TALKING POINTS:
Democrats Fight to Create Good-Paying Jobs On Highway Bill

Today, the House begins debate on H.R. 3550, the Transportation Equity Act: A Legacy for Users, which provides $275 billion in federal funds for highways and public transit over six years. By limiting funds well below the Senate highway bill, Republicans are missing a prime opportunity to begin job creation and recover some of 3 million private-sector jobs lost under the Bush Administration. This may be the only job creating measure considered by Congress this year, as every $1 billion invested in federal highway and transit creates 47,500 jobs. Instead of focusing on the American people and our jobs recession, Republican Leaders scaled back the bipartisan highway bill, because of White House objections.

Democrats will seek to defeat the previous question on the rule to permit the House to consider the Democratic amendment (by Reps. Davis, Menendez, Blumenauer, and Baird) to increase the funding in the bill to the Senate-passed level of $318 billion. This would create about 1.8 million more jobs than the House GOP leadership bill without adding to the deficit. This total is a reasonable compromise, passed overwhelmingly in the Senate, which is critical to bolstering our economy and creating good-paying jobs, and improving our quality of life, without increasing the deficit. Democrats are urged to vote NO on the previous question and support of creating more good-paying jobs.

Our economy is suffering from a huge jobs deficit. Since the beginning of the Bush Administration, 3 million private sector jobs have been lost. Last month, no new private sector jobs were created, and only 21,000 new jobs were created overall. 8.2 million people are looking for work, with 4.4 million people working part-time for economic reasons. The average length of unemployment is the worst in almost 20 years, and 1.9 million people have been unemployed for at least six months.

Yet Republicans are missing their best and perhaps only opportunity to create jobs. Today, the House will consider a highway bill that was cut 27 percent to $275 billion by House GOP Leaders to meet White House objections. This is a huge missed opportunity to create jobs and begin to end the current jobs recession, as every $1 billion invested in federal highway and transit creates 47,500 jobs. The bill is not adequate to meet either our transportation or economic needs. It is far short of the bipartisan House committee bill, which made investments needed to simply maintain the nation's existing surface transportation, according to the Transportation Department.

Democrats support investing in highways to begin to solve the jobs deficit without adding to the budget deficit. Democrats, led by Reps. Lincoln Davis (Tenn.), Menendez, Blumenauer, and Baird, are seeking to offer an amendment to increase the funding in the bill to the Senate-passed level of $318 billion. This would create about 1.8 million more jobs and $235 billion more economic activity than the House GOP leadership bill without adding to the deficit. The increase for highway and public transit over the House bill is fully paid for by cracking down on abusive corporate tax shelters and companies that move off-shore to avoid paying U.S. taxes, and by extending customs user fees. The Senate overwhelmingly passed a compromise measure (S.1072) at this funding level by a vote of 76 to 21 on February 12. This critical investment would create million of jobs, as well as improve our quality of life, by reducing gridlock and traffic congestion.

White House threatens veto for better highways and more good-paying jobs. Rather than embrace any of the congressional highway bills, the Administration has issued a veto threat on the Senate-passed bill and now the scaled-back House Leadership bill. After having lost three million private-sector jobs, it is outrageous that the Administration would oppose job-creating highway bills. This comes as no surprise since earlier this year, the Bush Administration proposed a paltry $256 billion for highway and mass transit over 6 years, which many members in both parties agree is wholly inadequate. In fact, the President's proposal does not provide one new dollar for highways or create one new job over the 2004 level. Instead in its budget, the Administration chose to shortchange the job-creating highway and mass transit bill to pay for tax cuts for those who need them least.

GOP failure to enact a six-year Highway bill has already cost jobs. Because they failed to get a full six-year highway bill enacted, Republicans have had to pass two short-term extensions, creating difficulties for local governments in planning for highway and transit projects resulting in project delays and job losses. Last fall, state transportation officials estimated that the "short-term extension of federal highway and transit programs, rather than enactment of a six-year bill, would mean ….the loss of more than 90,000 jobs." **(American Association of State Highway & Transportation Officials, 9/12/03)**

Democrats are fighting for investments in transportation to create good-paying jobs and rebuild America. Democrats are fully committed to a full six-year job-creating highway bill. Not only will this improve our highways and mass transit, it will create millions of jobs to spur our economy.

