

Report for Congress

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Appropriations for FY2003: Transportation and Related Agencies

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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.

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Appropriations for FY2003: Transportation and Related Agencies

Summary

President Bush submitted his FY2003 budget on February 4, 2002. For the FY2003 Department of Transportation (DOT) and Related Agencies budget, the President requested \$56.1 billion. This represents a decrease of 6% from the \$59.6 billion FY2002 enacted total.

The events of September 11, 2001 had a significant impact on DOT's budget in FY2002 and likely will in FY2003. The DOT received an extra \$1.8 billion in FY2002 in an emergency supplemental bill passed on September 14th, and there is another emergency supplemental bill pending in Congress that would add \$6.7 billion to DOT's FY2002 budget (for details on the transportation portion of the emergency supplemental request, see CRS Report RL31406, *Supplemental Appropriations for FY2002*). Also, an entirely new agency was created within the DOT, the Transportation Security Administration (TSA).

While the FY2003 request is modestly down from the FY2002 enacted amount, the funding levels of some DOT agencies vary widely from their FY2002 levels. Most notably, the Federal Highway Administration (FHWA) budget would drop by 25% to \$24.7 billion. Conversely, the new TSA would see its budget rise from \$1.3 billion in FY2002 to \$4.8 billion in FY2003, a 270% increase. The Coast Guard's budget would also grow significantly, from \$5.0 billion to \$5.9 billion (18%).

The abrupt change in FHWA funding from FY2002 to FY2003—from \$33 billion to \$25 billion—caused a stir. It was mandated by the Revenue-Aligned Budget Authority (RABA) provision in the Transportation Equity Act for the 21st Century (TEA21) that ties annual highway funding levels to trust fund revenues. There is wide support for restoring FY2003 funding to the level guaranteed in TEA21 (\$27.7 billion); some advocate providing an amount closer to the FY2002 enacted level.

Other significant budget issues facing Congress are the increasing costs of the TSA and Amtrak. As the scale of the TSA's responsibilities becomes clearer, its costs are rising: from \$1.3 billion in the FY2002 Appropriation Act to \$4.8 billion requested for FY2003, with \$4.4 billion requested in the pending supplemental bill. Some in Congress have expressed concern with the rising costs and lack of detailed plans for the money. In recent months it has become clear that the TSA will not be self-supporting, even with the revenues from two fees Congress authorized. In FY1998, Congress authorized about \$1 billion annually for Amtrak through FY2002, with the provision that by FY2003 Amtrak would no longer require federal funds for its operating expenses. While Congress appropriated only about half that amount over that period, it funded what the President's budget requested. After saying for several years that it would be operationally self-sufficient by FY2003, Amtrak now says it needs at least \$1.2 billion in FY2003, up from \$521 million in FY2002. The Amtrak Reform Council submitted a passenger rail restructuring plan to the Congress in February 2002, but it appears that the Congress will appropriate funds for FY2003 to Amtrak and put off any restructuring efforts until 2003.

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

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Appropriations for FY2003: Transportation and Related Agencies

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 11th 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 the 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.

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 (TEA21)

During the 105th and 106th Congresses, major legislation changed the relationships between the largest transportation trust funds and the federal budget. The Transportation Equity Act for the 21st Century (TEA21) (P.L. 105-178) linked 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 will lead to a significant and unexpected drop in the availability of highway obligational funding.

TEA21 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 TEA21 and adjusted by an annual RABA adjustment. In addition, it appears that TEA21 precludes, at least in part, the House and Senate appropriations committees from exercising what some Members view as their 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 TEA21 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 from TEA21.

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 TEA21. Instead of creating new budget categories, the FAIR21 guarantee rests on adoption of two point-of-order rules for the House and the Senate. Supporters of FAIR21 believe the new law requires significant new spending on aviation programs; and, for at least the FY2001 and FY2002 appropriations cycles, spending grew significantly. Most observers view the FAIR21 guarantees, however, as being somewhat weaker than those provided by TEA21. Congress can, and sometimes does, waive points-of-order during consideration of legislation.

Enactment of TEA21 and FAIR21 means that transportation appropriators have total control over spending 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.

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 | |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

Key Policy Issues

Issue Overview

With release of the Bush Administration’s FY2003 budget proposal on February 4, 2002, the budget debate begins in earnest. In proposing a Department of Transportation (DOT) budget of roughly \$56.1 billion the Administration is proposing a level of spending about 6% below FY2002's enacted level of \$59.6 billion.¹ The FY2003 budget includes a \$4.4 billion reduction in highway funding

¹ This report relies on figures from tables provided by the House Committee on Appropriations. 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 (continued...)

required by the provisions of the Revenue-Aligned Budget Authority mechanism created in the Transportation Equity Act for the 21st Century (TEA21; P.L. 105-178). The budget request is in conformance with the basic outline of both TEA21, which authorizes spending on highways and 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 continues 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 are the reduction in highway funding and the presence of the TSA.

The events of September 11, 2001 had a significant impact on the DOT's budget in FY2002 and likely will in FY2003. The DOT received an additional \$1.8 billion for FY2002 through an emergency supplemental bill passed on September 14th,² and there is another emergency supplemental bill pending in Congress that would add an extra \$6.7 billion to the DOT's FY2002 budget.³ In addition, an entirely new agency was created within the DOT, the TSA, due to concerns about security.

RABA and Highway Funding. TEA21 created a mechanism called Revenue-Aligned Budget Authority (RABA), which was intended to prevent revenues from accumulating in the Highway Trust Account. While TEA21 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.

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

¹ (...continued)

Administration. The DOT appropriations bills do not fund the Maritime Administration, 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.

² H.R. 2888, became Public Law 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). Except where otherwise noted, the figures in this report do not include the \$1.8 billion in supplemental appropriations received by the DOT in FY2002.

³ H.R. 4775.

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).

The Transportation Security Administration’s (TSA) budget. The 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 the 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 the 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 was virtually non-existent before September 11th, so there were no precise estimates of the total workforce this would require. As the scale of that task has become clearer, estimates are that the TSA will need another 25,000 or so screeners to screen checked baggage, increasing estimates of TSA’s total workforce to as many as 70,000 people. Some members of Congress have expressed concern about the TSA growing to such a size.

The TSA was appropriated \$1.3 billion in FY2002; its FY2003 request is \$4.8 billion—though that request is based on 41,300 full-time employees. The TSA also has a request for \$4.4 billion in the pending emergency supplemental bill. Some members of Congress have questioned the amounts being requested, and criticized the lack of detail about how the money would be used. At the same time, the TSA is 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.

When it created the TSA, Congress gave it the power to levy two fees, a fee 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 \$2.2 billion each year, the TSA’s budget request for FY2003 is \$4.8 billion. Revenue from fees will not come close to covering the TSA’s annual budget.

