 million. Actual purchases of nearly $10 billion are anticipated over a 20-year period beginning in FY2002. CRS Report 98-830, *Coast Guard Integrated Deepwater System: Background and Issues for Congress*, discusses the issues associated with the program.

On November 19, 2002, President Bush signed legislation creating a new federal agency, the Department of Homeland Security. Among the organizations which are scheduled to be transferred to this proposed new agency is the Coast Guard. The budget implications of this proposal are not clear; the Coast Guard's FY2003 budget request represents 11% of the DOT's total budget request and 27% of the appropriated portion ($22.1 billion) of the DOT's budget.

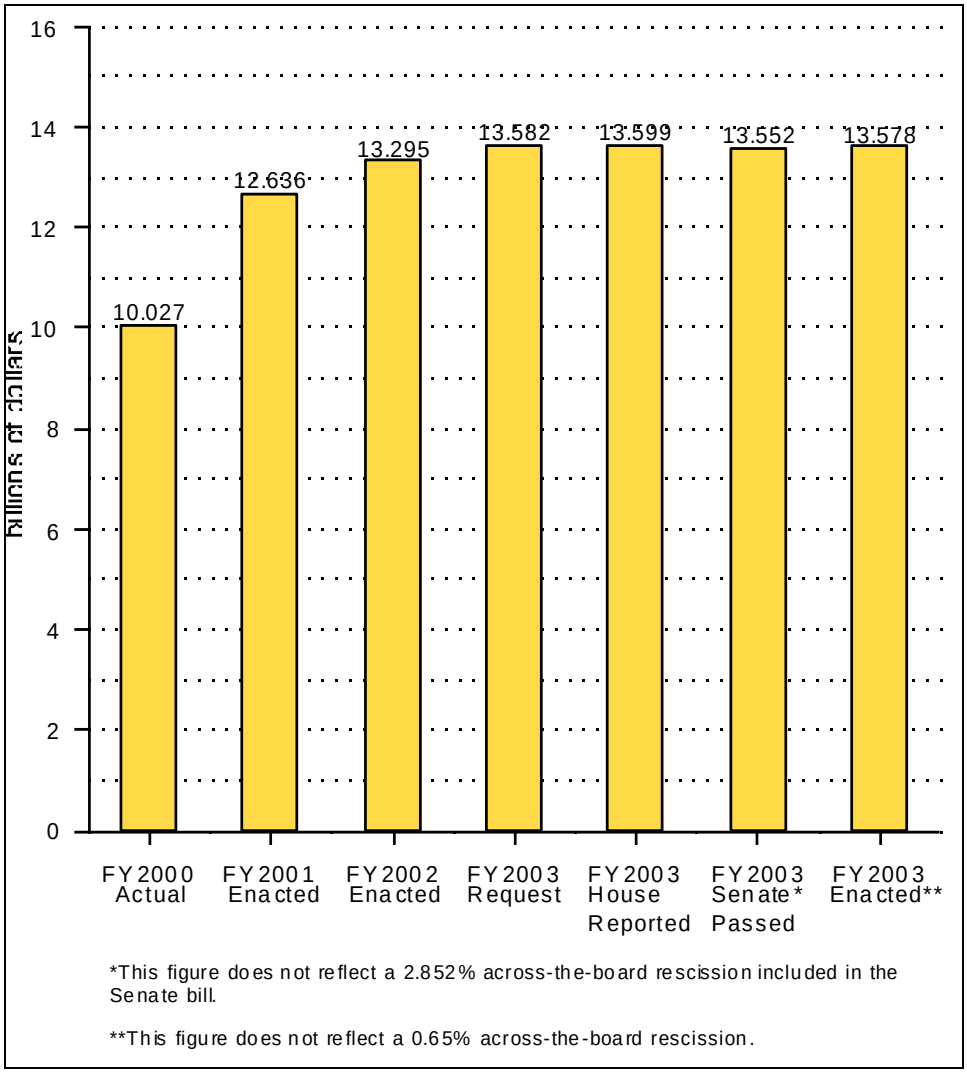
Federal Aviation Administration (FAA)

http://www.faa.gov/

The Consolidated Appropriations Resolution (P.L. 108-7) provides the FAA with $13.6 billion for FY2003 (this does not reflect a required 0.65% recession that applies to some portions of the FAA appropriation). This is essentially the same amount provided earlier by both Senate-passed and House-recommended legislation and is essentially the amount requested by the Bush Administration. The general fund contribution to FAA operations is set at $3.4 billion which is near the Administration requested level and above the FY2002 level. The Act makes some changes in existing FAA programs and consolidates various earmarks from Senate and House bills.

[9] This figure includes $300 million for the Coast Guard in the FY2003 Department of Defense appropriations bill, and $340 million in defense-related funding in the DOT appropriations bill.

Figure 3. Federal Aviation Administration Appropriations



The Bush Administration was seeking $13.6 billion in budget authority for FY2003. This compares with total budgetary resources of $13.3 billion provided in the FY2002 Appropriations Act. The vast majority of FAA funding is provided from the Airport and Airway Trust Fund. In FY2002 a Treasury general fund contribution of $1.113 billion was provided. The Administration proposed a general fund contribution of almost $3.3 billion for FY2003. Whereas the general fund contribution for FY2002 was on the low side historically, the Administration is now trying to return to a higher contribution level. Historically, a significant portion of the agency's budget has come from general fund revenues, the rationale being that the public at large realizes some benefit from aviation whether it uses the system or not.[10]

[10] General fund appropriations have varied substantially, both in dollar terms and as a percentage of FAA appropriations as a whole, from year to year. Over the last 12 years the share has ranged from 0% to 47%. See table 1 in CRS Report RS20177, *Airport and Airway Trust Fund Issues in the 106th Congress*, by John W. Fischer.

The Senate Committee on Appropriations recommended $13.6 billion. The Senate Committee also accepted the Administration request for a general fund contribution of $3.3 billion. There were a number of programmatic recommendations in the Senate bill that differ from the Administration's request, but these would not represent major changes to FAA programs or operations. The bill also included a significant number of earmarks in various program categories.

The House Committee on Appropriations version of FY2003 appropriations also supported a total spending level of nearly $13.6 billion for the FAA. Like its Senate counterpart, the details of the bill differed in some ways from the Administration's request. The bill provided for a larger general fund contribution for operations spending, $3.5 billion. The report accompanying the House bill enumerated a growing concern about the long term health of the aviation trust fund. The events of September 11 have reduced air travel with a concomitant reduction in trust fund revenue collections. As a result, the bill instructed the FAA to reexamine its spending priorities in light of what could become a significantly tighter budget environment.

Operations and Maintenance (O&M)

The Administration proposed an FY2003 funding level of $7.1 billion for this activity, compared to $6.9 billion in FY2002.[11] P.L. 108-7 provides about $30 million less than the amount proposed by the Administration. The Senate Committee had previously proposed a funding level $4 million higher than the Administration request, whereas the House provided for a reduction of $17 million from the request. Both the House and Senate Committees contended that their recommendations were actually significant increases over FY2002 spending because certain security functions found in the FY2002 FAA budget have since been transferred to TSA. The majority of funding in this category is for the salaries of FAA personnel engaged in air traffic control, certification, and safety related activities.

Facilities and Equipment (F&E)

The Consolidated Act provides $2.96 billion for this activity, which is slightly more than the FY2002 level. The Administration proposed raising this amount to $3 billion in FY2003, a level also adopted by the Senate Committee. The House bill provided for a similar level of spending. F&E funding is used primarily for capital investment in air traffic control, and safety. There were no significant new F&E spending initiatives in the Administration proposal and there are none in the Consolidated Act.

Research, Engineering, and Development (RE&D)

P.L. 108-7 provided $148.5 million for this activity, well above the Administration proposal of $124 million. This is well below the FY2002 funding level and significantly below the $249 million authorized for this activity by FAIR21. Some of the difference is accounted for by a proposed transfer of $50 million in appropriations to TSA budget and the fact that this activity got a $50 million supplemental appropriation in FY2002.

Essential Air Service (EAS)

The EAS program is operated through the Office of the Secretary of Transportation (OST), and receives its funding from designated user fees collected from overflights of United States territory by foreign aircraft. EAS has an annual authorized funding level of $50 million. The EAS program

[11] Including supplemental appropriations, total FY2002 O&M spending was $7.119 billion.

received $63 million in the FY2002 appropriations bill plus $50 million in emergency supplemental appropriations, available through FY2003.

