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## AASHTO executive director releases commentary on economic recovery

Horsley urges to keep sight of Obama's goal  
January 8, 2009

Commentary by John Horsley, Executive Director, American Association of State Highway and Transportation Officials

What is the goal of an economic recovery bill? Put people to work, put dollars into circulation, put America back on its feet, and leave a lasting investment.

What is the urgency for an economic recovery bill? More than 10 million people are out of work. Some 1.2 million jobs were eliminated in the past year. Businesses, large and small, are verging on bankruptcy. People are losing their homes and are losing hope.

President-elect Obama has made economic recovery his number one priority and he has asked Congress to act with all possible speed. He has already met with Congressional leaders to outline his proposals, seeking bipartisan support and promising accountability for dollars spent.

So what is the problem?

Organizations inside the Beltway are assembling a catalogue of constraints and restrictions that they believe should be imposed on the way states would be allowed to apply any federal funding. When it comes to transportation projects, they want to insist that the funding go only to transit projects and not to highways, or, if highway projects are included, funding goes only to rehabilitation and not to capacity improvements.

The simple answer is to let states and local governments decide what will achieve the economic recovery goals in their individual circumstances. They don't need help from inside-the-Beltway advocacy groups to make those decisions for them.

AASHTO, which represents the 50 state DOTs, wants the economic recovery legislation to include substantial funding for all forms of transportation infrastructure: highways, transit, airports, rail, and ports. States have identified over 5,000 highway projects, of over \$64 billion in value, which could create nearly 1.8 million jobs. Another \$12 billion in transit projects are ready to go within 90 days of funds being distributed by the Federal Transit Administration, and \$32 billion in transit projects could be funded through a two-year bill. There is no guesswork here.

The states are ready to act as soon as funding is provided. There is an immediate need; there is a solution to address it.

Longer range, there are additional projects that can keep people working and provide transportation improvements that will sustain economic growth for years to come.

The point is to keep sight of President-elect Obama's goal, and not ensnare this rescue package in layers of well-intentioned red tape and restrictions.

The American Association of State Highway and Transportation Officials (AASHTO) is the "Voice of Transportation" representing state departments of transportation in all 50 states, the District of Columbia, and Puerto Rico. AASHTO is a nonprofit, nonpartisan association serving as a catalyst for excellence in transportation.

Source: AASHTO January 8, 2009

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JANUARY 16, 2009

# Stimulus Package Unveiled

\$825 Billion Plan Includes Business Tax Breaks; Senate Releases Cash for Bank Rescues

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By NAFTALI BENDAVID, ELIZABETH WILLIAMSON and SUDEEP REDDY

WASHINGTON -- House Democrats Thursday rolled out the details of an \$825 billion economic stimulus package to combat what they called "a crisis not seen since the Great Depression," but its immediate economic impact is unclear and the plan faces hurdles before becoming law.

### Winners

■ Home builders and mortgage lenders. A \$7,500 home-buyer tax credit may no longer have to be repaid.

■ Renewable energy producers can forgo tax credits -- currently 2.1 cents per kilowatt hour produced -- and receive a grant equivalent to their value.

### Losers

■ Banks, auto makers and others receiving TARP money don't get a big tax credit.

■ Credit unions wanted a provision to increase their business lending limits.

Details of the two-year package, which calls for \$550 billion in new spending and \$275 billion in tax relief, will likely change as the bill works its way through Congress. But the document provides the first blueprint of how President-elect Barack Obama and congressional Democrats plan to fight the historic economic downturn, which has already wiped out 2.6 million jobs.

Businesses would get "bonus" depreciation for investing in new plants and equipment. The proposal also allows companies that have losses this year to get refunds for taxes paid as far back as 2003; current tax rules allow losses to be carried back only two years. But companies receiving money from the financial-system bailout program are ineligible for the tax provision, a blow for some of the nation's big banks and troubled auto makers General Motors Corp. and Chrysler LLC.

The stimulus plan was released hours before the Senate backed Mr. Obama on another key measure by approving the Treasury's call for the release of the second half of the \$700 billion financial-system rescue package. That program is being replenished as Bank of America Corp. was near an agreement with U.S. officials that would provide it with \$15 billion to \$20 billion of fresh capital.

### The Stimulus Plan

Complete coverage: News, analysis of tax and spending implication, video, data and more.

Plan Has \$275 Billion in Tax Cuts

Local Governments to Get Grants

Proposal Contains \$275 Billion in Tax Cuts

Tech Industries Set for Spending Aid

Overview: Planned tax cuts, spending projects

Video: Obama Team Pushes for Bailout Money

### Question of the Day

Vote: In which area could stimulus spending most help the economy?

- Infrastructure | Energy
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another spending bill may be needed later this year.

Some of the biggest expenditures will go directly to the states, with \$90 billion going to increase

The plan would be one of the largest single government expenditures in U.S. history, and would be equivalent to about 3% of gross domestic product over two years. The proposal is \$125 billion bigger than the controversial bailout for the financial-services industry. It outweighs in dollar terms all other nations' stimulus plans, though China's \$600 billion stimulus is a larger share of its economy.

Democrats said they emphasized government spending over tax relief because that was the best and fastest way to create jobs. Rep. David Obey (D., Wis.), chairman of the House Appropriations Committee, warned that the package may be insufficient -- and said

the federal share of Medicaid payments and an additional \$79 billion to help states avoid cutbacks in education and other services. Separately, \$43 billion will go for transportation improvements -- less than many expected, to the frustration of some Democrats.

The plan also includes Mr. Obama's "Making Work Pay" tax credit of \$500 per worker and \$1,000 for couples.

Economists say the stimulus may be more effective at supporting an ultimate recovery than arresting the current decline. That's because few elements of the package would hit the economy before the second half of the year, with the largest boost coming in late 2009 and into 2010.



Getty Images

A key element identified by President-elect Obama has been to spend money improving the efficiency of the federal government.

3.3 million jobs.

The Democrats' plan provides incentives for businesses to make capital expenditures. The "bonus" depreciation provision, for example, would provide immediate relief for businesses that invest in new plants and equipment by speeding up depreciation deductions. The package doubles the amount small businesses can immediately write off for capital investments and for purchasing new equipment and includes incentives for businesses to invest in renewable energy.

The transportation and energy projects in the package could have among the slowest impact on the economy, economists said. Even "shovel-ready" projects could be delayed as local and state governments allocate funds, receive bids and award contracts.

The quickest effect, in contrast, could come from tax cuts, particularly if the government reduces payroll taxes immediately to get funds to taxpayers. That could raise spending and get money flowing through the economy quickly, even if some of the funds are likely to be saved rather than spent.