On June 7, 2002, President Bush proposed the creation of a new federal agency, a Department of Homeland Security. One of organizations which would be transferred to this proposed new agency is the 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 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's authorization expires at the end of FY2002; its last authorizing act (the Amtrak Reform and Accountability Act of 1997, P.L. 105-134) provided that if Amtrak were not able to cover its operating expenses without federal assistance (as opposed to its capital expenses), Congress would consider reorganizing Amtrak. It also provided that Amtrak should not receive any federal assistance for its operating expenses after FY2002. Although over the last few years Amtrak repeatedly said it was on a glide-path to meet that requirement, it is now clear that it will not. The Amtrak Reform Council declared in November 2001 that Amtrak would not meet that requirement; in February 2002 they submitted to Congress their proposal for restructuring the passenger rail system. Amtrak's former president, George Warrington, told Congress in February 2002 that Amtrak would require at least \$1.2 billion in FY2003 (compared to \$521 million in FY2002) just to maintain its status quo; otherwise it would have to cancel all its long-distance routes. The Inspector General of the Department of Transportation told Congress in February 2002 that Amtrak would not make it to the end of the current fiscal year without additional funding; in June 2002 Amtrak's new president, David Gunn, said that Amtrak needed \$200 million to make it to the next fiscal year, which he hoped to obtain through a commercial loan.

So far in 2002 Amtrak has laid off about 1,000 employees to save money; its president, George Warrington, resigned to take another job; several Amtrak trains were involved in accidents which damaged railroad cars, exacerbating Amtrak's equipment shortages; and the Federal Railroad Administration put Amtrak on a safety watch because of a number of safety violations (unrelated to the accidents). Three Amtrak reauthorization bills have been introduced: S. 1958, which would restructure Amtrak along the lines suggested by the Amtrak Reform Council; S. 1991, which would authorize \$4.6 billion a year for Amtrak in its existing configuration; and H.R. 4545, which would reauthorize Amtrak for one year at \$1.8 billion. The FY2003 budget resolution (S.Con.Res. 100) reported by the Senate Budget Committee on March 21, 2002, provides \$1.2 billion for Amtrak for FY2003. There seems to be support for providing Amtrak \$1.2 million to \$1.8 billion (the higher figure includes funds to make life-safety improvements to old railroad tunnels) for FY2003, while postponing any restructuring efforts until next year.

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.

**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 | 59,588 ^c |

^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 enacted figure does not include supplemental appropriations.

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). This new agency is headed by an Under Secretary for Security who is appointed by the President and confirmed by the Senate for a fixed five-year term. With respect to air transportation, the Under Secretary 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. The 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. The Act imposes various deadlines in the coming year that the agency must meet in providing aviation security services; by the end of December 2002, TSA must be screening all passengers and checked baggage at U.S. commercial airports.

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.

In FY2002, TSA was appropriated \$1.3 billion. It also received another \$1.1 billion in transfers from the Federal Aviation Administration, most of whose security functions were transferred to TSA. For FY2003, the first full year of funding for the TSA, the Administration has requested \$4.8 billion. Approximately \$2.2 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.

In addition, TSA has requested another \$4.4 billion for FY2002 in the emergency supplemental bill pending in Congress.

On June 7, 2002, President Bush proposed the creation of a new federal agency, the Department of Homeland Security. Among the organizations which would be transferred to this new agency are the 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 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.

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 requests budget authority of \$5.9 billion for Coast Guard funding in FY2003. Compared to the \$5.0 billion appropriated in FY2002, the FY2003 request would be \$862 million, or 17%, more.⁴ Planned increases of \$936 million for Coast Guard operating expenses account for most of the proposed increase. Coast Guard programs are usually authorized every 2 years; see CRS Report RS20924, *Coast Guard Legislation in the 107th Congress*, for discussion of current congressional consideration of authorization bills. CRS Report RS211125, *Homeland Security*:

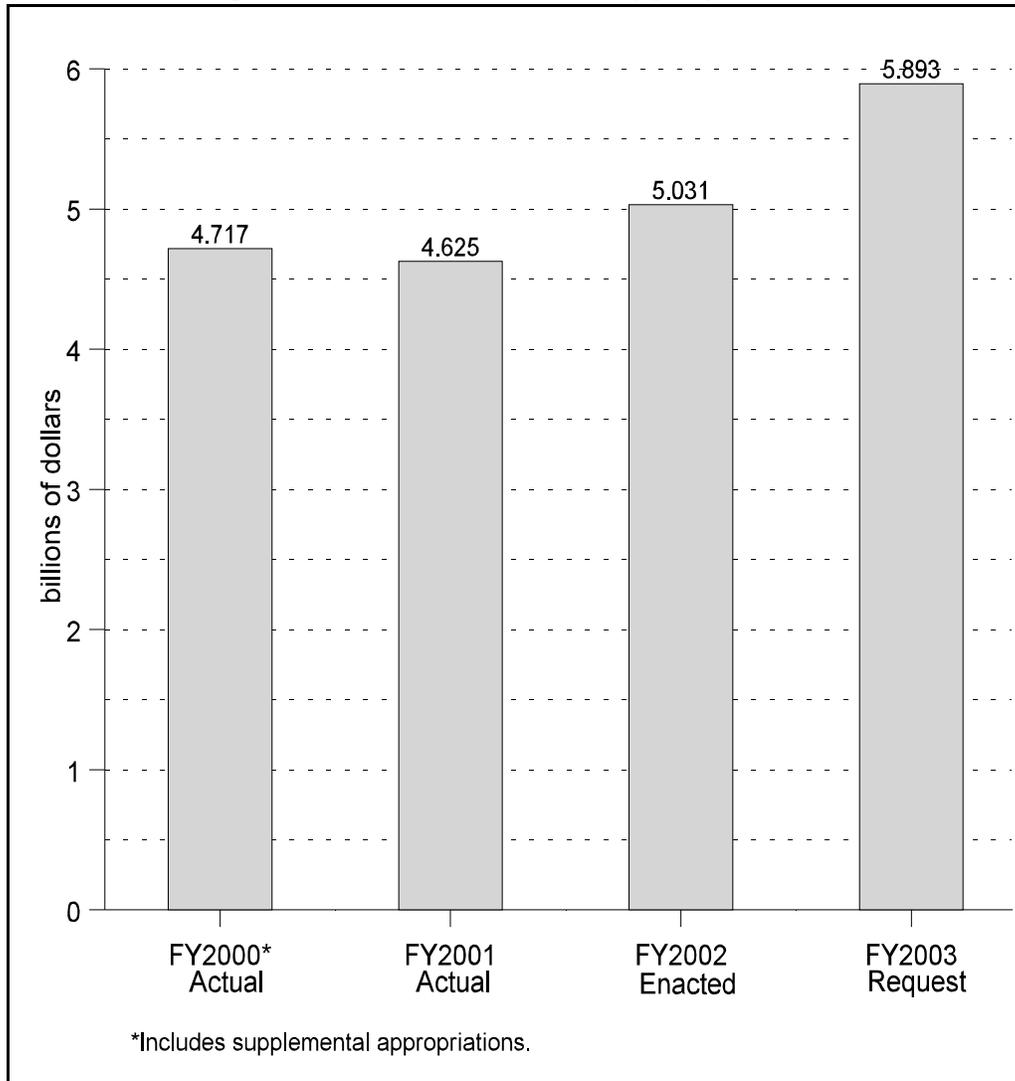
⁴ These figures includes \$165 million in offsetting collections mandated by the FY2002 DOT Appropriations Act (P.L. 107-87, Section 333) but not yet authorized, and do not include FY2002 supplemental appropriations of \$209 million.