Total Highway/Transit Investment Increases and New Jobs Created Under Davis Amendment

6-Year Comparison of Funding Levels
H.R. 3550 vs. Davis Amendment
March 30, 2004

State	Highway	Transit	Total Increase	New Jobs Created
Alabama	641,930,651	32,286,503	674,217,154	**32,025**
Alaska	377,354,764	7,453,434	384,808,198	**18,278**
Arizona	546,862,745	66,315,929	613,178,674	**29,126**
Arkansas	418,494,826	19,120,008	437,614,834	**20,787**
California	2,983,161,532	791,817,798	3,774,979,330	**179,312**
Colorado	453,677,165	68,286,399	521,963,564	**24,793**
Connecticut	480,949,177	62,125,892	543,075,069	**25,796**
Delaware	140,110,573	9,373,749	149,484,322	**7,101**
Dist. of Col.	125,288,749	89,914,881	215,203,630	**10,222**
Florida	1,496,429,489	234,032,310	1,730,461,799	**82,197**
Georgia	1,111,763,461	103,762,256	1,215,525,717	**57,737**
Hawaii	163,958,507	36,371,827	200,330,334	**9,516**
Idaho	244,433,409	12,426,693	256,860,102	**12,201**
Illinois	1,243,912,775	300,674,181	1,544,586,956	**73,368**
Indiana	811,474,429	59,165,463	870,639,892	**41,355**
Iowa	390,912,140	25,359,777	416,271,917	**19,773**
Kansas	371,083,992	20,121,040	391,205,032	**18,582**
Kentucky	549,959,335	36,390,607	586,349,942	**27,852**
Louisiana	503,561,959	48,157,903	551,719,862	**26,207**
Maine	166,682,176	8,575,838	175,258,014	**8,325**
Maryland	508,890,726	95,994,478	604,885,204	**28,732**
Massachusetts	590,275,962	168,290,084	758,566,046	**36,032**
Michigan	1,033,958,948	105,045,881	1,139,004,829	**54,103**
Minnesota	627,515,527	66,401,515	693,917,042	**32,961**
Mississippi	385,937,487	16,939,799	402,877,286	**19,137**
Missouri	747,900,357	61,777,797	809,678,154	**38,460**
Montana	314,457,025	8,659,265	323,116,290	**15,348**
Nebraska	246,016,937	16,462,238	262,479,175	**12,468**
Nevada	229,548,244	34,397,627	263,945,871	**12,537**
New Hampshire	163,515,119	9,350,337	172,865,456	**8,211**
New Jersey	834,127,766	285,310,078	1,119,437,844	**53,173**
New Mexico	313,031,850	18,897,469	331,929,319	**15,767**
New York	1,635,087,852	730,759,129	2,365,846,981	**112,378**
North Carolina	909,717,121	69,621,070	979,338,191	**46,519**
North Dakota	207,537,203	7,340,286	214,877,489	**10,207**
Ohio	1,251,348,467	134,180,702	1,385,529,169	**65,813**
Oklahoma	488,328,418	28,477,592	516,806,010	**24,548**
Oregon	385,842,475	54,595,630	440,438,105	**20,921**
Pennsylvania	1,579,949,401	217,311,252	1,797,260,653	**85,370**
Rhode Island	188,693,217	12,832,952	201,526,169	**9,572**
South Carolina	515,224,483	28,955,485	544,179,968	**25,849**
South Dakota	226,412,858	7,484,682	277,079,736	**13,161**
Tennessee	717,211,581	50,666,878	1,004,339,670	**47,706**
Texas	2,507,570,916	287,128,089	2,548,739,212	**121,065**
Utah	248,012,183	41,168,296	251,716,760	**11,957**
Vermont	144,829,487	3,704,577	226,728,396	**10,770**
Virginia	817,694,519	81,898,909	948,992,767	**45,077**
Washington	569,305,588	131,298,248	582,077,483	**27,649**
West Virginia	358,479,108	12,771,895	421,747,919	**20,033**
Wisconsin	630,750,942	63,268,811	635,416,823	**30,182**
Wyoming	220,142,087	4,665,881	224,807,968	**10,678**
All States	**32,177,385,058**	**4,855,102,917**	**37,032,487,975**	**1,759,043**

Total funding levels calculated by the Federal Highway Administration and the Federal Transit Administration, U.S. Department of Transportation

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 3550 - Transportation Equity Act: A Legacy for Users

(Rep. Young (R) Alaska and 145 cosponsors)

The Administration supports enactment of a six-year highway, highway safety, and transit authorization bill. Such a multi-year authorization would provide States and localities with predictable funding that enhances long-term transportation planning. The Administration's proposal, as modified by the President's FY 2005 Budget, would provide $256 billion over six years, an historically high level of investment for highways and transit. This proposal represents a $45 billion, or 21 percent, increase over the amounts provided in the Transportation Equity Act for the 21st Century (TEA-21), the six-year bill enacted in 1998.