For FY2003, the Bush Administration predicts that overflight user fees will generate only $30 million. It therefore asked that $83 million in Airport Improvement Program (AIP) funding be provided from the airport and airway trust fund to bring EAS up to $113 million. P.L. 108-7 adopts this amount but changes the funding sources to preclude use of trust fund monies. The Senate Committee bill had recommended slightly more funding for EAS, $115 million. The Senate believed that all existing points receiving EAS could continue to be funded without tapping into the AIP program. The House set the total funding level at $100 million. It too rejected the use of AIP funds for EAS. The House, however, suggested that F&E funds could be used to make up any shortfall in program funding, and also suggested that the EAS program has unused funds that will allow the FY2003 program to operate at essentially the same level as it did in FY2002.

The FY2002 DOT Appropriations Act also provided $20 million for the somewhat related Small Community Air Service Development Pilot Program (SCASD). The President's budget proposal requests no funds for SCASD. The Senate bill provides $20 million for this program for FY2003, as did the House Appropriations Committee. The Consolidated Act, however, provides no funding for this program.

Grants-in-Aid for Airports

The Airport Improvement Program provides grants for airport development and planning. The Bush Administration FY2003 budget requested $3.4 billion for AIP. This was a 3% increase over the FY2002 enacted level (not counting $175 million in emergency appropriations).

The Senate Committee on Appropriations recommended $3.4 billion for AIP (S. 2808; S.Rept. 107-224). On October 7, 2002, the House Committee on Appropriations also recommended $3.4 billion for AIP (H.R. 5559; H.Rept. 107-722). The Consolidated Appropriations Resolution (H.J.Res. 2; H.Rept. 108-10; P.L. 108-7), which included the DOT appropriations legislation and was signed by President Bush on February 20, 2003, provided $3.4 billion less a 0.65% across-the -board rescission (roughly $20 million) for AIP. Administrative expenses were limited to $63.6 million and $20 million was designated for the small community air service development pilot program. The conference report (H.Rept. 108-10) "place names" 164 airports (significantly fewer than listed in the House or Senate reports) as AIP high priority projects. The report language, however, requires DOT to ensure that airport sponsors of the listed projects first use available AIP formula funds to finance the projects. The report also directs that the specific funding listed in the report should not "diminish or prejudice the application of a specific airport or geographic region to receive other AIP discretionary grants or multi-year letters of intent."

Federal Highway Administration (FHWA)

http://www.fhwa.dot.gov

The FHWA budget provides funding for the Federal-Aid Highway Program (FAHP), which is the umbrella term for nearly all the highway programs of the agency.[12] For FY2003, the President requested $24.1 billion for FHWA. This represented a decrease of $9 billion, or 27%, from the FY2002 appropriation of $33.1 billion. The obligation limitation, which supports most of the FAHP, was set at $23.2 billion and is significantly less than the $31.8 billion provided in FY2002.

[12] FHWA's appropriation also funds the Federal Lands Highways Program which is an adjunct program the Federal-Aid Highway Program, and is also under FHWA control.

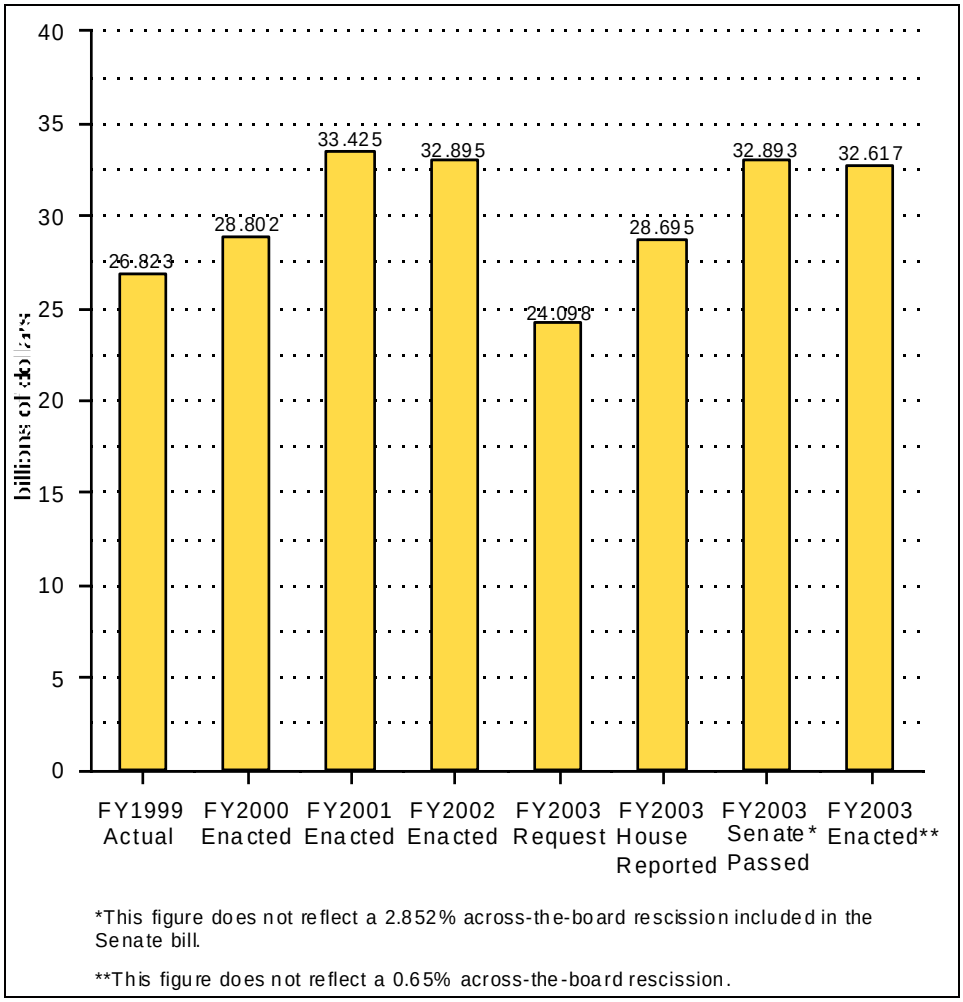
Funding for exempt programs (emergency relief and a portion of minimum guarantee funding) was set at $893 million, down slightly from FY2002's $965 million. These levels of spending were in conformance with the Transportation Equity Act for the 21st Century (TEA-21) (P.L. 105-178). As detailed below, the steep decline in spending is a result of TEA-21 provisions that link federal highway program spending with the revenues that flow into the highway account of the Highway Trust Fund–the revenue-aligned budget authority (RABA). The impact of a negative RABA adjustment dominated the highway budget debate.

The House Committee on Appropriations recommended a total program level of $28.7 billion for FY2003. This would have been $4.2 billion less than the FY2002 enacted level but $4.6 billion more than the President's budget request. In effect, the House Committee recommended elimination of the $4.369 negative FY2003 RABA but, unlike the Senate Committee recommendation, would not have compensated for the FY2002 RABA bonus to raise the total program funding to the FY2002 level.

The Senate Committee on Appropriations took a different approach and recommended a total FY2003 program level of $32.9 billion, roughly the same as the FY2002 level. The FY2003 limitation on obligations was set at $31.8 billion, virtually the same as FY2002 and $8.6 billion above the President's budget request. In effect, the Committee recommendation not only eliminated the $4.369 billion negative FY2003 RABA, but provided amounts roughly equal to the FY2002 RABA bonus of $4.543 billion to raise the FY2003 obligation limitation to the FY2002 level.

The FY2003 Consolidated Appropriations Resolution (H.J.Res. 2; P.L. 108-7), which incorporated DOT's FY2003 appropriations and was signed by President Bush on February 20, 2003, provides $32.9 of total budgetary resources for FHWA. The Act, however, also included rescissions of previous years' funding of $264 million, and section 601 of the Act imposes an 0.65% across-the-board rescission which will reduce the FHWA total by roughly another $200 million to approximately $32.4 billion. As has been the case in the past three annual DOT appropriations bills, the FHWA discretionary programs have been extensively earmarked in the FY2003 Conference Report (H.Rept. 108-10).

Figure 4. Federal Highway Administration



Revenue Aligned Budget Authority (RABA) Reduction

According to DOT estimates revenues (fuel taxes and other fees) accruing to the Highway Trust Fund decreased in FY2001 as a result of the then ongoing recession and the effects of September 11. Most of this decrease in activity seemed to be related to problems in the trucking industry. The RABA process created by TEA-21 required that federal highway obligational authority be adjusted accordingly. In simple terms this means that the RABA adjustment for FY2003 was a negative $4.37 billion. Core highway program obligational authority for FY2003 would, therefore, have been cut from the TEA-21 guaranteed level of $27.7 billion to approximately $23.2 billion. This $4.4 billion reduction in guaranteed spending, combined with the FY2002 RABA $4.5 billion addition to the TEA-21 guaranteed spending, resulted in a potential $8.6 billion reduction from the FY2002 level.