Coast Guard Operations—Background and Issues for Congress, and CRS Report RS21079, *Maritime Security: Overview of Issues* also discuss related issues.

The FY2003 budget request is 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 \$4.3 billion (\$936 million, or 28%, more than FY2002) is for operation and maintenance of a wide range of ships, boats, aircraft, shore units, and aids to navigation. This includes \$340 million in defense-related funding. Another major component of the request is allocated to acquisition, construction, and improvement. The Administration seeks \$725 million, \$89 million, or 14%, more than current year funding. For complying with environmental regulations and cleaning up contaminated Coast Guard sites, the budget seeks \$17 million. No funds are requested for altering bridges; \$15.5 million was appropriated for the current year. The \$22 million for research and development would be 9% (\$1.8 million) more than current year funding. 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 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 \$936 million increase for

Figure 1. U.S. Coast Guard Appropriations



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 is requested, a \$179 million (56%) increase over FY2002 funding. 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 June 7, 2002, President Bush proposed the creation of a new federal agency, a Department of Homeland Security. Among the organizations which would 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 28% of the discretionary portion (\$20.7 billion) of the DOT's budget.

Federal Railroad Administration (FRA)

[<http://www.fra.dot.gov>]

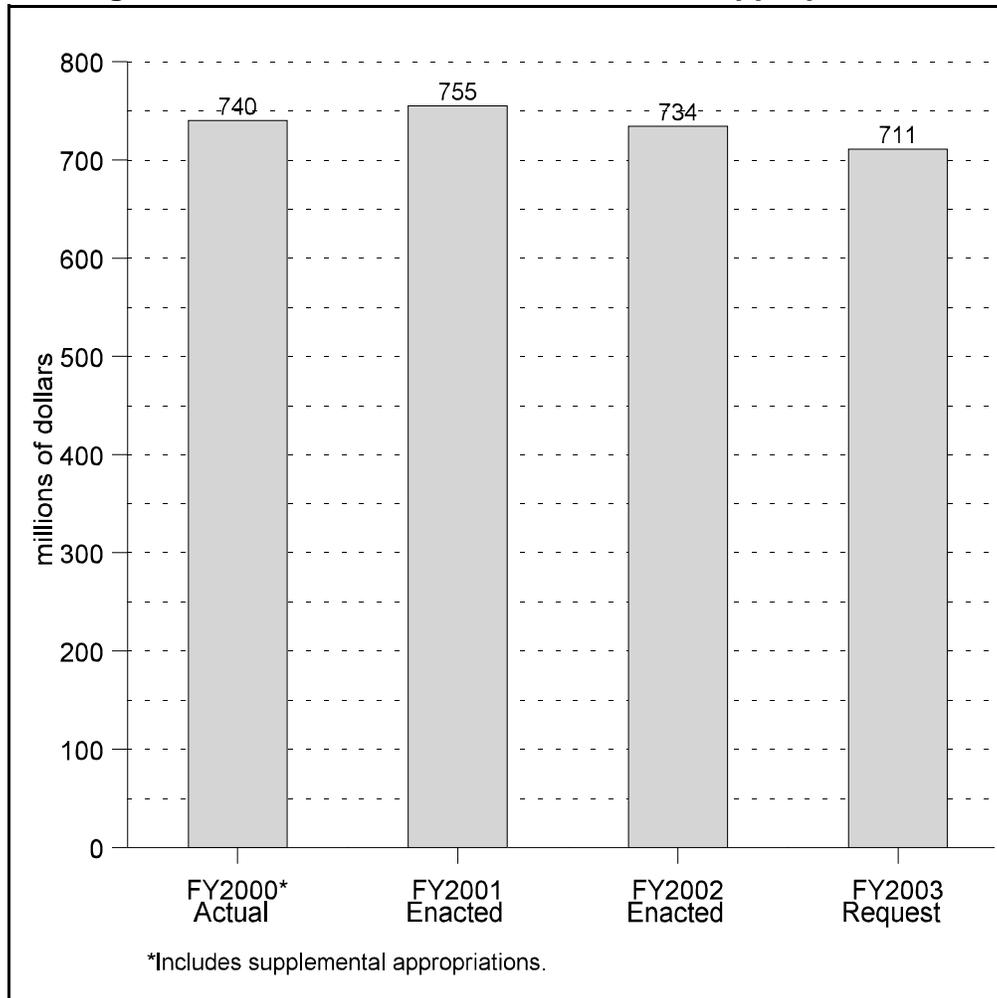
For FY2003, the Administration requests \$711 million in funding for the FRA, including \$59 million in offsetting fees mandated by Congress in the FY2002 DOT Appropriations Act but not yet authorized.⁵ This is \$23 million less than the \$734 million provided in FY2002. The request provides \$521 million for Amtrak, the same amount provided in FY2002, but this request serves as a placeholder as 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 receive \$118 million, a \$7 million increase over the FY2002 level.

The Administration's request provides no funding for the Alaska Railroad rehabilitation which was provided \$20 million in FY2002. Funding for the ongoing Pennsylvania Station relocation project in New York City is maintained at the \$20 million level for FY2003, which is the last year of funding previously appropriated. Spending for next generation high-speed rail development is reduced to \$23 million, \$9 million less than was provided in FY2002.

⁵ P.L. 107-87, Section 331.

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 likely to be discussed.

Figure 2. Federal Railroad Administration Appropriations



Railroad Safety and Research and Development. The FRA is the primary federal agency that promotes and regulates railroad safety. The Bush Administration proposes \$118 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.⁶ Increased railroad traffic volume and density (train and passenger miles

⁶ 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 (continued...)

are up 7.5% and 18.7%, respectively), 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 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 requests \$28.3 million for these activities.

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.

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.

⁶ (...continued)

experts who work together to formulate recommendations on new or revised safety regulations for FRA's consideration.