The Administration believes that surface transportation reauthorization legislation should exhibit spending restraint, provide long-term funding certainty for States and localities, and adhere to the following three principles: (1) transportation infrastructure spending should not rely on an increase in the gas tax or other Federal taxes; (2) transportation infrastructure spending should not be funded through bonding or other mechanisms that conceal the true cost to Federal taxpayers; and (3) highway spending should be financed from the Highway Trust Fund, not the General Fund of the Treasury. All spending for highways should be authorized and appropriated from the Trust Fund and derived from taxes imposed on highway use, thereby maintaining the link between Trust Fund revenues and highway spending. The Administration's proposed authorization level of $256 billion over six years is consistent with these three principles.

The House of Representatives has made welcome progress towards meeting the Administration's requirements regarding spending levels. However, as approved by the Committee, H.R. 3550 would authorize $232 billion for highways and highway safety, which is $20 billion above the President's request, and $52 billion for mass transit, which is $8 billion above the President's request. In total, the House bill authorizes $284 billion in spending on highways, highway safety, and mass transit over the next six years, a full $28 billion above the President's request for the same period. Accordingly, if this legislation were presented to the President in its current form, his senior advisors would recommend that he veto the bill.

In addition, the Administration notes that section 1124 of the bill would prohibit States from receiving most of their highway program funds after September 30, 2005 (approximately 18 months from now), unless a subsequent law is enacted addressing guaranteed rates of return. This provision is an attempt to obtain significantly higher funding levels by threatening a shutdown of the highway program next year. These levels cannot be supported by current and proposed revenues to the Highway Trust Fund, almost certainly necessitating either an increase in taxes or additional spending financed from the General Fund, violating the principles set forth above. Additionally, the uncertainty created by this provision, which effectively transforms the legislation into a two-year bill, negates the stability and planning benefits of a six-year bill. Accordingly, if legislation were presented to the President that includes a provision such as Section 1124, his senior advisors would recommend that he veto the bill.

The Administration supports the House's efforts to advance a surface transportation bill through the legislative process and hopes to work closely with Congress to achieve an acceptable bill. In addition to the foregoing concerns, the Administration recommends attention to the following areas.

State and Local Flexibility. The Administration opposes the proliferation of new categorical programs, set-asides, and thousands of special projects in H.R. 3550 that would deprive State and local officials of the capacity to make transportation decisions affecting their communities and to establish priorities in addressing State and local problems. State and local flexibility and discretion are fundamental principles of the Administration's proposal. Under the Administration's proposal, approximately 92 percent of Federal Aid Highway funds would be distributed to States via formula versus approximately 83 percent in H.R. 3550.

Safety. H.R. 3550 does not treat safety as a "core" highway program as the Administration proposed. The Administration believes that both the relative size of the program and its structure are insufficient to make significant progress in reducing highway fatalities. The Administration is disappointed that this bill obstructs a positive agenda for increased flexibility in State funding, and does not reward and encourage States to take a more aggressive stand against non-safety belt users through safety incentive and performance grants. The bill does nothing to encourage States to enact primary safety belt laws or to achieve safety belt use rates of 90 percent and fails to provide a sufficient focus on those States that have the greatest need to make progress against impaired driving. The failure to provide appropriate incentives in these areas could result in a reversal in the current trend of lowered fatality rates nationwide. In addition, the Administration opposes requiring States to spend safety funds on programs that may or may not be consistent with State and local needs, and believes that States should be encouraged to develop strategic highway safety plans to guide highway safety investments of all types.

Environmental Provisions. The Administration believes that the bill should improve project delivery while protecting our environment. H.R. 3550 would not align the transportation and air quality planning horizons and update cycles for purposes of transportation conformity as proposed by the Administration. The bill also includes no provisions to include nonattainment areas that are newly designated under the fine particulate matter and eight-hour ozone standards in the apportionment formula for the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. Without such provisions, the States' CMAQ funding will not adequately reflect the extent of their air quality problems that could negatively influence their ability to meet their responsibilities under the Clean Air Act. Furthermore, the Administration opposes substantially broadening the list of eligible projects for CMAQ funding because many of these new projects would have minimal air quality benefits. Eligibility for CMAQ funds should be limited to projects that achieve air quality benefits, particularly because the number of Clean Air Act nonattainment areas, which need this type of funding, will increase.

With respect to project review under the National Environmental Policy Act (NEPA), the Administration is pleased that H.R. 3550 would establish a time limitation on environmental lawsuits. However, the Administration notes that the rigid process contained in Section 6002 could actually have the unintended consequence of penalizing the States that have been most progressive in implementing efficient environmental review processes. In addition, the bill would give the lead agency authority for a more detailed level of analysis of the preferred alternative to facilitate the development of mitigation measures or concurrent compliance with other applicable laws, if such development would not prevent the lead agency from making an impartial decision as to whether to accept another alternative. A better approach to focusing on alternatives with broad support would be to provide that the results of studies developed as part of the metropolitan and State planning processes establish the basis for NEPA analysis (per Section 5201(n) of the Administration's proposal).