This was 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 was equally unwelcome among those interests that build roads or associated transportation infrastructure and those who support continued highway improvements.

Hearings on this issue were held in both the House and the Senate during the 107th Congress. The FY2002 supplemental appropriations act (H.R. 4775; P.L. 107-206) provided for a restoration of RABA funding for FY2003 to $28.9 billion. The Senate-passed bill went even further and increased funding to a level comparable with that in FY2002, $31.8 billion (obligation limitation). The House Committee had passed an appropriations bill that set spending at the $27.7 billion level, but some Members of the House made it clear that they supported the higher level contained in the Senate bill and supported adoption of the $31.8 billion funding level in conference. P.L. 108-7 provides $31.8 billion.

The TEA-21 Funding Framework

TEA-21 created the largest surface transportation program in U.S. history. For the most part, however, it did not create new programs. Rather, it continued most of the highway and transit programs that originated in its immediate predecessor legislation, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA, P.L. 102-240). Programmatically, TEA-21 can be viewed as a refinement and update of the ISTEA process. There are a few new funding initiatives in TEA-21, such as a Border Infrastructure Program, but the vast majority of funding is reserved for continuing programs.

There are several groupings of highway programs within the highway firewall. Most of the funding is reserved for the major federal aid highway programs, which can be thought of as the core programs. These programs are: National Highway System (NHS), Interstate Maintenance (IM), Surface Transportation Program (STP), Bridge Replacement and Rehabilitation (BRR), and Congestion Mitigation and Air Quality Improvement (CMAQ). All of these programs are subject to apportionment on an annual basis by formula and are not subject to program-by-program appropriation.

There is a second category of highway funding within the firewalls. This so called “exempt” category consists of two elements: an additional annual authorization of minimum guarantee funding ($639 million per fiscal year) and emergency relief ($100 million per fiscal year). These funds are not subject to the annual limitation on obligations.

A further set of programs, which are also within the firewall, are known as the “allocated” programs. These programs are under the direct control of FHWA or other governmental entities. These programs include: the Federal Lands Highway Program, High Priority Projects (former demonstration project category), Appalachian Development Highway System roads (formerly ineligible for trust fund contract authority), the National Corridor Planning and Border Infrastructure Program, and several other small programs.

FHWA Research, Development, and Technology (RD&T) Programs

The Administration proposes decreased funding for various RD&T activities, from $417.5 million in FY2002 to $351.2 million in FY2003. The conferees provide a general limitation on transportation research of $462.5 million, as proposed by both the House and the Senate Committees and consistent with the contract authority specified in TEA-21.

RD&T funds are used primarily to advance and deploy technologies intended to improve highway pavements, structures, roadway safety, highway policies, and intelligent transportation systems (ITS). The ITS deployment program provides funds for states and local governments to use advanced communication and information systems to improve the management and safety of their surface transportation systems, primarily highway and transit systems.

An issue associated with the ITS deployment program is the earmarking of funds. During the last few years, the appropriators have earmarked a substantial portion of the incentive funds intended to accelerate ITS deployment. This practice was continued in the FY2002 DOT Appropriations Act and the FY2003 Consolidated Appropriations Act. Some Members and proponents of ITS would prefer to have the deployment funds competitively awarded. TEA-21, however, also specifies several projects which are to receive some of the ITS deployment funds.

Federal Motor Carrier Safety Administration (FMCSA)

http://www.fmcsa.dot.gov/

The FMCSA was created by the Motor Carrier Safety Improvement Act of 1999 (MCSIA), P.L. 106-159.[13] This agency became operational on January 1, 2000, and assumed the responsibilities and personnel of DOT's Office of Motor Carrier Safety.[14] FMCSA issues and enforces the Federal Motor Carrier Safety Regulations, which govern the operation and maintenance of interstate commercial truck and bus operations and specify requirements for commercial drivers. FMCSA also administers several grants and programs to help states conduct truck and bus safety activities. Most of the funds used to conduct FMCSA activities are derived from the federal highway trust fund.

The FY2003 Administration request for the FMCSA was $367.5 million; this amount is provided for in the FY2003 Consolidated Appropriations Act, with $60 million for border enforcement activities included within FHWA's limitation on administrative expenses. The appropriation for FY2002 was $354.3 million, including funds contained in the supplemental appropriations measure. The FMCSA appropriation consists of three primary components: FMCSA operations and administrative expenses, assistance to states for the conduct of truck and bus safety programs, and the border enforcement program.

Administrative and Research Expenses

The DOT FY2003 budget request for FMCSA administrative and operations expenses was $117.5 million, including funds for research and technology (R&T). The conference agreement provides for this same amount–$117.5 million. The FY2003 appropriation includes $7 million for research and technology activities, which seek to improve truck and bus safety regulations and associated safety and compliance activities conducted by both federal and state enforcement officers.

Grants to States and Other Activities

The Administration's FY2003 request for these activities was $190 million. The conference agreement approved this level. A limitation on obligations of $205.9 million for the National Motor Carrier Safety Program (NMCSP) was provided in FY2002. These funds, are used primarily to pay for the Motor Carrier Safety Assistance Program (MCSAP), a grant program that helps the states enforce truck and bus safety regulations. MCSAP grants cover, typically, up to 80% of the costs of a state's truck and bus safety program. Some 10,000 state and local public-utility and law-enforcement officers conduct more than 2.6 million roadside inspections of trucks

[13] During various hearings held in the first session of the 106th Congress, a number of organizations, including DOT's Inspector General, the General Accounting Office, and many industry associations raised a variety of concerns regarding the effectiveness of the federal truck and bus safety program. In response to these concerns, Congress created the FMCSA.

[14] DOT's Office of Motor Carrier Safety, which operated from October 9 through December 31, 1999, replaced the Office of Motor Carriers of the Federal Highway Administration of the DOT.

and buses annually under the program. Some funds provided in this sub-account of FMCSA are also used to pay for information systems and analysis as well as other state compliance activities.

Border Enforcement

The Administration's FMCSA request also includes $60 million for border enforcement intended to enhance the ability of U.S. DOT and the states to promote the safety of Mexican trucks and buses entering the United States. The conference agreement approved funding at the $60 million level as well.

National Highway Traffic Safety Administration (NHTSA)

http://www.nhtsa.dot.gov/

In their conference report on H.J.Res. 2 (H.Rept. 108-10), the Senate and House conferees established a total budget authority for the National Highway Traffic Safety Administration of $435.3 million. Of this amount, $225 million is designated for the Highway Traffic Safety Grants component of the agency's funding. The remainder, $210.3 million is designated for the discretionary budget authority and obligation limitation (from the highway trust fund) components of Operations and Research activities. This amount appears to be a compromise between the amount recommended by the respective appropriations committees of the Senate and House in their individual reports.

In S. 2808, the Senate Committee on Appropriations recommended virtually across-the-board increases beyond the amounts requested by the Administration for NHTSA programs. For FY2003, the Committee recommended budget authority for NHTSA of $440 million, approximately $15 million (3.5%) above the $425 million requested by the Administration and about four percent above the FY2002 enacted level of $423 million. The House Committee on Appropriations recommended total NHTSA funding of $430 million (comprised of approximately $205 million for Operations & Research and $225 million for Highway Traffic Safety Grants), about $10 million less than the Senate recommendation, and approximately $5 million above the Administration's request.

Table 3. National Highway Traffic Safety Administration FY2003 Budget

($ millions)

Program	FY2002 Level	Administration Request	House Recommended	Senate Passed	FY2003 Enacted
Operations & Research (O&R)	$200	$200	$205	$215	$212
Highway Traffic Safety Grants	$223	$225	$225	$225	$225
Total	$423	$425	$430	$440	$437

NHTSA Program Responsibilities

The National Highway Traffic Safety Administration's responsibilities include establishing minimum safety standards for automotive equipment, serving as a clearing house and information