Amtrak

[<http://www.amtrak.com>]

Amtrak's authorization expires at the end of FY2002. The President's FY2003 budget request for Amtrak is \$521.5 million, the same as in FY2002. The President's budget notes that this is just a placeholder figure until a new paradigm for passenger rail service is developed.

In February 2002, Amtrak's then-president, George Warrington, declared that Amtrak would require \$1.2 billion in federal support (operating and capital) for FY2003 just to maintain the system in its current condition; if it received less than that, it would have to eliminate long-distance routes. In addition, Amtrak began laying people off.

The Amtrak Reform Council estimated Amtrak's annual operating subsidy requirement at around \$600 million (not counting another \$125 million in operating subsidies from various states); it estimated Amtrak's capital need, just to maintain its existing system, at around \$1 billion.⁷ The Inspector General of the Department of Transportation estimated Amtrak's cash loss in FY2003 at \$511 million, and its capital needs at between \$1 and \$1.5 billion a year. In addition, the Inspector General estimated that Amtrak would need additional funding to make it through the current (FY2002) fiscal year.⁸ In June 2002, Amtrak's new president, David Gunn, declared that Amtrak needed an additional \$200 million by July 2002 or it would cease operations; he suggested that Amtrak would attempt to borrow against an expected FY2003 appropriation.

The Amtrak Reform and Accountability Act of 1997 (P.L. 105-134) prohibits the appropriation of federal operating grant funds for Amtrak after FY2002 (Section 201). Amtrak declared repeatedly during FY2001 that it was on a glide-path to breaking even (and thus not needing federal operating grants) by that deadline, though observers doubted this. After September 11th, demand for Amtrak's services skyrocketed during the time that commercial air travel was suspended. Even after air travel was restored, some travelers preferred not to fly, temporarily increasing demand for Amtrak's services. At the same time, however, after September 11th many people preferred not to travel at all, with the result that Amtrak's overall passenger load was down slightly. The increased spending on security and slightly decreased passenger demand exacerbated Amtrak's existing revenue shortfall. Amtrak ultimately lost more money in FY2001 than in FY1998, the first year of its "glide-path" to breaking even on operations; its FY2001 cash loss was \$585 million.

⁷ Amtrak Reform Council. *An Action Plan for the Restructuring and Rationalization of the National Intercity Rail Passenger System*. February 7, 2002. P. 17-19. Available at www.amtrakreformcouncil.org.

⁸ Inspector General, Department of Transportation. 2001 Assessment of Amtrak's Financial Performance and Requirements. Report #CR-2002-075. January 24, 2002. Available at www.oig.dot/item_details.php?item=672.

The Act also required that if the Amtrak Reform Council determined that Amtrak will not be able to operate without federal operating grant funds after FY2002, it should submit to the Congress an action plan for a restructured national intercity passenger system (P.L. 105-134, Section 204). At the same time, Amtrak should submit a liquidation plan to the Congress. The Council submitted its plan for restructuring national passenger rail service to Congress on February 7, 2002.⁹ The FY2002 Department of Defense Appropriations Act (P.L. 107-117), however, prohibited Amtrak from using appropriated funds or revenues to develop a plan for liquidation. Three Amtrak reauthorization bills have been introduced: S. 1958, which would restructure Amtrak along the lines suggested by the Amtrak Reform Council; S. 1991, which would authorize \$4.6 billion a year for Amtrak in its existing configuration (and which has passed out of the Senate Commerce Committee); and H.R. 4545, which would reauthorize Amtrak for one year at \$1.8 billion. The FY2003 budget resolution (S.Con.Res. 100) reported by the Senate Budget Committee on March 21, 2002, provides \$1.2 billion for Amtrak for FY2003. There appears to be support for providing Amtrak \$1.2 million to \$1.8 billion (the higher figure includes funds to make life-safety improvements to old railroad tunnels) for FY2003, while postponing any restructuring efforts until next year.

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 all the highway programs in the agency. For FY2003 the President requests \$24.1 billion for FHWA. This represents a decrease of \$8.4 billion, or 25%, from the FY2002 enacted level. The obligation limitation, which supports most of the FAHP, is set at \$23.8 billion and is significantly less than the \$31.8 billion provided in FY2002. Funding for exempt programs (emergency relief and a portion of minimum guarantee funding) is set at \$893 million, down slightly from FY2002's \$965 million. These levels of spending are in conformance with the Transportation Equity Act for the 21st Century (TEA21) (P.L. 105-178). The steep decline in spending is a result of TEA21 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 has dominated the early stages of the highway budget debate.

Revenue Aligned Budget Authority (RABA) Reduction. According to estimates by the Department of Transportation (DOT) revenues (fuel taxes and other fees) accruing to the Highway Trust Fund decreased in FY2001 as a result of the ongoing recession and the effects of September 11. Most of this decrease in activity seems to be related to problems in the trucking industry. The RABA process created by TEA21 requires that federal highway obligational authority be adjusted accordingly. In simple terms this means that the RABA adjustment for FY2003 is

⁹ *An Action Plan for the Restructuring and Rationalization of the National Intercity Rail Passenger System*, Amtrak Reform Council, February 7, 2002. Available at <http://www.amtrakreformcouncil.gov/finalreport.html>.

a negative \$4.37 billion. Core highway program obligational authority for FY2003 will therefore be limited to approximately \$23.2 billion, an \$8.6 billion reduction from the FY2002 level.

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

Concern has been expressed that DOT's estimates are incorrect. Some national travel indicators do not indicate any significant falloff in travel. The House Committee on Transportation and Infrastructure has already asked that the General Accounting Office investigate how DOT and the Office of Management and Budget (OMB) arrived at the \$5 billion negative RABA figure. In addition, two Senate Committees, Finance and Environment and Public Works, held hearings on this issue.