By then the U.S. is expected to show slow growth, as a result of other stimulus from the Federal Reserve and Treasury. The unemployment rate, which hit 7.2% in December, is widely expected to hit 8% by the end of the year -- but without any stimulus, some economists fear it could rise into double digits.

Macroeconomic Advisers, a forecasting firm, estimated Thursday that a plan of \$775 billion stimulus over two years would boost GDP by 3.2%, reduce the unemployment rate by 1.7 percentage points and raise employment by

### *Highlights of Economic Recovery Plan*

#### **Spending**

##### **Energy**

\$32 billion	Funding for "smart electricity grid" to reduce waste
\$20 billion +	Renewable energy tax cuts and a tax credit for research and development on energy-related work, and a multiyear extension of renewable energy production tax credit
\$6 billion	Funding to weatherize modest-income homes

##### **Science and Technology**

\$10 billion	Science facilities
\$6 billion	High-speed Internet access for rural and underserved areas

##### **Infrastructure**

\$32 billion	Transportation projects
\$31 billion	Construction and repair of federal buildings and other public infrastructure
\$19 billion	Water projects
\$10 billion	Rail and mass transit projects

##### **Education**

\$41 billion	Grants to local school districts
\$79 billion	State fiscal relief to prevent cuts in state aid
\$21 billion	School modernization

The plan's final shape will depend not only on horse-trading among lawmakers in the House and Senate, but also on the outcome of the lobbying frenzy now under way.

Already some winners and losers are emerging. Among the potential losers are big banks and other businesses that have received government money under the Troubled Asset Relief Program, the \$700 billion program designed to bail out the financial-services industry. Companies that took TARP funds are excluded from the provision allowing companies to apply current losses to tax returns filed in the past five years, instead of the current two.

"To exclude TARP recipients is to ignore a large segment of the economy," said Scott Talbott, senior vice president for government affairs at the

**Health Care**

\$39 billion	Subsidies to health insurance for unemployed, providing coverage through Medicaid
\$90 billion	Help to states with Medicaid
\$20 billion	Modernization of health-information technology systems
\$4 billion	Preventative care

**Taxes****Individuals:**

- \$500 per worker, \$1,000 per couple tax cut for two years, costing about \$140 billion
- Greater access to the \$1,000-per-child tax credit for the working poor
- Expansion of the earned-income tax credit to include families with three children
- A \$2,500 college tuition tax credit
- Repeal of a requirement that a \$7,500 first-time homebuyer tax credit be paid back over time

**Businesses:**

- An infusion of cash into money-losing companies by allowing them to claim tax credits on past profits dating back five years instead of two
- Bonus depreciation for businesses investing in new plants and equipment
- Doubling of the amount small businesses can write off for capital investments and new equipment purchases
- Allowing businesses to claim a tax credit for hiring disconnected youth and veterans

Source: Associated Press

**Financial Services Roundtable.**

Renewable energy producers also stand to be big winners in the bill, winning an extension of production tax credits that are newly convertible into cash for companies whose losses leave them unable to use the credits.

Power-equipment maker General Electric Co. lobbied for a slew of provisions in the bill and won several, including the production tax credit for renewables, \$32 billion for a "smart" U.S. electrical grid for which it manufactures most components; and \$300 million for rebates for consumers who buy energy efficient appliances, which GE sells.

Some green advocates didn't fare so well. The Natural Resources Defense Council had compiled a list of more than 80 environmentally

friendly infrastructure and transportation projects worth about \$405 billion, more than half the bill's total. The group -- a coalition with 1.2 million members -- says it is concerned about the relatively small number of these projects included.

The discord over the transportation piece of the plan is just one of many political obstacles the plan faces, despite the urgent desire of Mr. Obama and congressional Democrats to pass it by mid-February.

Republicans wasted little time pointing out items they said in no way qualified as emergency stimulus spending, such as \$650 million to help television viewers convert from analog to digital. House Minority Leader John Boehner (R., Ohio) took a swipe at several items, including \$400 million the plan sets aside for "national treasures," including repairs of the walls of the Tidal Basin near the Jefferson Memorial.

"What we're seeing is disappointing," said Mr. Boehner. The package, he said, "appears to be grounded in the flawed notion that we can simply borrow and spend our way back to prosperity."

But the costly initiative also may split Democrats. Many newer Democratic members of Congress hail from conservative areas and are deeply concerned about fiscal discipline.











Recognizing the political pitfalls, Democrats announced an unusual series of spending safeguards for the plan. Governors and mayors will have to personally certify that every expenditure under their jurisdiction is appropriate. Program managers will be listed online so the public can hold them accountable. A special board will monitor the plan's operation.

—Greg Hitt and Christopher Conkey contributed to this article.

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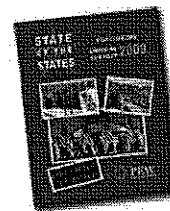
ISSUES

### Stimulus could hurt transportation bill

By Stephen C. Fehr, Stateline.org Staff Writer

CRIME & COURTS

Congress' expected approval of the planned economic stimulus package, which will include billions of dollars for infrastructure projects, could scuttle an effort later this spring to enact a separate spending program covering the future needs of the nation's transportation system, according to government and industry officials.



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ECONOMY & BUSINESS

President-elect Barack Obama's planned job stimulus package, which could be about \$775 billion over two years, will include an undetermined amount of money for roads, rails, bridges and other infrastructure.

Commentary

#### Infrastructure gold rush

EDUCATION

Separately, Congress is planning this year to revamp the nation's long-term highway and transit program, which is the main source of federal transportation dollars for states. The current program expires Sept. 30, and lawmakers had hoped to draw up a new, forward-looking program that would better sync the U.S. transportation network's needs with the country's economic goals. That could cost about \$500 billion over five years.

If President Obama spends billions on infrastructure to spur jobs, here are two pieces of advice on how to avoid waste offered by Richard P. Nathan, a state policy expert and co-director of the Nelson A. Rockefeller Institute of Government.

ELECTIONS

The fear now, according to government and industry officials, is that if Congress drags out consideration of the stimulus package into February or later, it would be harder for members to approve the transportation program later this spring. Voters would ask why Congress is spending tens of billions of dollars on transportation projects in the stimulus package and then turning around and spending billions more in the highway and transit program. Congress might ask that too.

ENERGY

"I think there's a potential at the congressional level of a sense that, 'We've taken care of infrastructure needs (in the stimulus package), what do you mean we need an infrastructure bill?'" said state Sen. Bruce Starr, a Republican from Oregon.