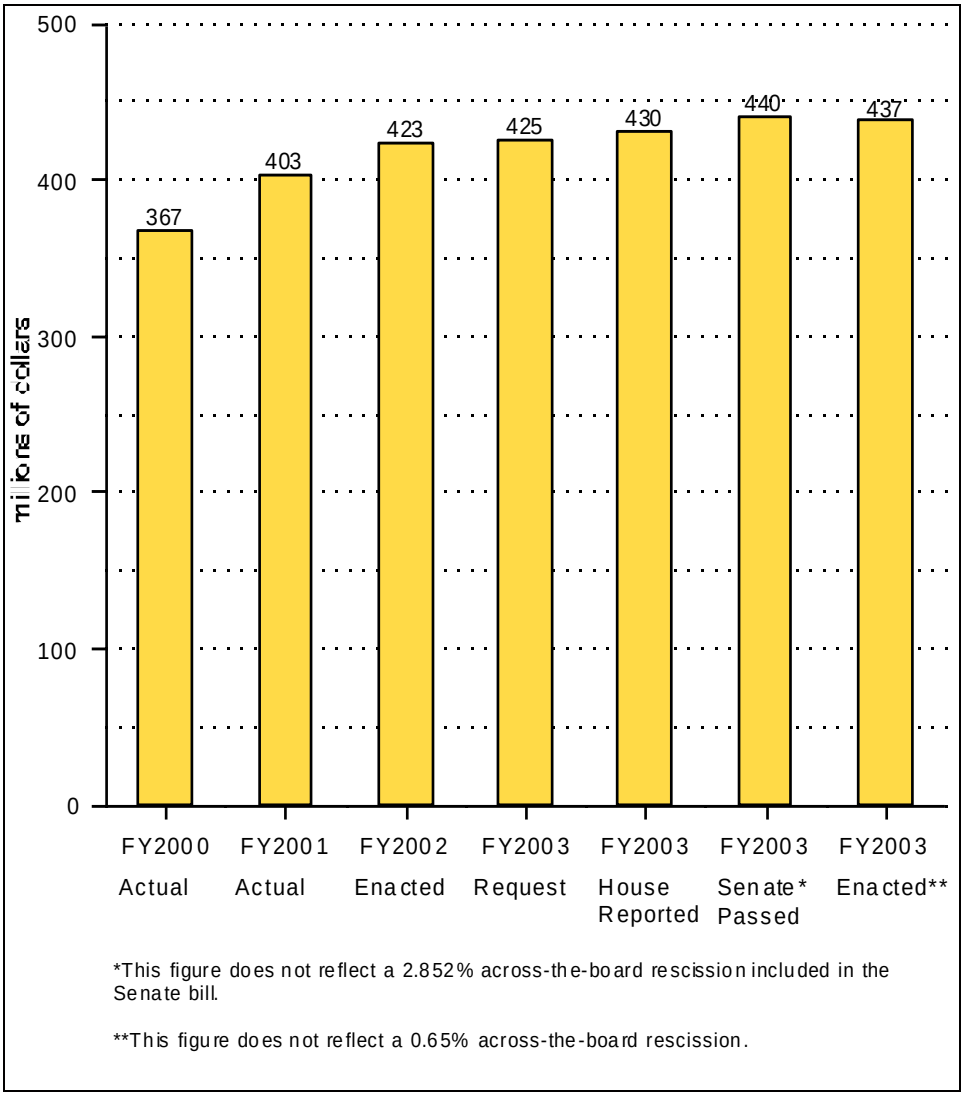
source for drivers, identifying and studying emerging safety problems, and encouraging state governments to enact laws and implement programs (through safety grants) to reduce drunk driving and to encourage the use of occupant protection devices. The Bush Administration has continued a long-standing DOT priority that, "Improving transportation safety is the number one Federal Government transportation objective." NHTSA plays a key role in implementing this objective.

In its policy statements, the Department of Transportation, through NHTSA, has targeted specific program activities that have potential for reducing highway deaths and injuries. Included among these are programs to: reduce drunk and drugged driving; reduce the incidence of aggressive driving and "road rage"; aid in the development of "smart air bags" that will continue to provide protection to occupants, while reducing risk associated with the bags themselves; enhance infant and child safety in vehicle crashes; and explore transportation options and safety programs for an aging population.

In addition, NHTSA, in its program highlights, has emphasized its intent to comply with the legislative requirement of the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act (P.L. 106-414). The TREAD Act requires NHTSA to undertake more than a dozen rulemaking actions within the next two years in the areas of tire safety standards, rollover propensity, and improving child safety.

In its report, the Senate Committee on Appropriations expressed its disappointment that NHTSA had not met its mandated deadline (under Section 13(h) of the TREAD Act,) to produce a study on the use and effectiveness of automobile booster seats for children. That report was due November 1, 2001. The Committee urged NHTSA to issue the results of the booster seat study without delay. Moreover, the Committee expressed concern that a previously established safety goal had not been achieved and that the agency adjusted that goal downward; NHTSA lowered its target of an 87% national seat belt usage rate in 2002 to a target of 78% in 2003.

Figure 5. National Highway Traffic Safety Administration Appropriations



In its report, the House Committee on Appropriations expressed its awareness of "extensive dissatisfaction and a significant drop in morale following the reorganization" of NHTSA during fiscal year 2002. It indicated that temporary dissatisfaction can be expected when programs and responsibilities are altered, but that if a resulting decline in program effectiveness continues into fiscal year 2003, the Administrator should be prepared to address the negative results of this reorganization during the fiscal year 2004 hearing cycle.

Federal Railroad Administration (FRA)

http://www.fra.dot.gov

For FY2003, the Administration requested $711 million in funding for the FRA, including $59 million in offsetting fees. This is $23 million less than the $734 million provided in FY2002. The request provided $521 million for Amtrak, the same amount provided in FY2002, but this is called a placeholder while the Administration works on a proposal for a new structure for

intercity passenger rail, involving a partnership between the Federal Government, the States, and the private sector. Core safety and operations would receive $118 million, a $7 million increase over the FY2002 level.

The Administration's request provided no funding for the Alaska Railroad rehabilitation, which received $20 million in FY2002. Spending for next generation high-speed rail development was reduced to $23 million, $9 million less than was provided in FY2002. The Administration requested $28 million for railroad research and development.

The Consolidated Appropriations Resolution for FY2003, H.J.Res. 2 (P.L. 108-7), provides $1.05 billion for Amtrak, which is lower than the $1.2 billion originally approved by the Senate but more than the $763 million originally recommended by the House Transportation Appropriations Subcommittee. The Consolidated Appropriations Act also provides $30 million for next generation high-speed rail development, which is $7 million more than the Administration's request. For core safety and operations and for railroad research and development, the Act provides similar amounts to the President's request, $117 million and $29 million respectively. The Act provides $22 million for the Alaska Railroad versus the President's request for no funding.

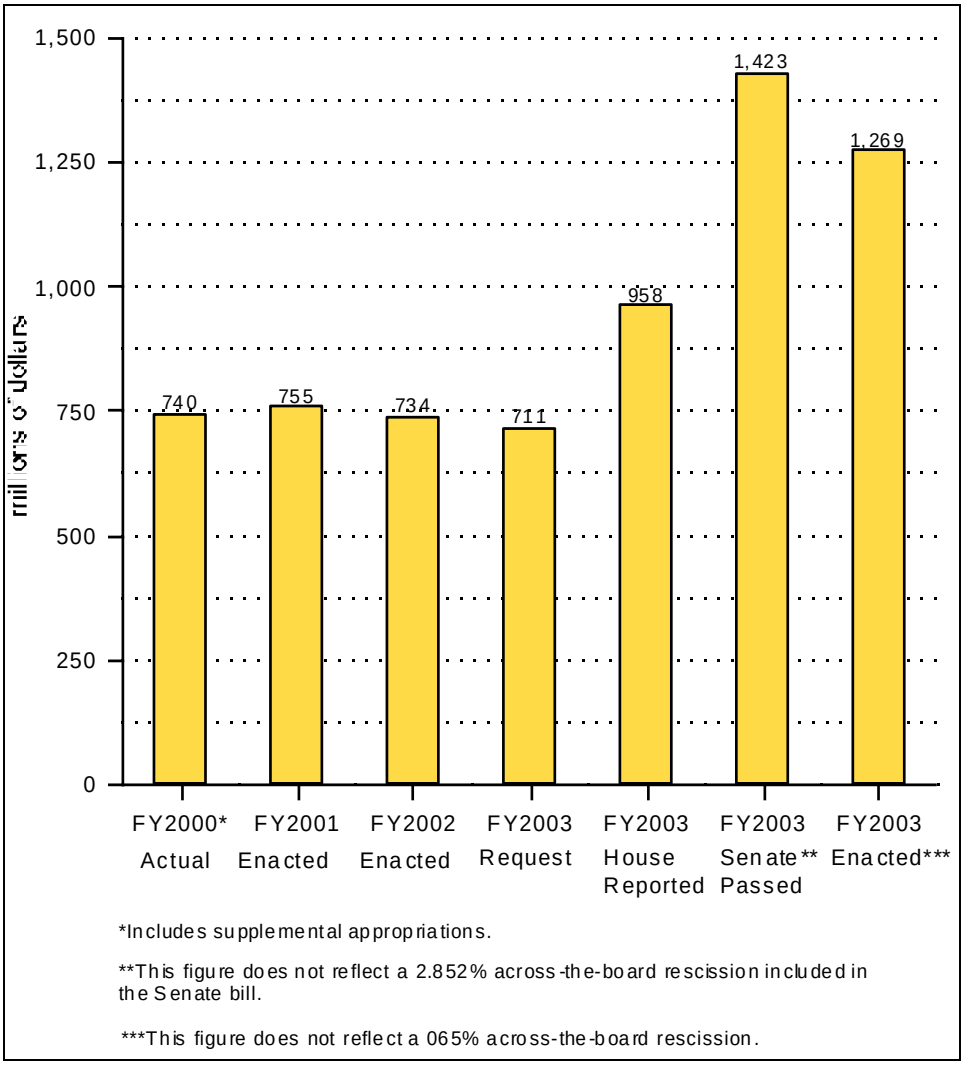
Although most of the debate involving the FRA budget centers on Amtrak, agency safety activities (which receive more detailed treatment following this section) and Next Generation High-Speed Rail, as well as how states might obtain additional funds for high-speed rail initiatives, are also issues.