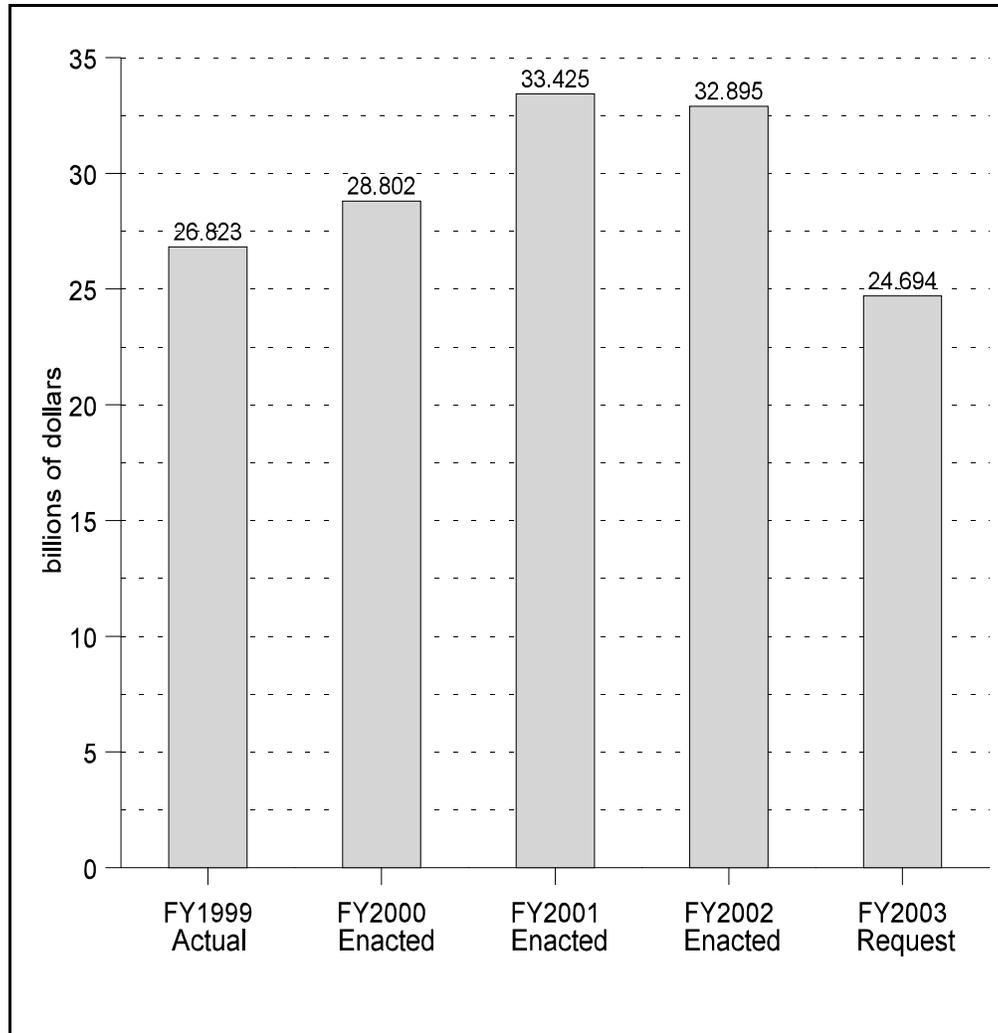
On February 7, 2002, the Highway Funding Restoration Act (H.R. 3694; S. 1917) was introduced in both the House and Senate. This bill would amend TEA21 and require that the obligation limit for FY2003 be not less than \$27.746 billion. Although this would not bring spending up to the FY2002 level, it would meet or exceed the spending for FY2003 originally provided for in TEA21.

The effects of the RABA reduction would not be felt immediately. Highway construction is a multi-year process. DOT is suggesting that the RABA reduction would only reduce the government's ability to spend on highway projects by only 1.8 percent in FY2003. Longer term, however, the effects of this decrease would be dramatic.

The TEA21 Funding Framework. TEA21 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, TEA21 can be viewed as a refinement and update of the ISTEA process. There are a few new funding initiatives in TEA21, 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),

Figure 3. Federal Highway Administration Appropriations



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 amount requested includes the impact of the RABA reduction (previously discussed) as well as the impact of the estimated obligation limitation. 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. Some Members and proponents of ITS would prefer to have the deployment funds competitively awarded. TEA21, however, also specifies several projects which are to receive some of the ITS deployment funds.

Federal Transit Administration (FTA)

[<http://www.fta.dot.gov/>]

President Bush's FY2003 budget request for FTA is \$7.23 billion, essentially the TEA21 guaranteed level. This is a 7% increase above FTA's FY2002 appropriation of \$6.747 billion.¹⁰

The transit appropriations shown in **Figure 4** illustrate the significant increase in FTA funding from FY1999 to FY2002 that occurred following the enactment of TEA21 in 1998.

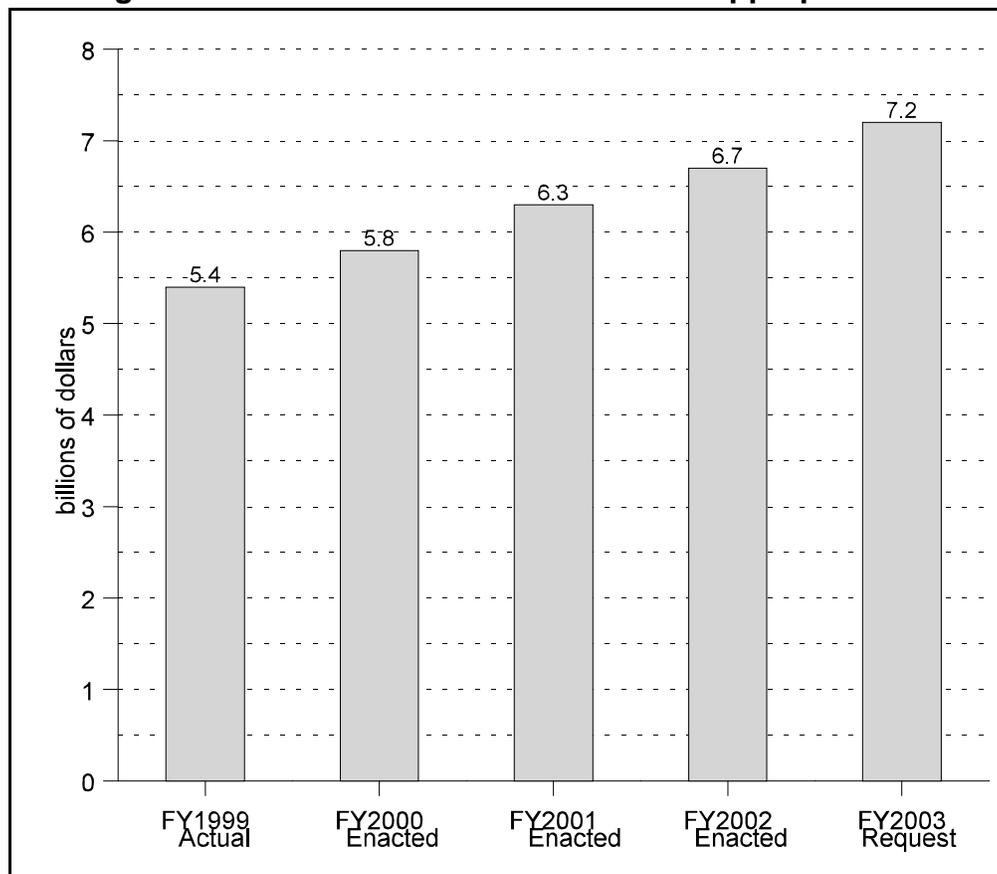
FTA Program Structure and Funding. There are two major transit programs: the Capital Investment Grants and Loans Program and the Urbanized Area Formula Grants Program. There are also several smaller formula and planning and research programs. In FTA's Formula Grants Program, 86% of the FY2003 funding 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.