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ENVIRONMENT

Pennsylvania Gov. Ed Rendell (D), chairman of the National Governors Association, told a group of transportation policymakers Jan. 12 at the Brookings Institution that Obama's stimulus package addresses a short term, one-time need to create jobs by funding quick, shovel-ready projects around the country. But apart from adding jobs, he said, there is still a long term need to overhaul the U.S. transportation system, which is the intent of the multi-year highway and transit bill.

Dates for state of the state speeches

GOVS' SPEECHES

"I worry we'll have a stimulus plan of about \$100 billion (for transportation) and that box will sort of get checked off" of the to-do list, he said. Obama's stimulus plan has helped put a spotlight on the nation's infrastructure needs, Rendell said, but "now we need to keep the momentum going" the rest of the year on the long-range funding.

Full text of governors' addresses going back to 2000

HEALTH CARE

John Horsley, executive director of the American Association of State Highway and Transportation officials, which represents state transportation agencies, agreed. "The stimulus package has overshadowed the highway (bill)," he said. The association has proposed a \$545 billion highway bill.



State elections

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HOMELAND SECURITY

Obama had hoped Congress would approve the stimulus plan before the Jan. 20 inauguration, but lawmakers now are unsure how long it will be before the Senate and House vote. The longer it takes Congress to approve an economic stimulus package, officials said, the harder it may be to convince lawmakers to approve a separate highway spending bill.



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HURRICANES

Congress cannot afford to delay reauthorization of the highway program, the government and industry officials warned. For one thing, the Highway Trust Fund, into which federal gasoline tax receipts are deposited to spend on highway and transit projects, will probably run out of money by Sept. 30 because receipts aren't keeping up with expenses. Congress, which injected \$8 billion in the depleted fund last fall, vowed to determine how to raise revenue to shore up the trust fund when it rewrites the highway and transit bill this year.



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POLITICS

If lawmakers wind up delaying approval of the highway bill, they would probably pass a stopgap measure to continue the current \$286.5 billion program at the same funding levels. But they still would have to resolve the financing of the Highway Trust Fund as it drains.

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SOCIAL POLICY

Congressional committee staffers say they have a relatively short window for the highway bill to clear Congress. The bill must be approved before summer, when Congress usually begins considering spending bills that often take up the rest of the summer.

TAXES & BUDGET

"I am nervous if we have a stimulus package larger than our highway program, it will give people an excuse to put off the highway (program)," James O'Keefe, senior economist for the Senate Committee on Environment and Public Works, recently told a group of state legislators meeting in Atlanta.

TECHNOLOGY

"We have to be off the floor by the end of May" or there will be no bill, O'Keefe said. "We really need to get cracking."

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Adding to the difficulty this year, officials said, is that a new president and his administration probably will want to help shape the priorities in the highway bill, but Obama has not yet named such key officials as federal highway and transit administrators. Obama did choose U.S. Rep. Ray LaHood (R) of Illinois as the transportation secretary on Dec. 19. A long delay in waiting for a proposal from the Obama administration could stymie the highway bill.

"We expect they'll want to play a role in the bill," said Jim Kolb, staff director of the Subcommittee on Highways and Transportation of the House Committee on Transportation and Infrastructure.

Some officials said they believe that Obama and Congress can make separate cases to the American people for spending on the stimulus package and the multiyear highway and transit program.

"I think we're all smart people. We can hold two ideas at the same time," said state Sen. D. Scott Dibble, a Democrat from Minnesota.

Tony Dorsey, a spokesman for the state transportation officials' association, said he is confident people will see the sequence of events, starting with the rescue of the Highway Trust Fund last fall to the economic stimulus package to the multiyear highway and transit program later this year.

"People see the different chapters," he said. "The public is going to get it."

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Contact Stephen C. Fehr at [sfehr@stateline.org](mailto:sfehr@stateline.org).

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**Stimulus could hurt transportation bill**  
By Steve Kirkakis on Jan 16, 2009 12:28:02 PM

One way to solve any problem that the stimulus plan may hurt the transportation bill is to include the stimulus appropriations in the appropriation bill that was not enacted by the 110th Congress, S. 3261, i.e. to be re-numbered to reflect the 111th Congress. A FY 2009 transportation appropriation bill is necessary because the Continuing Resolution provides appropriations through 3/6/2009, which appropriation bill can be enacted under the authorizing provisions of SAFETEA-LU. The re-authorization transportation bill is required to provide funds to be authorized to be appropriated through FY 2015. The technical manner of doing this is easy. The only action that is needed is for all persons in the Administration and Congress who are involved in making this decision must agree that (a) there will be a FY 2009 appropriation bill that includes the transportation stimulus items; and (b) the FYs 2010-2015 transportation re-authorization bill can incorporate the programs of President Obama and the Democratic leadership in the Senate and House, with advice and counsel from the Republican leadership. All these legislative actions are doable before March 6, 2009, and before September 30, 2009, respectively, if you had someone who knew what they are doing; yours truly.

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Justin Sullivan/Getty Images

Faced with growing financial problems, officials in California have cut financing to some 2,000 public works projects. Enrique Vera, right, and Baldwin Jay, who work for the San Francisco Department of Public Works, are building a ramp at a street corner.

By MICHAEL COOPER Published: January 19, 2009

When President-elect Barack Obama announced last month that he would revive the economy with the largest public works program since the dawn of the Interstate System of highways, advocates for the nation's long-neglected infrastructure were euphoric.

Some hoped that the time had finally come to bring high-speed rail to the United States, or to wean the nation from its dependence on foreign oil with new or transformed public transit systems, or to take bold action to solve the problems of rising populations and falling reservoir levels across the Southwest.

But those hopes are fading. As the details of the plan come into focus, big transformative building projects seem unlikely. And the plan does not begin to provide the kind of money that civil engineers believe is needed to bring the

nation's aging bridges and water systems and roads and transit systems to a state of good repair.

Less than one-third of the \$825 billion plan that was introduced Thursday in the House would go to infrastructure, and much of that would go to high-tech projects, rather than traditional concrete-and-steel building and repair work. The rest would go to tax cuts and aid to help states pay for health care and education. At a time when the American Society of Civil Engineers has estimated that \$1.6 trillion is needed to improve the nation's

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crumbling infrastructure, the proposal calls for spending \$30 billion on roads and, to the consternation of transit advocates, only \$10 billion on transit and rail.

(The House bill, though, was only the opening salvo in the push to pass a bill quickly, and some senators are already talking about adding money for more transit programs.)

The requirement that the money be spent quickly, in order to get it coursing through the parched economy, means that many ambitious projects that require more planning will have to give way to smaller ones considered "shovel ready."