Railroad Safety and Research and Development

The FRA is the primary federal agency that promotes and regulates railroad safety. The Bush Administration proposed $118.2 million in FY2003 for FRA's safety program and related administrative and operating activities. Most of the funds are used to pay for salaries as well as associated travel and training expenses for field and headquarters staff and to pay for information systems monitoring the safety performance of the rail industry.[15] Increased railroad traffic volume and density make equipment, employees, and operations more vulnerable to adverse safety impacts. The Administration's request for FY2003 represents a nearly 6% increase above the $111 million provided in the FY2002 DOT Appropriations Act (P.L. 107-87) for rail safety and operations. The conference agreement provides $117.4 in FY2003.

[15] Those funds also are used to conduct a variety of initiatives, including the Safety Assurance and Compliance Program (SACP), the Railroad Safety Advisory Committee (RSAC), and field inspections. SACP involves numerous partnerships forged by railroad management, FRA personnel, and labor to improve safety and compliance with federal railroad safety regulations. RSAC uses a consensus-based process involving hundreds of experts who work together to formulate recommendations on new or revised safety regulations for FRA's consideration.

Figure 6. Federal Railroad Administration Appropriations



The railroad safety statute was last reauthorized in 1994. Funding authority for the program expired at the end of FY1998. FRA's safety program continues using the authorities specified in existing federal railroad safety law and funds provided by annual appropriations. Although hearings have been held since 1994, the deliberations have not resulted in a consensus to enact a law to authorize continued funding for FRA's regulatory and safety compliance activities or change any of the existing authorities used by FRA to promote railroad safety. A reauthorization statute changing the scope and nature of FRA's safety activities would most likely affect budgets after FY2003.

The adequacy and effectiveness of FRA's grade-crossing safety activities continue to be of particular interest. Relevant safety issues include: How effectively is FRA helping the states deal with the grade-crossing safety challenge? Is FRA's FY2003 budget adequate to deal with that challenge? Congressional reaction to these questions had a bearing on the railroad safety budget for FY2002. In its FY2003 budget, FRA requests funding to strengthen its grade-crossing safety program and associated public education activities.

To improve its safety regulations and industry practices, the FRA conducts research and development (R&D) on an array of topics, including fatigue of railroad employees, technologies to control train movements, and track dynamics. In reports accompanying House and Senate transportation appropriation bills and in annual conference reports, the appropriations committees historically have allocated FRA's R&D funds among various research categories pertaining to safety. The FY2002 DOT appropriations act (P.L. 107-87) provided $29 million for the R&D program. For FY2003, FRA requested $28.3 million for these activities. The conference agreement provides $29.3 million.

The request for FRA's safety and research and development programs includes a proposal to impose a user fee on the industry. The collected funds would offset costs of safety-related activities, raising an estimated $59 million that would be credited to the general fund in the U.S. Treasury; general funds appropriated for the programs would be reduced by similar amounts. Industry, in the past, has objected to such proposals, maintaining the industry already pays its share of taxes and invests heavily in safety. The conference agreement provides that none of this funding is to be offset from user fees.

Next Generation High-Speed Rail R&D

In FY2002, $32.3 million was made available for the Next Generation High-Speed Rail Program. The FRA requested $23.2 million to continue this program in FY2003. The House Appropriations Committee recommended $30.45 billion, $7.25 billion over the Administration request; the Senate provided $30.0 million in H.J.Res. 2. P.L. 108-7 provides $30.45 million.

Amtrak

http://www.amtrak.com

The President's FY2003 budget request for Amtrak was $521.5 million, the same as in FY2002. The President's budget noted that this was just a placeholder figure until a new policy for passenger rail service was developed. In June 2002 the Administration presented its principles for Amtrak reform, and announced it would not support additional funding for Amtrak (over the $521.5 million) unless accompanied by significant reform to Amtrak. Amtrak had said as early as February 2002 that it would need at least $1.2 billion in FY2003. The House Appropriations Committee recommended $762 million for Amtrak, while requiring better financial reporting from Amtrak and limiting the amount of operating support for long-distance trains to $150 million, $50 million less than Amtrak says is required to maintain the current level of long-distance service. The Senate provided $1.2 billion in H.J.Res. 2. P.L. 108-7 provides $1.05 billion, and defers repayment of a $100 million loan; Amtrak said that should be sufficient to keep it operating through FY2003. In a change of policy, Amtrak's funding will not go directly to the corporation, but to the Secretary of Transportation, who will provide funding to Amtrak quarterly through the grant-making process.

Amtrak's authorization expired at the end of FY2002; Congress is likely to consider Amtrak reauthorization during the first session of the 108th Congress. See CRS Report RL31743, *Amtrak Issues in the 108th Congress*, for further information.

Federal Transit Administration (FTA)

http://www.fta.dot.gov/

President Bush's FY2003 budget request for FTA is $7.226 billion, essentially the TEA-21 guaranteed level. This is a 7% increase above FTA's FY2002 appropriation of $6.747 billion.[16] The House Appropriations Committee recommended $7.226 billion, the amount requested. The Senate provided $7.226 in H.J.Res. 2. P.L. 108-7 provides $7.226 billion (figures in this section do not include the 0.65% rescission). For every existing FTA program Congress agreed with the amounts requested by the Administration.

The transit appropriations shown in **Figure 4** illustrate the significant increase in FTA funding from FY1999 to FY2003 that occurred following the enactment of TEA-21 in 1998.

FTA Program Structure and Funding

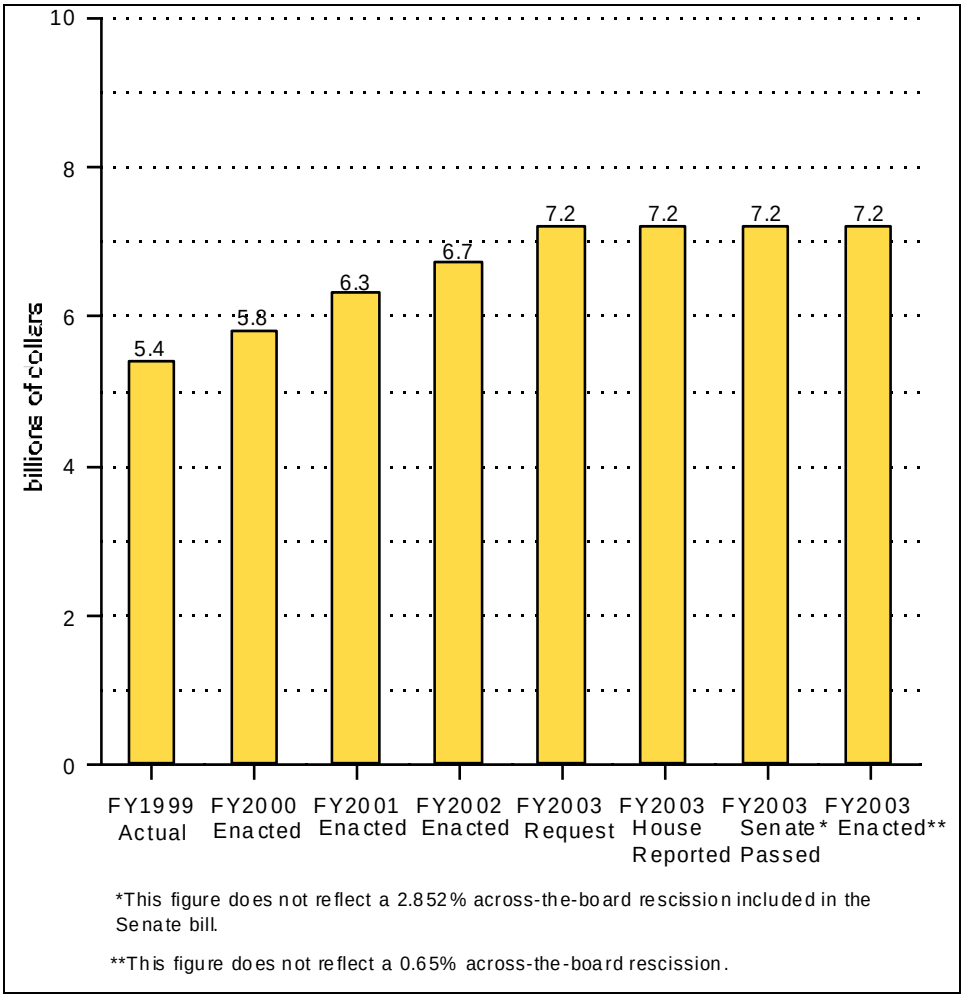
There are two major transit programs: the Capital Investment Grants and Loans Program and the Urbanized Area Formula Grants Program. There are also several smaller formula and planning and research programs. In FTA's Formula Grants Program, 86% of the FY2003 funding is for the Urbanized Area Formula Program, and 6% is for the Non-Urbanized Area Formula Program (less than 50,000 population). The remaining 8% is split between the other programs.