¹⁰ 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.

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 requests \$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.

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 guideway modernization, new systems, planning, and operating assistance. For FY2003, the Administration proposes \$3.3 billion (the TEA21 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.

Figure 4. Federal Transit Administration Appropriations



With the enactment of TEA21, 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.

The President's budget request proposes 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 requests \$145 million for this program in FY2003.

Job Access and Reverse Commute Program. TEA21 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 proposes \$150 million in FY2003, up from \$125 million in FY2002.

Federal Aviation Administration (FAA)

[<http://www.faa.gov/>]

The Bush Administration is seeking \$13.6 billion in budget authority for FY2003. This compares with total budgetary resources of \$13.0 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 is provided for in the Act. The Administration is proposing a general fund contribution of almost \$3.7 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.¹¹

¹¹ 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 FY2002 Act increased funding for all FAA activities. There were few significant new policy initiatives, excluding the transfer of all FAA security functions to the new Transportation Security Administration (although funding for existing security activities is shown in the FAA portion of the Act). Rather the request focuses on continued safety and infrastructure upgrades.

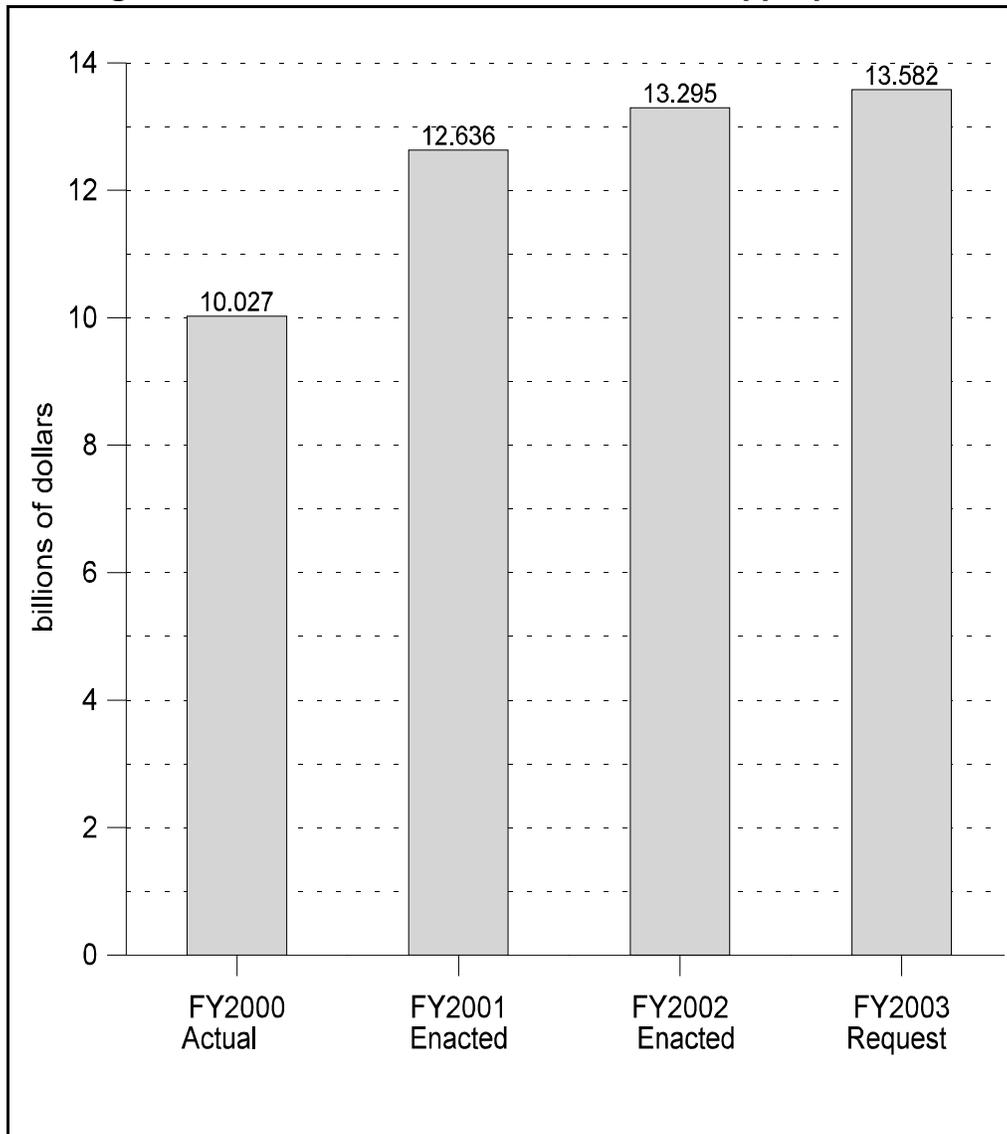
Operations and Maintenance (O&M). The Administration is proposing an FY2003 funding level of \$7.1 billion for this activity, compared to \$6.9 billion in FY2002. This is actually a decrease from the FY2002 funding level of \$8.4 billion, which mostly reflects the transfer of security activities to the new 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). F&E received \$2.9 billion in the FY2002 Act. The Administration would raise this amount to \$3 billion in FY2003. F&E funding is used primarily for capital investment in air traffic control, and safety. About \$124 million of the proposed FY2003 funding would be used to reimburse TSA for explosive detection equipment. Otherwise, there are no significant new F&E spending initiatives in the Administration proposal.

Research, Engineering, and Development (RE&D). The Administration is proposing to allot \$124 million to this program in FY2003. 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 the 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

Figure 5. Federal Aviation Administration Appropriations



aircraft. EAS has an annual authorized funding level of \$50 million. 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. The EAS program received \$63 million in the FY2002 appropriations bill plus \$50 million in emergency supplemental appropriations, available through FY2003.

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.