The plan also calls for using existing federal formulas to send transportation money quickly to the states, giving policy makers in Washington little say as to where or how the money should be spent.

Gov. [Edward G. Rendell](#) of Pennsylvania, who, with Mayor [Michael R. Bloomberg](#) of New York and Gov. [Arnold Schwarzenegger](#) of California formed a group called Building America's Future to push for more infrastructure spending, called the plan a good first step but warned that it fell far short of what was needed.

"Anybody who thinks — if the president-elect thinks, or the team thinks — that this is the answer to America's infrastructure needs is in a different universe," said Mr. Rendell, a Democrat who noted that his state was full of aging, deficient bridges.

Mr. Rendell said in an interview that the proposal would help upgrade the nation's electrical grid and water systems, modernize schools and expand broadband access to rural areas.

But he noted, regretfully, that it contained less money for more traditional transportation projects than a House proposal last year, and he worried that Mr. Obama's campaign call for creating a new national infrastructure bank to evaluate big projects and set priorities had so far not been included in the plan.

Other planners agreed with his assessment.

"It's a drop in the bucket," said Robert D. Yaro, the president of the [Regional Plan Association](#), which has shaped long-term planning in New York, New Jersey and Connecticut since before the New Deal.

Some advocates said they feared that the pressure to spend more on infrastructure — which has risen since the levees failed in New Orleans after [Hurricane Katrina](#) and the Interstate 35W bridge collapsed in Minnesota, and as old water mains have burst and submerged streets around the country — would ebb now that some money had been allocated for such projects.

Still, there are areas where Mr. Obama's plan would break ground.

Mr. Obama wants to computerize the nation's medical records to make health care more efficient and less expensive, and expand rural broadband internet access. He plans less-visible, but perhaps more critical, improvements to water and electric systems. He wants to repair and modernize schools, and make federal buildings more energy efficient, a priority that gets more money in the House bill — \$31 billion — than aid to roads and highways.

But proponents of mass transit, which has had a significant increase in riders in recent years, even as the recession is forcing many major transit systems to reduce service — had hoped that much more money would be devoted to transit projects.

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Phineas Baxandall, a senior analyst for tax and budget policy at the United States Public Interest Research Group, a liberal advocacy organization, noted that highways still stood to get three times as much aid as rail and transit systems.

"Money included to modernize and expand public transportation networks will put thousands to work while reducing our nation's dependence on oil, traffic congestion, and global warming pollution," Mr. Baxandall said.

The demand for more public transportation has been evident recently. Voters authorized spending more money on mass transit and rail projects in local ballot measures last November. Californians voted to authorize \$10 billion in borrowing to begin bringing high-speed rail to the land of the freeway.

But those kinds of projects are hard to get under way quickly. Using existing formulas to distribute the money will also make it hard for policy makers in Washington to make sure it goes to the areas with the greatest needs.

Robert Puentes, a fellow at the Metropolitan Policy Program at the Brookings Institution, analyzed some of the lists of state projects that have begun to emerge, and found that the 100 biggest metropolitan areas, considered the economic engines of the nation, were not getting priority.

Although Mr. Obama has said he would not tolerate bridge-to-nowhere projects, there is nothing to keep states from taking political considerations into account when deciding how to spend their share of the highway money, say, by doling out some of it to each lawmaker's district instead of to more beneficial projects.

The plan will include a use-it-or-lose-it provision to force states to spend the money they get quickly, or risk forfeiting it. But that can be hard to do.

Jack Wells, the chief economist at the Department of Transportation, said that the Federal Highway Administration had analyzed how long it took before money from transportation projects was paid out to workers, and found that 27 percent of it was paid in the first year and 41 percent in the second year.

A version of this article appeared in print on January 20, 2009, on page A14 of the New York edition.

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## TRANSPORTATION

# Upcoming Authorization Bill Faces Both Fiscal, Philosophical Hurdles

By Darren Goode

The next multiyear update to surface transportation law is ideally right around the corner this fall. But historical struggles and those brought on by present economic woes suggest there will be roadblocks.

Lawmakers have a difficult task in getting President Obama the next six-year reauthorization bill before current law expires at the end of September. Congress does not have a stellar record of meeting deadlines. The last reauthorization bill, a \$286.4 billion product finished in 2005, took almost two extra years to finish.

"Suffice it to say I'm skeptical, particularly with a new administration," said Emil Frankel, an assistant transportation secretary under former President George W. Bush and now

director of transportation policy at the Bipartisan Policy Center.

The Obama administration brings new political and policy priorities that include heightened interest in climate change and making the transportation sector "greener" at a time when gas tax receipts — the historical contributor to federal highway coffers — are already lower. The dip is due to motorists driving less since gas prices hit record highs last year and the recession.

Adding to this are age-old funding battles between lawmakers representing states that contribute more to the federal highway trust fund than they get back — called "donor" states — and those who get back more than they put in — or "donee" states. On

top of that is other legislation that will compete for attention this year — including a plan upgrading the nation's air traffic control system and the economic stimulus package.

Democratic transportation leaders in Congress say the stimulus discussions should not slow things down. "In fact, it'll make our task easier because the [stimulus bill] is going to clear off the table a large number of projects that the states need to deal with," **House Transportation and Infrastructure Chairman James Oberstar** said. These resurfacing, reconditioning and rehabilitation projects "are the easiest to get under way, the quickest to get started ... and clear the way for projects longer term and that go deeper into the needs of new capacity," Oberstar said.

Oberstar's goal is to draft surface transportation proposals likely in March and have a bill ready for the House floor by the end of May. "That's always been our goal, and I think we'll meet it," he said. That might be ambitious, depending on whether Congress decides to wait for direction from Obama or plow ahead on its own.

**Senate Environment and Public Works Chairwoman Barbara Boxer** said, "We're right on schedule to

do a bill." The House has historically acted first. "The fact is that the House is way ahead of us," incoming **Environment and Public Works Transportation and Infrastructure Subcommittee ranking member George Voinovich**, R-Ohio, said.

**Environment and Public Works ranking member James Inhofe** said the "Big 4" on the committee — himself, Boxer and the heads of the transportation subcommittee — have had three or four meetings, but the focus on the stimulus bill temporarily "kind of stopped the conversation because there is this idea that some of this stuff will be able to get into the stimulus that might otherwise be addressed in the highway bill."

Congress might even need to do a smaller transportation bill this year as a stopgap measure.

While CBO is projecting a \$3 billion balance for highway programs and \$5 billion for transit at the end of this year, there is concern in the transportation policy community that sluggish truck sale taxes will actually lead to a deficit for at least the highway program before the year is out. The Transportation and Treasury departments are expected to release their assessments by early February.