Capital Investment Grants and Loans Program (Section 5309)

This program (formerly known as Section 3) has three components: new transit starts, fixed guideway modernization, and bus & bus facilities. The Administration requested $3.036 billion for FY2003, up from $2.841 billion in FY2002, a 7% increase. The funds are allocated among these three components on a 40-40-20 basis, respectively; funds for the fixed guideway component are distributed by formula, while funds for the other components are distributed on a discretionary basis by FTA or earmarked by Congress. The House Appropriations Committee recommended $3.036 billion; the Senate provided $3.036 billion in H.J.Res. 2. P.L. 108-7 provided $3.036 billion.

[16] These figures for FTA do not include any projections to account for possible flexible funding transfers from FHWA to FTA. In FY2001 such transfers amounted to $1.23 billion. The Bush Administration budget assumes that flex-funding transfers between FHWA and FTA will continue.

Figure 7. Federal Transit Administration Appropriations



Urbanized Area Formula Program (Section 5307)

The program (formerly known as Section 9) provides for capital and, in some cases, operating needs for urbanized areas (population 50,000 or more). These activities include bus and bus-related purchases and maintenance facilities, fixed guide way modernization, new systems, planning, and operating assistance. For FY2003, the Administration proposed $3.3 billion (the TEA-21 guaranteed amount), a 1% increase over the $3.26 billion provided in FY2001. These funds are apportioned on a formula based, in part, on population (areas with populations over 1,000,000 receive two-thirds of the funding; urbanized areas with populations under 1,000,000 receive the remaining one-third) and transit service data. The House Appropriations Committee recommended the requested amount; the Senate provided the requested amount, and P.L. 108-7 provides the requested amount, $3.3 billion.

With the enactment of TEA-21, operating assistance funding was eliminated for urbanized areas with populations over 200,000. However, preventive maintenance, generally considered an operating expense, is now eligible for funding as a capital expense. Urbanized areas under 200,000 population, and non-urbanized areas (Section 5311), can use formula funds for either capital or operating purposes.

Other Transit Programs

- Non-Urbanized Areas Formula Program (Section 5311), which provides capital and operating needs for non-urbanized areas (areas with populations under 50,000)–$235 million requested for FY2003 ($223 in FY2002);
- Grants for Elderly and Individuals with Disabilities (Section 5310)–$90 million requested for FY2003 ($85 million in FY2002);
- Clean Fuels (Section 5308)–$50 million requested for FY2003; and
- Rural Transportation Accessibility Incentive Program (Section 3038), also known as the over-the-road bus accessibility program–$7 million requested for FY2003.

All of these proposed amounts were agreed to by the House Committee on Appropriations, provided by the Senate, and provided by P.L. 108-7.

The President's budget request proposed to create a new formula program, the New Freedom Initiative, which seeks to use alternative methods to promote access to transportation for persons with disabilities. The President's budget requested $145 million for this program in FY2003. This request was not supported.

Job Access and Reverse Commute Program

TEA-21 authorized a new discretionary Job Access and Reverse Commute grant program. This program provides funding for transportation projects that assist welfare recipients and low-income persons to find and get to work in suburban areas. The Administration proposed $150 million in FY2003, up from $125 million in FY2002. P.L. 108-7 provides this amount.

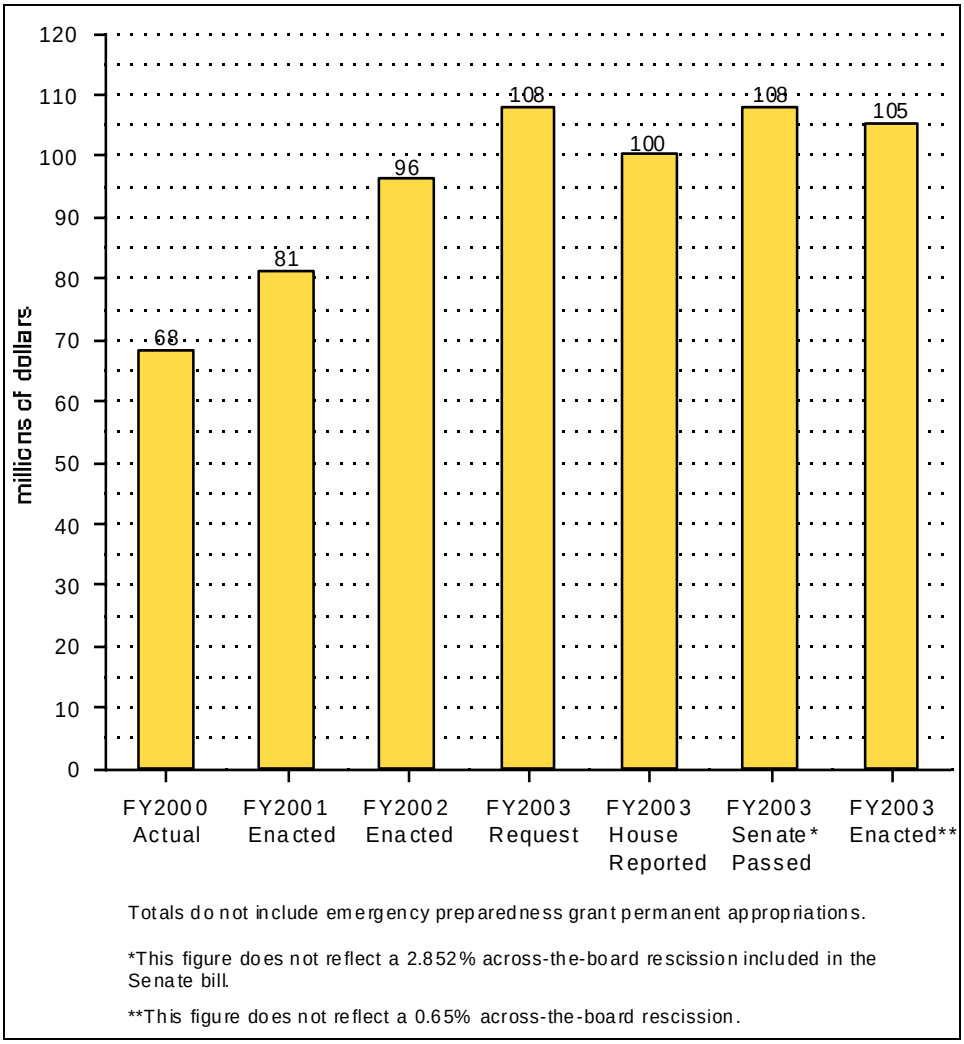
Research and Special Programs Administration (RSPA)

http://www.rspa.dot.gov

For FY2003, RSPA requested a budget of $102.5 million[17] (of which about 70% is offset by user fees) compared to an appropriation of $96 million in FY2002. Most of RSPA's budget is allocated to activities that promote transportation safety. For its pipeline transportation safety program, RSPA proposed $63.8 million in FY2003, an increase of $5.6 million over FY2002. For its hazardous materials transportation safety program, the agency requested $23.8 million in FY2003, an increase of $2.6 million over FY2002. The House Committee recommendation was $99.6 million, including $58.7 million for pipeline safety and $23.0 million for hazardous materials safety. The Senate approved $107.8 million for RSPA, including $63.9 million for pipeline safety and $23.1 million for hazardous materials safety. The conference agreement (P.L. 108-7) provides $105 million, including $63.8 million for pipeline safety and $23.3 million for hazardous materials transportation safety.

[17] The Administration's FY2003 request totals $124.5 million, but includes $14.3 million in permanent appropriations, $6 million in proposed fees, and approximately $2 million in retirement contributions that are not included in the FY2003 request amount used by the House Appropriations Committee, which is the amount used in Figure 6.