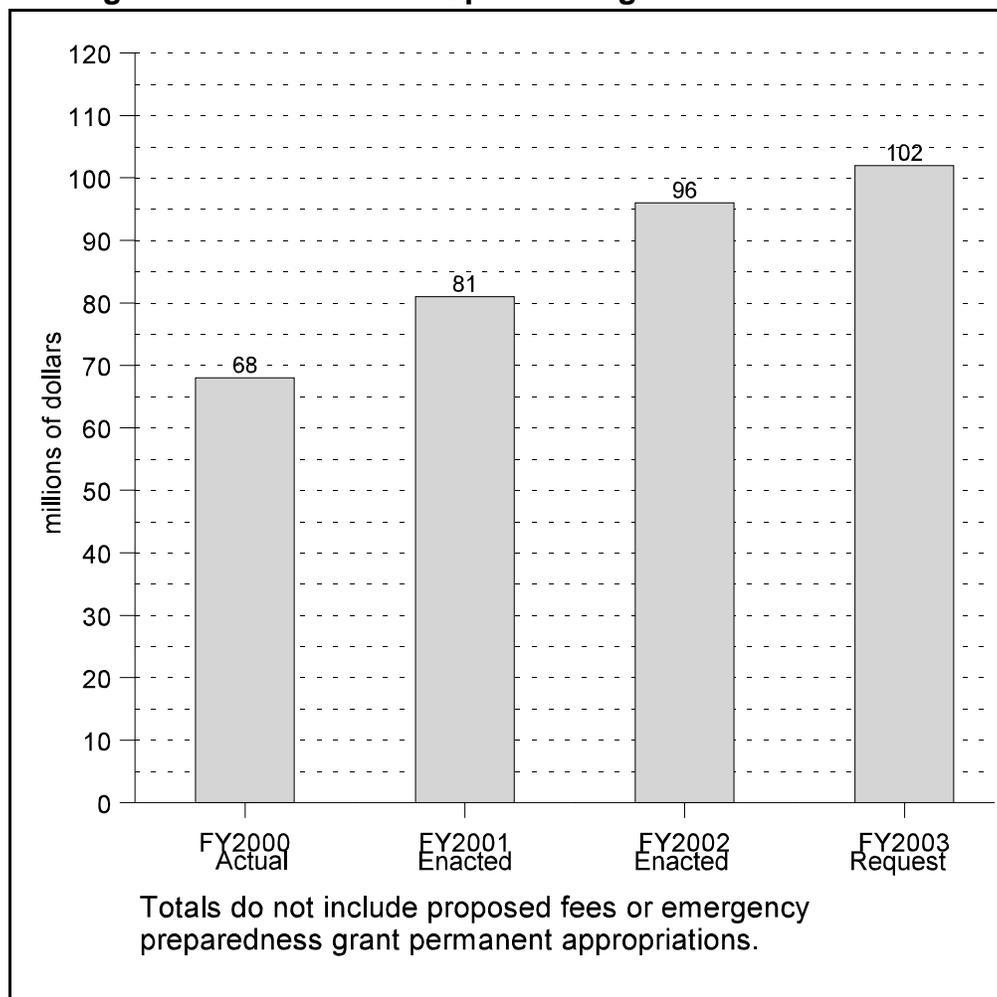
Grants-in-Aid for Airports. The Airport Improvement Program provides grants for airport development and planning. The FY2003 budget requests \$3.4 billion for AIP. This is a 3% increase over the FY2002 enacted level (not counting \$175 million in emergency appropriations). The request includes \$81 million for administration and, as mentioned above, \$83 million for EAS. The request is in conformance with the FAIR21 funding guarantees for AIP.

Research and Special Programs Administration (RSPA)

<http://www.rspa.dot.gov>

For FY2003, RSPA requests a budget of \$124.5 million ¹² (with 64% of the budget 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.

Figure 6. Research and Special Programs Administration



¹²The Administration's FY2003 request includes \$14.3 million in permanent appropriations and \$6 million in proposed fees that are not included in the FY2003 request amount used by the House Appropriations Committee, which is the amount used in Figure 6.

For its pipeline transportation safety program, RSPA proposes \$63.8 million in FY2003, an increase of \$5.6 million over FY2002. For its hazardous materials transportation safety program, the agency requests \$23.8 million in FY2003, an increase of \$2.6 million over FY2002.

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 proposes 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 to fund the hazmat safety program from user fees.

National Highway Traffic Safety Administration (NHTSA)

[<http://www.nhtsa.dot.gov/>]

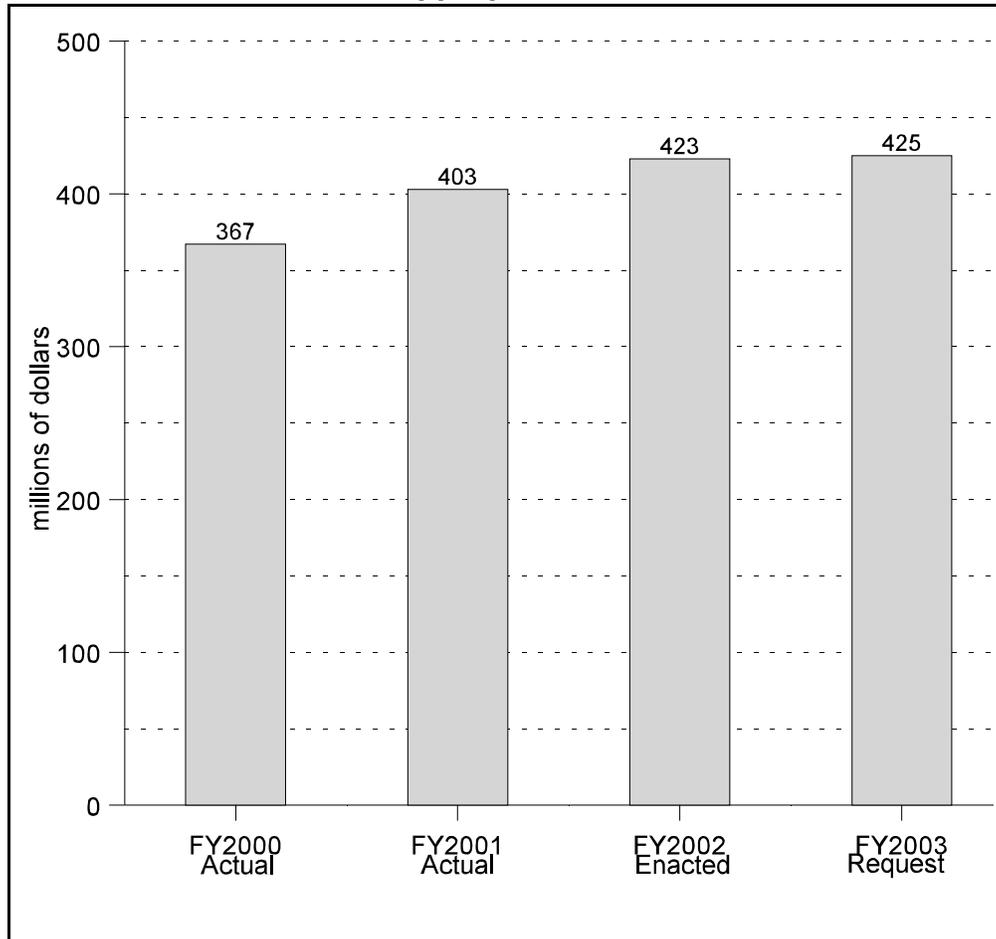
NHTSA funding represents a relatively small portion of total DOT funding. For FY2003, budget authority requested for NHTSA totaled approximately \$425 million. This amount represents an increase of about 0.5% above the Agency's FY2002 enacted funding of roughly \$423 million.