Even if CBO's numbers are spot on, they still project a \$5 billion deficit for the highway program next year and in the tens of billions of dollars for both highway and transit programs by 2015, the last year of the next reauthorization bill.

"The Highway Trust Fund is facing a serious crisis," said Levon Boyajian, a former House Highways and Transit Subcommittee Republican staff director and now head of Boyajian Consulting, LLC. "They're probably going to need another bailout this year." Lawmakers last year approved an \$8 billion fix to the Highway Trust Fund, which reimbursed an \$8 billion transfer from the trust fund to the general Treasury a decade earlier.

The problem is compounded by an increasing backlog of projects to repair crumbling highways, bridges and other infrastructure. The backlog of "deferred maintenance" projects is approaching \$500 billion, and \$132 billion annually is needed to help highways and bridges, according to the most recent assessment by the Federal Highway Administration in 2006.

Lawmakers will have to be creative in going beyond the gas tax to

stave off future trust fund deficits. "People are still going to drive, but the resources to pay for it ... is a dinosaur," Transportation Secretary LaHood told the Senate Commerce Committee last week.

While Oberstar said an increase in the gas tax will have to be one of several financing options, it might not be politically viable. This places more emphasis on developing user fees, such as those based on vehicle miles traveled, though there might be privacy concerns to iron out.

Oberstar is referring to this next surface transportation bill as an "authorization" instead of a "reauthorization" to emphasize how different it must be from current law. "Financing is a big issue, but what the bigger issue is, is developing the overall plan for the future of transportation not just for six years but for 20 years," Oberstar said. "We do that, the task of convincing the public on financing will be vastly easier."

Jack Basso, director of program finance and management at the American Association of State Highway and Transportation Officials, said lawmakers must create "a program structure that the public can understand and embrace," much like when the interstate highway system was set up. "They knew what they were going to get," Basso said.

AASHTO is recommending a six-year bill eclipsing \$500 billion — including \$375 billion for highways — which is a target House transportation authorizers might also seek.

But aside from simply shelling out more money, lawmakers are tasked also with making it work better.

"We're not investing very wisely," Frankel said. "We've got to be much, much more directed in how we invest limited money. The next bill really needs to be revolutionary." Programs, he said, must be more performance driven and hold recipients more accountable. A privately funded study with recommendations by the Bipartisan Policy Center's National

Transportation Policy Project — whose leaders include former **Reps. Sherwood Boehlert**, R-N.Y., and **Martin Olav Sabo**, D-Minn. — should be out this spring, Frankel said.

The public-private National Surface Transportation Policy and Revenue Study Commission last year proposed condensing 108 transportation programs down to 10 that are focused on national interests.

A majority of the 12-member commission also recommended increasing the gas tax up to 40 cents per gallon in five years to meet a projected need of \$225 billion annually from public and private sources to upgrade highway, transit and passenger rail over the next half century.

A separate commission established by congressional tax writing committees is expected to release their findings in the next month and is also likely to echo the other commission in recommending a short-term gas-tax increase followed by a transition to user fees.

## OUTLOOK

# Stimulus, SCHIP To Dominate Docket

By Peter Cohn  
and Humberto Sanchez

Answering President Obama's call to quickly aid the moribund economy, the House will take up an \$825 billion economic stimulus package Wednesday, while the Senate Finance and Appropriations committees will consider their portions of the stimulus Tuesday.

After a bipartisan meeting Friday between Obama and congressional leaders on the stimulus and other issues, **House Speaker Pelosi** and **Senate Majority Leader Reid** said Congress appears to be on track to get the bill to Obama by mid-February.

"We're on schedule for our timetable to have a bill on the president's desk to be signed before the Presidents Day recess," Pelosi said. "I feel certain that we will succeed."

Obama "listened to all of the suggestions, whether it was from us or the Republicans," Reid said. "I was very impressed with the meeting. I look forward to our having a bill on his desk before the Presidents Day recess — a bill that will have the input of Democrats and Republicans and one that has the mark on it to bring this country out of the economic distress we're in."

Republicans have been critical of the overall size of the package and some of the spending in the bill, which they believe will not quickly stimulate the economy, and have pushed for more tax cuts.

In a briefing after the meeting, **Senate Minority Leader McConnell** said he believed that the mid-February goal was achievable and stressed that the package ought to be "timely, temporary and targeted. I think that is a good test to apply to what we are trying to do here."

**House Minority Leader Boehner** was more critical of the package and said he presented to Obama a raft of GOP ideas that focus on tax cuts.

"We expressed our concern about some of the spending that is being proposed in the House bill and the fact that it does not spend out very quickly," Boehner said after the meeting, referencing a recent CBO report that indicated that less than half of the discretionary funding would be spent by FY10.

But the White House contends that if you consider the whole \$825 billion, at least 75 percent of the money would be spent in the first 18 months.

Obama is scheduled to visit Capitol Hill Tuesday to meet with GOP lawmakers.

Both the House and Senate versions contain a \$500 to \$1,000 tax credit for low- to middle-income individuals and families; incentives for businesses to buy equipment and stave off layoffs, and a boost in jobless benefits and health coverage for the poor.

The House and Senate stimulus bills both contain a hefty dose of refundable tax credits — \$80 billion to \$86 billion — for individuals and families with little or no tax liability, and a major expansion in Medicaid. Neither proposal has much support among Republicans.

Both bills are similar for what they lack: a one-year alternative minimum tax patch for 2009, although **Senate Finance ranking member Charles Grassley** could win bipartisan support from committee members to add it on Tuesday.

"I'll be fighting in the Finance Committee to include an AMT patch in this legislation. Without it, at least 24 million middle-income families will face a tax increase, and that's the last thing anyone needs right now," Grassley said in a statement Friday. "Beyond that, the more that the provisions of the bill stimulate activity in the private sector and the less that they run up the deficit with slap-dash

government spending and a big entitlement expansion, the better."

Democratic tax-writers in both chambers included some provisions backed by Republicans, including breaks for business equipment purchases and a hefty dose of renewable-energy production incentives — particularly in the Senate version.

The Senate Finance Committee's \$455 billion portion of the stimulus incorporates some additions sought by Republicans, including a reduction in unemployment insurance taxes and easing the tax bite for companies that restructure and reduce their debt.