Figure 8. Research and Special Programs Administration



Currently, much of the cost of RSPA's pipeline safety program is paid for by a fee that is imposed on the regulated industry. For RSPA's hazardous materials safety program, conversely, only the cost of the emergency grant program is offset by a registration fee paid by specified regulated companies. The Bush Administration proposed to offset additional costs of both the pipeline and hazardous materials safety programs by increasing the user fees on industry. In the past, the pipeline industry has been willing to pay only what it considers to be a reasonable increase in the fees imposed to support RSPA's pipeline safety program. Likewise, the hazardous materials (hazmat) industry has objected to user fees to pay the basic costs of RSPA's hazmat regulatory and enforcement program. Neither the House nor the Senate Committee on Appropriations have agreed with previous requests and, likewise, the conferees agree to deny the request to begin funding the hazardous materials safety program from user fees.

Table 4. Budgetary Resources of Selected Agencies and Selected Programs

(in millions of dollars—totals may not add)

Agency	Final FY2002 Enacted[a]	FY2003 Request	FY2003 House Committee	FY2003 Senate Passed[b]	FY2003 Enacted[c]
OST	155	141	181	182	175
Essential Air Service[d] (trust fund)	63	113	100	115	102
TSA[e]	3,465	5,346	5,146	5,346	5,180
USCG[f]	5,495	6,058	6,061	6,099	6,079
Operating Expenses	3,780	4,153	4,305	4,318	4,322
Acquisition, Construction, & Improvements	702	725	725	752	742
FAA[g]	13,512	13,582	13,599	13,552	13,578
Operations (trust fund & general fund)	7,119	7,077	7,060	7,047	7,069
Facilities & Equipment (F&E) (trust fund)	3,008	2,981	2,981	2,981	2,961
Grant-in-aid Airports (AIP) (trust fund) (limit. on oblig.)	3,173	3,400	3,400	3,400	3,400
Research, Engineering & Development (trust fund)	245	124	138	124	148
FHWA[h]	32,928	24,098	28,695	32,893	32,617
(Limitation on Obligations)	31,799	23,205	27,653	31,800	31,800
(Exempt Obligations)	965	893	893	893	893
Additional funds (trust fund)	100	–	55		
Additional funds[i] (general fund)	442	–	100	200	188
FMCSA	354	367	367	307	307
NHTSA	425	425	430	440	437
FRA[j]	1,045	711	958	1,423	1,269
Amtrak[k]	826	521	762	1,200	1,050
FTA	8,671	7,226	7,226	7,226	7,226
Formula Grants (general fund)	742	768	768	768	768
Formula Grants (trust fund)	2,874	3,071	3,071	3,071	3,071
Capital Invest. (general fund)	2,468	607	607	607	607
Capital Invest. (trust fund)	2,273	2,429	2,429	2,429	2,429
St. Lawrence Seaway Development Corp.	13	14	15	13	14
RSPA[l]	98	108	100	108	105
OIG	52	57	57	57	57
STB	18	18	18	18	18

Agency	Final FY2002 Enacted[a]	FY2003 Request	FY2003 House Committee	FY2003 Senate Passed[b]	FY2003 Enacted[c]
NTSB	69	70	71	72	72
Budgetary Resources Grand Total (estimated)[m]	66,450	56,010	60,054	65,055	64,637

Note: Figures in Table 3 were taken from tables in House Committee on Appropriations reports. Because of differing treatment of offsets, the inclusion of the NTSB and Architectural and Transportation Barriers Compliance Board, and the exclusion of the Maritime Administration, the totals will not always match the Administration's totals. The figures within this table may differ slightly from those in the text due to supplemental appropriations, rescissions, and other funding actions. Columns may not add due to rounding or exclusion of smaller program line-items.

a. The figures for FY2002 reflect supplemental appropriations authorized under P.L. 107-38 and P.L. 107-206.

b. These figures do not reflect the 2.852% across-the-board rescission included in the Senate bill.

c. These figures do not reflect the 0.65% across-the-board rescission included in P.L. 108-7.

d. The total FY2002 funding, including supplementals, was $113 million.

e. TSA's total FY2002 funding, including supplementals, transfers and offsetting collections, was $5.8 billion. The FY2003 figure includes estimated offsetting collections of $2.65 billion. TSA's FY2003 request was increased by $546 million and its estimate of offsetting collections was reduced by $124 million on September 3, 2002.

f. FY2002 figures are budget authority. The figures do not include the annual $64 million in mandatory funding for boat safety grants.

g. The FY2002 DOT Appropriations Act (P.L. 107-87) provides for a rescission of $317 million of FY2000 AIP contract authority. This rescission has no impact on the budgetary resources available for FAA programs for FY2002 but is subtracted from the grand total because it is significant in relation to the overall budget cap for the transportation function.

h. FY2002 total reflects rescission of $59 million. FY2003 figure reflects a negative RABA adjustment of $4.4 billion.

i. For Appalachian Development Highway System ($200 million).

j. FY2003 figure reflects rescission of $59 million.

k. Amtrak's total FY2002 funding was $1.1 billion, including supplemental and carryover appropriations.

l. The figures do not reflect $14 million in permanent appropriations. Therefore, the requested total resources for RSPA for FY2003 may be seen as $123 million.

m. The DOT and related agencies appropriation does not fund the Maritime Administration (MARAD) or the Federal Maritime Commission (FMC), and their budgets are therefore not included in this report. They receive funding from the Commerce, Justice, State appropriations bills. The Administration budgets do not include the NTSB or the Architectural and Transportation Barriers Compliance Board budgets; they are included in this total because their budgets are included in the DOT Appropriations bills. The rescission of unobligated previous years' contract authority have been subtracted from this total. Because the rescissions of prior years' contract authority have no impact on the budgetary resources available for the current fiscal year, the total resources available could be seen as $61.3 billion for FY2002 enacted, and $64.9 billion for FY2003 enacted.

List of Acronyms

ARC: Amtrak Reform Council

AIP: Airport Improvement Program (FAA)

AIR21: the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181), the current aviation authorizing legislation

ARAA: the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134), the current Amtrak authorizing legislation

ATSA: the Aviation and Transportation Security Act (P.L. 107-71), legislation which created the Transportation Security Administration within the DOT

BRR: Bridge Replacement and Rehabilitation program (FHWA)

BTS: Bureau of Transportation Statistics

CG: Coast Guard

CMAQ: Congestion Mitigation and Air Quality program (FHWA)

DOT: Department of Transportation

EAS: Essential Air Service (FAA)

F&E: Facilities and Equipment program (FAA)

FAA: Federal Aviation Administration

FAHP: Federal-Aid Highway Program (FHWA)

FAIR21: the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181), the current aviation authorizing legislation

FHWA: Federal Highway Administration

FRA: Federal Railroad Administration

FTA: Federal Transit Administration

Hazmat: Hazardous materials (safety program in RSPA)

HPP: High Priority Projects (FHWA)

HTF: Highway Trust Fund

IM: Interstate Maintenance program (FHWA)

ITS: Intelligent Transportation Systems (FHWA)

MCSAP: Motor Carrier Safety Assistance Program (FMCSA)

New Starts: part of the FTA's Capital Grants and Loans Program which funds new fixed-guideway systems or extensions to existing systems

NHS: National Highway System; also a program within FHWA

NHTSA: National Highway Traffic Safety Administration

NMCSA: National Motor Carrier Safety Administration

O&M: Operations and Maintenance program (FAA)

OIG: Office of the Inspector General of the DOT

OST: Office of the Secretary of Transportation

RABA: Revenue-Aligned Budget Authority

RD&T: Research, Development and Technology program (FHWA)

RE&D: Research, Engineering and Development program (FAA)

RSPA: Research and Special Projects Administration

SCASD: Small Community Air Service Development program (FAA)

STB: Surface Transportation Board

STP: Surface Transportation Program (FHWA)

TCSP: Transportation and Community and System Preservation Program (FHWA)

TEA-21: Transportation Equity Act for the 21st Century (P.L. 105-178), the current highway and transit authorizing legislation

TIFIA: Transportation Infrastructure Finance and Innovation Act program (FHWA)

TSA: Transportation Security Administration

For Additional Reading

CRS Products

CRS Report RS20177. *Airport and Airway Trust Fund Issues in the 106th Congress*, by John W. Fischer.

CRS Issue Brief IB10026. *Airport Improvement Program,* by Robert S. Kirk.

CRS Report RL30659. *Amtrak: Overview and Options*, by David Randall Peterman.

CRS Issue Brief IB90122. *Automobile and Light Truck Fuel Economy: Is CAFÉ Up to Standards?*, by Rob Bamberger.

CRS Report RS20469. *Bicycle and Pedestrian Transportation Policies*, by William Lipford and Glennon J. Harrison.