Operations and Research (O&R). The Administration budget authority request of \$200 million for O&R was virtually flat, a mere 0.1% above the amount enacted for FY2002. The largest increase requested by the Administration in this budget category was for the Safety Performance Standards program, which, if met, would provide \$25 million, \$3 million over last year's enacted level. This increase, however, was offset by a reduced request for the Highway Safety program of \$54.4 million, \$4 million less than the enacted level for FY2002.

Highway Traffic Safety Grants. The Administration has requested a total of \$225 million for programs in this category, an increase of only \$2 million over the enacted amount for FY2002. This \$225 million is to be distributed to individual programs as follows: \$165 million for State and Community Highway Safety Grants (in the Sec. 402 program); \$40 million for Alcohol-Impaired Driving Countermeasures Incentive Grants (Sec. 410 program); and \$20 million for Occupant Protection Incentive Grants (Sec. 405 program). No funding has been requested for the State Highway Safety Data Grants (Sec. 411 program); in FY2002 it received \$10 million.

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

Figure 7. National Highway Traffic Safety Administration Appropriations



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 (Public Law 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.

Federal Motor Carrier Safety Administration (FMCSA)

[<http://www.fmcsa.dot.gov/>]

The FY2003 request for the FMCSA is \$367 million; the appropriation for FY2002 was \$335 million. The Administration's FY2003 request represents an increase of about 10%. 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 FMCSA appropriation consists of two primary components: FMCSA operations and administrative expenses and assistance to states for the conduct of truck and bus safety programs.

Administrative and Research Expenses. The FY2003 budget request for FMCSA administrative and operations expenses is \$117 million, including funds for research and technology (R&T). The FY2002 comparable appropriation was \$110 million. The FY2003 request provides that from FHWA's limitation on administrative expenses, \$7 million shall be available for motor carrier safety research and \$10 million shall be available for commercial drivers licensing improvement. The R&T program seeks 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 is \$190 million. A limitation on obligations of \$205.9 million for the National Motor Carrier Safety Program (NMCSP) was provided in

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.

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 7,000 state and local public-utility and law-enforcement officers conduct more than 2.1 million roadside inspections of trucks 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. In addition, funds provided elsewhere for border enforcement in the FY2003 budget include \$47 million for border infrastructure improvements within the FHWA-administered TEA21 Sec. 1119 Coordinated Border Infrastructure program (including inspection facilities construction), and \$8.3 million in MCSAP grants to fund state inspection personnel (included within the core MCSAP funding amount specified above).

Table 3. Budgetary Resources of Selected Agencies and Selected Programs
(in millions of dollars—totals may not add) ^a

| Agency | Final FY2002 Enacted ^b | FY2003 Request | House- Passed | Senate- Passed | Conf. Report | FY2003 Enacted |
|---|---|-------------------|------------------|-------------------|-----------------|-------------------|
| OST | 105 | 141 | | | | |
| Essential Air Srvc (trust fund) | | | | | | |
| TSA ^c | 1,250 | 4,800 | | | | |
| USCG ^d | 5,031 | 5,893 | | | | |
| Operating Expenses | 3,382 | 4,153 | | | | |
| Acquisition, Construction, & Improvements | 636 | 725 | | | | |
| FAA ^e | 13,295 | 13,582 | | | | |
| Operations (trust fund & general fund) | 6,886 | 7,077 | | | | |
| Facilities & Equipment (F&E) (trust fund) | 2,899 | 2,981 | | | | |
| Grant-in-aid Airports (AIP) (trust fund) (limit. on oblig.) | 3,300 | 3,400 | | | | |
| Research, Engineering & Development (RE&D) (trust fund) | 195 | 124 | | | | |
| FHWA ^f | 32,895 | 24,694 | | | | |
| (Limitation on Obligations) | 31,799 | 23,801 | | | | |
| (Exempt Obligations) | 955 | 893 | | | | |
| Additional funds (trust fund) | – | – | | | | |
| Addnl. funds (general fund) | ^g 200 | – | | | | |
| FMCSA | 335 | 367 | | | | |
| NHTSA | 425 | 425 | | | | |
| FRA ^h | 734 | 711 | | | | |
| Amtrak | 521 | 521 | | | | |
| FTA | 6,747 | 7,226 | | | | |
| Formula Grants (general fund) | 718 | 768 | | | | |
| Formula Grants (trust fund) | 2,874 | 3,071 | | | | |
| Capital Invest. (general fund) | 568 | 607 | | | | |
| Capital Invest. (trust fund) | 2,273 | 2,429 | | | | |
| St. Lawrence Seaway Development Corp. | 13 | 14 | | | | |
| RSPA ⁱ | 96 | 102 | | | | |
| OIG | 51 | 57 | | | | |
| STB | 18 | 18 | | | | |
| NTSB | 68 | 70 | | | | |
| Budgetary Resources Grand Total (estimated) ^j | 59,588 | 56,060 | | | | |

Sources and notes:

^a Unless otherwise noted, figures in Table 3 were taken from tables provided to CRS by the House Committee on Appropriations. 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.

^b The figures for FY2002 do not reflect supplemental appropriations authorized under P.L. 107-38.

^c The FY2003 figure includes estimated offsetting collections of \$2.8 billion, which are not included in the House Appropriations Committee's calculation of TSA's FY2003 request.

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

^e 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 are subtracted from the grand total because it is significant in relation to the overall budget cap for the transportation function.

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

^g For Appalachian Development Highway System (\$200 million).

^h FY2003 figure reflects rescission of \$59 million.

ⁱ The Bush Administration request proposes to finance \$6 million of this program by hazardous materials registration fees in FY2003. 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.

^j 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 have no impact on the budgetary resources available for FY2002, the total resources available could be seen as \$61.3 billion for FY2002 enacted, and \$56.3 billion for FY2003 requested.

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)

TEA21: 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 RS20600. *Coast Guard FY2000 and FY2001 authorization issues*, by Martin R. Lee.

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 Report 98-890 STM. *Federal Traffic Safety Provisions in the Transportation Equity Act for the 21st Century: Analysis and Oversight Issues*, by Paul F. Rothberg and Anthony J. Solury.

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 98-749 E. *The Transportation Equity Act for the 21st Century (TEA21) and the Federal Budget*, by John W. Fischer.

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>]

Interactive Budget Web Site
[<http://ibert.org/civix.html>]

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]