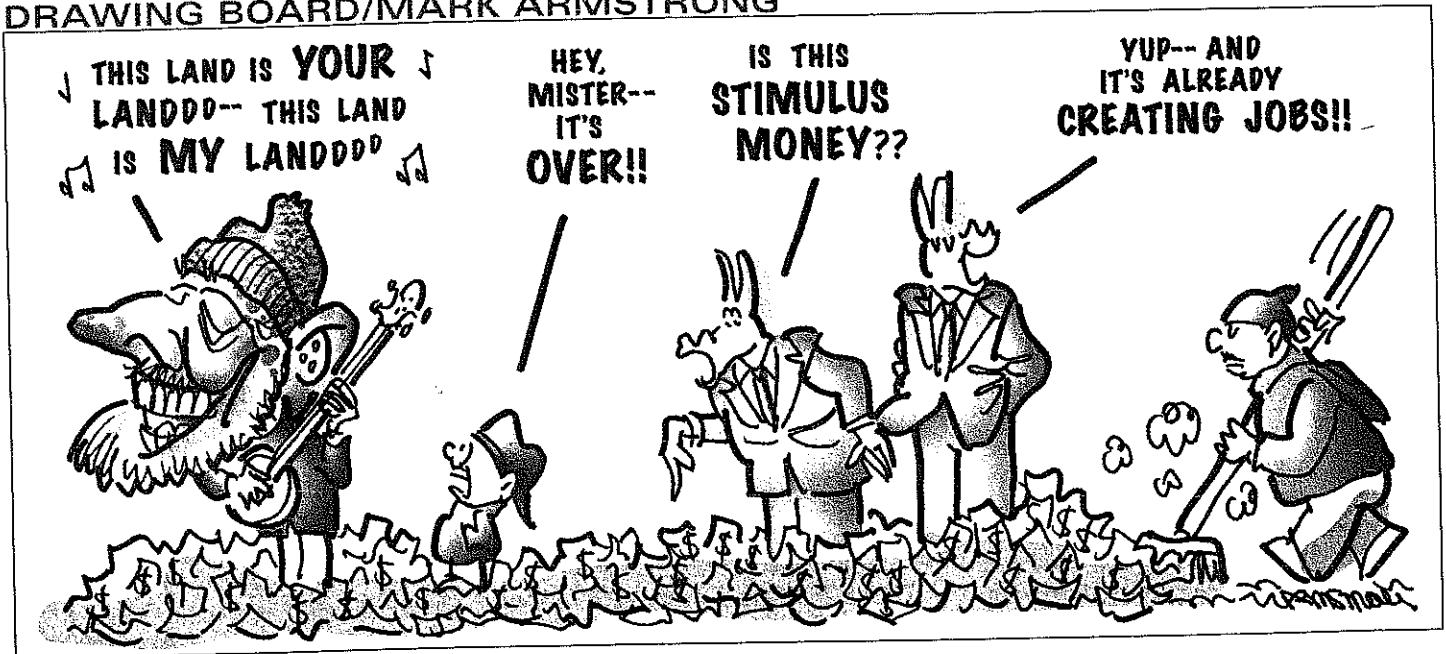
The latter provision was pushed by **Sen. John Ensign**, R-Nev., but it falls short of a two-year suspension of the tax he was looking for, a spokesman said. "We see the inclusion as recognition that this is an important policy to thaw the frozen credit markets, but during these unprecedented times this won't provide sufficient stimulus," he said.

The House and Senate tax bills have more similarities than contrasts, said one tax expert. "The range of differences is more narrow

than I would have expected, which bodes well for being able to meet their Presidents Day deadline," said Clint Stretch, a principal with Deloitte Tax LLP in Washington.

Meanwhile, the Senate is expected to spend much of its floor time this week debating legislation to expand shared state and federal health coverage for children, as well as voting on executive nominations. Reid said Friday he plans to begin debate on amendments to the State Children's Health Insurance Program legislation this evening after a confirmation vote on Treasury Secretary-designate Timothy Geithner.

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Reid said he does not expect to file cloture on the SCHIP bill unless Republicans stall the process. He wants to clear it and nominations so the chamber can move to the stimulus the week of Feb. 2, with the following week devoted to stimulus conference negotiations. Reid warned senators to expect votes this weekend, a step he said will be required to pass the stimulus by Presidents Day.

Grassley said last week he does not anticipate the SCHIP debate will be drawn out as long as GOP members can offer germane amendments.

The SCHIP measure includes provisions that have piqued Republicans who previously voted for expansion legislation, including the elimination of a five-year waiting period for legal immigrant children and pregnant women to receive coverage.

Reid said he expects the provision to survive the amendment process. The bill left out previous restrictions on funding to cover children from higher-income families.

The House passed a slightly more expansive SCHIP bill Jan. 14 that includes restrictions on physician-owned hospitals. The Senate is expected to clear its version, but how

the two chambers will reconcile the differences is unclear.

House Democratic leaders have said they expect their version to be the final bill. "We were strongly supported 2-1 on the House floor and are quite confident that it is the bill that will go to the president," Pelosi said shortly after passage.

- The Senate meets today at 2 p.m. for morning business.

- The House meets today at 12:30 p.m. for morning hour and 2 p.m. to consider suspension bills. Votes will be postponed until 6:30 p.m. On Tuesday, the House meets at 10:30 a.m. for morning hour and noon for legislative business. On Wednesday the House meets at 10 a.m. for legislative business. No votes are expected Thursday and Friday to accommodate the House GOP retreat.

## DEFENSE

Defense Secretary Gates comes to Capitol Hill this week to brief members of the House and Senate Armed Services committees on challenges facing the Defense Department and the Obama administration's priorities.

The Tuesday hearings are expected to touch on a range of defense and security issues the administration will face. But plans for Iraq and Afghanistan, as well as Obama's executive order to close the detention facility at Guantanamo Bay, Cuba, within a year, will likely receive much of the focus.

Meanwhile, the House Armed Services Personnel Subcommittee will hold a hearing Wednesday on support and advocacy programs for victims of sexual assault in the military.

## ENVIRONMENT

Former Vice President Al Gore appears before the Senate Foreign

Relations Committee Wednesday as the lone witness at a climate change hearing.

Gore, who was in town last week to host the Live Earth 2009 Green Inaugural Ball, will speak on climate change efforts leading up to December's United Nations Climate Change Conference in Copenhagen, Denmark. It is the first hearing not related to confirming a presidential nominee that **Foreign Relations Chairman John Kerry** scheduled since taking over the committee from Vice President Biden.

Lawmakers in both chambers might take up a bill limiting industrial carbon emissions through a cap-and-trade program before the Copenhagen conference. Pelosi has stated it is her goal to get a climate change bill on the floor before then.

CONTINUED FROM PAGE 7

## Outlook

There is no such commitment yet in the Senate.