CRS Report RS20790. *The Coordinated Border Infrastructure Program: Issues for Congress*, by Robert S. Kirk.

CRS Report RS20841. *Environmental Streamlining Provisions in the Transportation Equity Act for the 21st Century: Status of Implementation*, by David Michael Bearden.

CRS Report RL30915. *Federal Motor Carrier Safety Administration: Status and Challenges*, by Paul F. Rothberg and Hussein Hassan.

CRS Issue Brief IB10030. *Federal Railroad Safety Program and Reauthorization Issues*, by Paul F. Rothberg and John Williamson.

CRS Report RL31027. *High-Speed Rail: Development and Investment Issues in the 107th Congress*, by David Randall Peterman and Steven Maguire.

CRS Report RS21164. *Highway Finance: RABA's Double-edged Sword*, by John W. Fischer.

CRS Report RL31028. *North American Free Trade Agreement: Truck Safety Considerations*, by Paul Rothberg.

CRS Report RL31150. *Selected Aviation Security Legislation in the Aftermath of the September 11 Attack,* by Robert S. Kirk.

CRS Report 98-646 ENR. *Transportation Equity Act for the 21st Century (P.L. 105-178): An Overview of Environmental Protection Provisions*, by David M. Bearden.

CRS Issue Brief IB10032. *Transportation Issues in the 107th Congress*, coordinated by Glennon J. Harrison.

Selected World Wide Web Sites

Department of Transportation Budget in Brief FY2003

http://www.dot.gov/bib/bibindex.html

Department of Transportation, Chief Financial Officer

http://ostpxweb.dot.gov/budget/

House Appropriations Committee

http://www.house.gov/appropriations

Maritime Administration

http://www.marad.dot.gov/

National Highway Traffic Safety Administration (budget & planning)

http://www.nhtsa.dot.gov/nhtsa/whatis/planning/perf-plans/gpra-96.pln.html

Office of Management and Budget

http://www.gpo.gov/usbudget/fy1998/fy1998_srch.html

Senate Appropriations Committee

http://www.senate.gov/committees/committee_detail.cfm?COMMITTEE_ID=405

Appendix 1: The Transportation Appropriations Framework

Transportation is function 400 in the annual unified congressional budget. It is also considered part of the discretionary budget. Funding for the DOT budget is derived from a number of sources. The majority of funding comes from dedicated transportation trust funds. The remainder of DOT funding is from federal Treasury general funds. The transportation trust funds include: the highway trust fund, which contains two accounts, the highway trust account and the transit account; the airport and airway trust fund; and the inland waterways trust fund. All of these accounts derive their respective funding from specific excise and other taxes.

In FY2002 trust funds accounted for well over two-thirds of total federal transportation spending. Together, highway and transit funding constitute the largest component of DOT appropriations. Most highway and transit programs are funded with contract authority derived by the link to the highway trust fund. This is very significant from a budgeting standpoint. Contract authority is tantamount to, but does not actually involve, entering into a contract to pay for a project at some

future date. Under this arrangement, specified in Title 23 U.S.C., authorized funds are automatically made available at the beginning of each fiscal year and may be obligated without appropriations legislation; although appropriations are required to make outlays at some future date to cover these obligations.

Where most federal programs require new budget authority as part of the annual appropriations process, transportation appropriators are faced with the opposite situation. That is, the authority to spend for the largest programs under their control already exists, and the mechanism to obligate funds for these programs also is in place.

Transportation Equity Act for the 21st Century (TEA-21)

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 (TEA-21) (P.L. 105-178) linked annual spending for highway programs directly to revenue collections for the highway trust fund. In addition, core highway and mass transit program funding was given special status in the discretionary portion of the federal budget by virtue of the creation of two new budget categories. The Act thereby created a virtual "firewall" around highway and transit spending programs. The funding guarantees were 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, it now appears that the RABA adjustment, if it had been left intact during the appropriations process, would have led to a significant and unexpected drop in the availability of highway obligational funding.

TEA-21 changed the role of the House and Senate appropriations and budget committees in determining annual spending levels for highway and transit programs. The appropriations committees are precluded from their former role of setting an annual level of obligations. These were established by TEA-21 and are adjusted by an annual RABA computation. In addition, it appears that TEA-21 precludes, at least in part, the House and Senate appropriations committees from exercising what some Members view as their once traditional option of changing spending levels for specific core programs or projects. In the FY2000 appropriations act, the appropriators took some tentative steps to regain some of their discretion over highway spending. The FY2000 Act called for the redistribution of some funds among programs and added two significant spending projects. In the FY2001 appropriations act, the appropriators continued in this vein by adding funds for large numbers of earmarked projects. Further, the FY2001 Act called for redirection of a limited amount of funding between programs and includes significant additional funding for some TEA-21 programs. This trend continued, and even accelerated, in the FY2002 Act as appropriators made major redistributions of RABA funds and, in some instances, transferred RABA funds to agencies that are not eligible for RABA funding under TEA-21.

Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (FAIR21 or AIR21)

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 TEA-21. 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 and FY2002 appropriations cycles, spending grew significantly. Most observers view the FAIR21 guarantees, however, as being somewhat weaker than those provided by TEA-21. Congress can, and sometimes does, waive points-of-order during consideration of legislation.

Enactment of TEA-21 and FAIR21 means that transportation appropriators have total control over spending only for the TSA, 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 any year where it is believed that there is a constrained budgetary environment.

Appendix 2: Transportation Budget Terminology

Transportation budgeting uses a confusing lexicon (for those unfamiliar with the process) of **budget authority** and **contract authority**—the latter, a form of budget authority. Contract authority provides **obligational authority** for the funding of trust fund-financed programs, such as the federal-aid highway program. Prior to TEA-21, changes in spending in the annual transportation budget component had been achieved in the appropriations process by combining changes in budget/contract authority and placing **limitations on obligations**. The principal function of the limitation on obligations is to control outlays in a manner that corresponds to congressional budget agreements.

Contract authority is tantamount to, but does not actually involve, entering into a contract to pay for a project at some future date. Under this arrangement, specified in Title 23 U.S.C., which TEA-21 amended, authorized funds are automatically made available to the states at the beginning of each fiscal year and may be obligated without appropriations legislation. Appropriations are required to make outlays at some future date to cover these obligations. TEA-21 greatly limited the role of the appropriations process in core highway and transit programs because the Act enumerated the limitation on obligations level for the period FY1999 through FY2003 in the Statute.

Highway and transit grant programs work on a **reimbursable basis**: states pay for projects up front and federal payments are made to them only when work is completed and vouchers are presented, months or even years after the project has begun. Work in progress is represented in the trust fund as obligated funds and although they are considered “used” and remain as commitments against the **trust fund balances**, they are not subtracted from balances. Trust fund balances, therefore, appear high in part because funds sufficient to cover actual and expected future commitments must remain available.

Both the highway and transit accounts have substantial short-and long-term commitments. These include payments that will be made in the current fiscal year as projects are completed and, to a much greater extent, outstanding obligations to be made at some unspecified future date. Additionally, there are unobligated amounts that are still dedicated to highway and transit projects, but have not been committed to specific projects.

Two terms are associated with the distribution of contract authority funds to the states and to particular programs. The first of these, **apportionments,** refers to funds distributed to the states for formula driven programs. For example, all national highway system (NHS) funds are apportioned to the states. **Allocated** funds, are funds distributed on an administrative basis, typically to programs under direct federal control. For example, federal lands highway program monies are allocated; the allocation can be to another federal agency, to a state, to an Indian tribe, or to some other governmental entity. These terms do not refer to the federal budget process, but

often provide a frame of reference for highway program recipients, who may assume, albeit incorrectly, that a state apportionment is part of the federal budget per se.

Key Policy Staff

Area of Expertise	Name	CRS Division
Airport Improvement Program	Bob Kirk, John Fischer	RSI RSI
Amtrak	Randy Peterman	RSI
Aviation Safety	Bart Elias	RSI
Federal Aviation Administration	John Fischer	RSI
Federal Highway Administration	Bob Kirk John Fischer	RSI RSI
Federal Railroad Administration	John Frittelli	RSI
Federal Transit Administration	Randy Peterman	RSI
Highway, Railroad, & Truck Safety	Paul Rothberg	RSI
Surface Transportation Board	John Frittelli	RSI
Transportation Infrastructure Policy	John Fischer	RSI
Transportation Security	John Frittelli	RSI
U.S. Coast Guard	Martin Lee	RSI
Automobile and Traffic Safety	Duane Thompson	RSI

Division abbreviations: RSI = Resources, Science, and Industry Division.

Author Information

David Randall Peterman, Coordinator
Analyst in Transportation Policy

John Frittelli, Coordinator
Specialist in Transportation Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.