### FINANCE

The Senate Banking Committee will hold a Tuesday hearing on Bernard Madoff's alleged \$50 billion Ponzi scheme, with lawmakers likely to probe why the SEC was so lax in its investigation.

Panel members are likely to probe what SEC Chairwoman Mary Schapiro needs to do to beef up the agency to prevent another major securities swindle from occurring again. **Banking ranking member Richard Shelby** and **Sen. Charles Schumer**, D-N.Y., have already introduced legislation to beef up the agency's funding in a coordinated network to focus on white-collar crimes.

Meanwhile, the House Judiciary Committee has scheduled a Tuesday markup of legislation that would allow bankruptcy judges to reduce the principal of a home mortgage.

And the House Financial Services Committee will hold an organizing meeting on Tuesday. The most significant shift this year is that **Rep. Luis Gutierrez**, D-Ill., will take over as chairman of the Financial Institutions Subcommittee from **Rep. Carolyn Maloney**, D-N.Y., who will chair the Joint Economic Committee.

**Rep. Melvin Watt**, D-N.C., will take over a new Domestic Monetary Policy and Technology Subcommittee and **Rep. Gregory Meeks**, D-N.Y., will chair the new International Monetary Policy and Trade Subcommittee. In the last Congress, one subcommittee handled all of those issues. **Rep. Dennis Moore**, D-Kan., will chair the Oversight and Investigations Subcommittee.

### HEALTH

As the SCHIP debate runs its course in the Senate this week, the Senate Health, Education, Labor and Pensions Committee plans to hold two hearings on issues that will be tackled as part of an overhaul of the nation's healthcare system.

The committee will hold a hearing Tuesday on high risk populations' ac-

cess to preventative care and public health, and another hearing Thursday on attaining quality in the health-care system.

Meanwhile, the Senate Judiciary Committee Tuesday will hear perspectives on privacy of personal health records in the digital age. Witnesses include James Hester, director of the Vermont State Legislature Health Care Reform Commission; Consumers Union health policy program manager Adrienne Hahn; the Center for Democracy and Technology's Deven McGraw; Michael Stokes, program manager for Microsoft's HealthVault; University of Pittsburgh Medical Center vice president John Houston; and David Merritt, project director for the Center for Health Transformation and the Gingrich Group, which is headed by former **House Speaker Newt Gingrich**, R-Ga.

**The Senate Banking Committee will hold a Tuesday hearing on Bernard Madoff's alleged \$50 billion Ponzi scheme, with lawmakers likely to probe why the SEC was so lax in its investigation.**

**Judiciary Chairman Patrick Leahy** played a key role in the evolution of health IT legislation in the 111th Congress, insisting that safeguards be included in legislation sponsored by Senate Health, Education, Labor and Pensions Committee leaders.

The economic stimulus packages making their ways through Congress have health IT components.

**Sen. Tom Harkin**, D-Iowa, who chairs the Agriculture Committee and the Labor-HHS Appropriations Subcommittee and is on the Health, Education, Labor and Pensions Committee, will speak to the National Rural Health Association today on how healthcare reform must address the needs of rural America.

Harkin has said he intends to use his positions on all three panels to tie together healthcare reform and better nutrition. A spokeswoman said Harkin will discuss the Craig Thomas Rural Hospital and Provider Equity Act, which is designed to

equalize Medicare reimbursement between rural and urban areas. The bill is named for the late **Sen. Craig Thomas**, R-Wyo.

### HOMELAND SECURITY

The Senate Homeland Security and Governmental Affairs Committee plans a hearing Wednesday to examine lessons learned from the terrorist attacks in Mumbai, India, in November.

Nearly 200 people were killed and about 300 injured when attackers with automatic weapons and grenades stormed Mumbai neighborhoods. Wednesday's hearing will be the second that the committee has held to examine lessons learned from the attacks.

On Thursday, the committee has scheduled an organizational meeting, through which it will establish committees for the 111th Congress

and outline its agenda. **Homeland Security and Governmental Affairs Chairman Joseph Lieberman** and **ranking member Susan Collins** have said one of their top priorities this year will be completing an authorization bill for the Homeland Security Department.

Lieberman and Collins have cited the need to improve security of U.S. labs that handle biological pathogens, and reauthorize legislation that expires this year giving DHS the authority to regulate security at chemical facilities.

### LABOR

The House will take up the Senate version of pay discrimination legislation named for Lilly Ledbetter this week. The bill, which passed the Senate last week, 61-36, reverses the Supreme Court's decision in Ledbetter's case — the court ruled she sued too

*continued on page 9*

# Outlook

late — by clarifying each paycheck is a new act of discrimination.

The House passed similar legislation earlier this month 247-171, but House Democratic leaders added provisions allowing victims to sue for more money and requiring companies to meet a higher standard for justifying pay disparities.

**Sen. Barbara Mikulski**, D-Md., who marshaled support for the bill in the Senate, said there was unanimity on the Ledbetter provisions and she hoped to deal with the more controversial House-added provisions later. The House is expected to accept the Senate's version.

Obama has said he will sign the bill — and Ledbetter, who campaigned with Obama — said last week he has promised to invite her to the White House for the ceremony. It will likely be the first bill he signs.

Also this week, the drumbeat on card-check legislation continues.

One of the many Republican-backed groups organized specifically to fight the legislation, which would make it easier to form a union by removing the ability of a company to demand a secret ballot election to prove employee support, will make fresh calls criticizing the measure. While unions initially demanded Congress take up the bill, dubbed the Employee Free Choice Act, within the first 100 days of the new Obama administration, Reid said last week it would likely be summer before the Senate considers it.

## TELECOM

**Senate Commerce Chairman John (Jay) Rockefeller** hopes the second time will be the charm for his legislation postponing the nation's transition to digital television signals from Feb. 17 to June 12.

Rockefeller hopes to pass the measure — a compromise backed by

**Commerce ranking member Kay Bailey Hutchison** that is designed to address a host of problems with the switchover — by unanimous consent early this week. The original version, which only extended the deadline, was withdrawn because Republicans planned to object to its passage.

In other developments, the New America Foundation today will unveil its communications policy agenda for the new administration. Also today, the Information Technology and Innovation Forum hosts a discussion on incentives for broadband deployment in Obama's economic stimulus package. On Wednesday, Robert McDowell, temporarily the lone Republican regulator at the FCC, addresses the Media Institute at a luncheon event.

— with Anna Edney, Megan Scully, Darren Goode, Andrew Noyes, Jerry Hagstrom, Chris Strohm, Kasie Hunt and David Hatch contributing

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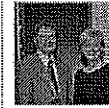


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# House Bill Pleases Rail-Transport Advocates

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By CHRISTOPHER CONKEY

WASHINGTON — Advocates for mass-transit and passenger-rail service scored two victories in the House version of the economic-stimulus bill, adding \$3 billion in mass-transit spending and beating back a proposal to cut Amtrak funding.

Rep. Jerrold Nadler of New York and several other House Democrats Wednesday put forward an amendment to the \$825 billion economic-recovery package that would add \$3 billion more in spending for mass-transit service. The amendment passed on a voice vote, bringing the total for public-transportation spending in the House bill to \$12 billion. The House is expected to vote on its version of the bill on Wednesday evening.

The House rejected an amendment sponsored by Republican Rep. Jeff Flake of Arizona that would have stripped from the bill \$800 million in funding for Amtrak and intercity-rail service. The measure also was defeated in a voice vote. Mr. Flake later asked for a roll-call vote, but the amendment isn't expected to pass.

"How can we argue that this is good for the economy?" Mr. Flake asked, in arguing against any further federal support for Amtrak. He said the government essentially pays \$210 for every person that rides an Amtrak train.

Rep. Corrine Brown, a Florida Democrat who chairs the rail subcommittee, criticized Mr. Flake's amendment after emerging from a hearing on freight- and passenger-rail conditions.

"I got some breaking news for you. There is no form of transportation that pays for itself. We subsidize all of it," she said. "Kill this bad idea before it multiplies."

Mr. Nadler, Ms. Brown and other members of the House Transportation and Infrastructure Committee are miffed that the House version of the economic-recovery bill contains less spending on rail and transit services than they had recommended. They have been urging a big boost in spending after the number of riders on Amtrak and many mass-transit lines surged to record levels last year. They have argued that bolstering rail and bus service helps create "green" jobs and gives consumers environmentally friendly transportation choices.

Advocates for rail and transit saluted Wednesday's votes.

"This extra funding will go a long way to improve our rail systems and maintain the jobs needed to keep them running," said Deron Lovaas, federal transportation policy director for the National Resources Defense Council, an environmental-advocacy group. "Congress is clearly catching up with public support for more and cleaner transportation choices."

The House bill now contains \$30 billion for road and bridges and roughly \$12 billion for transit and rail projects. That would represent a major boost for transit in relation to highways, which usually receive four times as many federal dollars as transit.

The Senate bill contains slightly different levels of transportation spending but it is roughly equivalent to the House bill.

Write to Christopher Conkey at christopher.conkey@wsj.com

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FOR IMMEDIATE RELEASE

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**STATEMENT BY**

**WILLIAM W. MILLAR, PRESIDENT**

**AMERICAN PUBLIC TRANSPORTATION ASSOCIATION (APTA)**

**ON THE PASSAGE OF HOUSE ECONOMIC RECOVERY BILL**

"On behalf of the U.S. public transportation industry, I congratulate the members of the House of Representatives on the passage of H.R. 1, the American Recovery and Reinvestment Act of 2009. This important legislation will invest \$12 billion in public transportation projects and \$1.1 billion in high speed rail and intercity rail projects that will create and support hundreds of thousands of green American jobs.

With public transit ridership at modern record levels, it is clear that the American people want expanded public transportation services. The public transportation industry is ready to go to create and support jobs and give better public transit services to millions of Americans. Additionally, this federal investment in public transportation will promote energy independence and reduce our nation's carbon footprint, two other important national goals.

I want to thank U.S. House Speaker Nancy Pelosi and her leadership team, T&I Chair James Oberstar and the Transportation and Infrastructure Committee members, and Appropriations Chair David Obey and the members of the House Appropriations committee, for their work in making sure that public transportation funding was included at a significant amount.

Additionally, I want to thank U.S. representatives Jerrold Nadler, Peter DeFazio, Keith Ellison, Michael McMahon, and Daniel Lipinski for their leadership in adding an additional \$3 billion in public transportation investment to the bill yesterday. Their extra effort means that more jobs and public transportation service will be available to more Americans.


We look forward to working with the Senate on this important legislation."


# # #

Note to reporters: Go to the APTA web site at [www.apta.com](http://www.apta.com) and visit the Economic Recovery Info section on the front page of the web site for more details.

APTA is a nonprofit international association of 1,500 member organizations including public transportation systems; planning, design, construction and finance firms; product and service providers; academic institutions; and state associations and departments of transportation. APTA members serve the public interest by providing safe, efficient and economical public transportation services and products. APTA members serve more than 90 percent of persons using public transportation in the United States and Canada.

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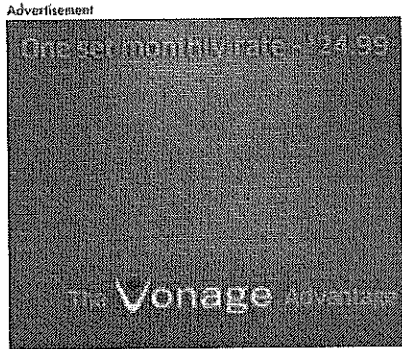
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Indeed, land-use patterns are changing to reflect not only demographic shifts but also new thinking about sustainable real estate. In metropolitan areas like Washington, new development and redevelopment are increasingly transit-oriented. More and more, master plans call for higher densities, mixed uses, walkable street networks, better designed buildings and civic spaces, and greener development strategies.

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Still, for most Americans, switching transportation thinking from cars to transit is unnatural, a habit hard to break. Many view transit, especially rail transit, as unnecessary, physically intrusive, noisy and dirty. Some see it as a threat, a means for undesirables to go where they are not wanted.

Contemplate the history of the Purple Line, which finally may be built. This light-rail line will run between Bethesda and New Carrollton. But it has entailed countless years of planning and controversy about alternative alignments, environmental impact, capital costs, operating costs and even

whether a light-rail line is needed at all.

There is no doubt that the Purple Line will be intensely used. But why is it the only light-rail line actively on the drawing boards in this region? Surely additional tram lines would make sense.

The same arguments apply to other forms of transit. For example, the Metro system needs capital for equipment improvements as well as network expansion. How about some stimulation for Metro?

Cars aren't going away, especially with manageable gasoline prices and long-standing land-use patterns based on automobile use. A car is still a necessity in much of the nation because housing, employment, schools, shopping, recreation and other destinations are so widely dispersed.

Yet it would be a mistake to overspend on roads while targeting inadequate amounts on transit improvements. What's called for is long-term thinking and near-term action, the kind of action being spurred by today's economic imperatives. Transit investment can generate jobs, but it also can help shape the future. We just need to break some old habits.

*Roger K. Lewis is a practicing architect and a professor emeritus of architecture at the University of Maryland.*

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