The Administration also believes that the bill should clarify standards pertaining to public park and recreation lands, wildlife and waterfowl refuges, and historic sites -- commonly referred to as "Section 4(f)" standards. A clarification of the Section 4(f) definition of "prudent" is needed to forestall confusing standards applied unevenly by the Federal Courts of Appeals. In addition, the bill inadequately addresses the overlap between Section 4(f) and Section 106 of the National Historic Preservation Act.

Park Roads. The Administration objects to reductions in the Administration's proposal for park roads by 35 percent, or $670 million, over six years. These funds are an essential part of the President's commitment to provide $4.9 billion over five years to reduce the maintenance backlog in national parks. The increased funds could be offset with reductions in other components of the Federal Lands Highway Program that are funded at levels above the Administration's request.

Financing and Freight Mobility. The Administration supports giving States the ability to manage congestion and raise additional revenue by allowing drivers of single occupant vehicles to use High Occupancy Vehicle lanes by paying tolls; however, the bill's confusing array of overly restrictive pricing pilot programs would not give States needed flexibility to implement variable tolls on existing Interstate System routes to manage congestion or improve air quality.

In addition, the bill does not adopt the Administration's proposal to amend the Internal Revenue Code to permit the issuance by State and local governments of "private activity bonds" for highways and surface freight transfer facilities. This amendment would stimulate significant private sector investment and innovation in surface transportation infrastructure. The Administration appreciates the bill's lower project threshold under the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program, but believes that the list of eligible projects should be expanded to better address freight needs.

Finally, the Administration opposes removing the TIFIA program requirement that a borrower have a dedicated source of revenue for repaying its TIFIA loan.

Motor Carrier Safety Issues. The Administration is pleased that H.R. 3550 puts an emphasis on reducing trucking fatalities and injuries and adopts the grant and administrative structure included in the Administration's reauthorization proposal. The Administration strongly opposes mandated rulemakings. These requirements pre-determine timetables and outcomes without adequate grounding in science and engineering or adequate evidence of net safety benefits. By prescribing specific requirements and mandating priorities, these provisions will delay or interfere with ongoing safety initiatives and may have the unintended consequence of redirecting agency resources away from programs that will do more overall good for safety. The Administration also opposes any statutory, categorical exemptions to Federal Motor Carrier Safety Administration (FMCSA) hours-of-service regulations. Such exemptions adversely impact highway safety, as well as complicate regulatory enforcement.

Magnetic Levitation Transportation Technology Deployment (MAGLEV). The Administration opposes the continued authorization of funding for MAGLEV. The Administration's proposal did not seek funding for MAGLEV and funds can be better spent investing in the Nation's public transportation systems.

Innovation and Research. The Administration is pleased that Section 1504 of the bill includes a provision to foster greater highway construction innovation. The Administration opposes research provisions that unduly restrict flexibility for research managers to administer an effective program. The Administration is disappointed that the bill does not include a hydrogen infrastructure safety research and development program. The bill also does not provide for full and open competition for University Transportation Centers, as the Administration proposed.

Public Transportation Programs. The Administration objects to the bill's failure to require evaluations for New Starts projects below $25 million. The Administration opposes the bill's requirement that the majority of "small starts" projects be fixed guideway. This requirement will increase the costs of Bus Rapid Transit projects, as well as discourage innovation. The Administration also believes the bill should include a meaningful ridership incentive grant program.

Sanitary Food Transportation. The Administration is disappointed that the bill does not reallocate responsibilities for sanitary food transportation among the Departments of Health and Human Services, Transportation, and Agriculture to ensure that each aspect of the food transportation safety mission is made the responsibility of the most qualified agency, as proposed by the Administration.

Accountability and Oversight. The Administration does not believe the bill's emphasis on improved "Stewardship and Oversight" of Federal funds is sufficient. Specifically, the bill does not require annual reviews of State financial management and project delivery systems, does not develop minimum standards for estimating project costs, does not require project management plans for projects over $1 billion, and does not require recipients of $100 million or more in Federal project funds to prepare financing plans.

Appalachian Regional Commission. The Administration opposes section 1805, which would expand the geographic jurisdiction of the Appalachian Regional Commission (ARC) by 12 non-distressed counties and thus weaken ARC's ability to target rural communities with the greatest needs.

Funding Firewalls and Guarantees. The Administration supports a separate category or "firewall" for spending from the Highway Trust Fund, but only in the context of the Administration's proposal for annual statutory limits on discretionary spending. In addition, the Administration does not propose the creation of "firewalls" for general fund spending on such critical areas as homeland security, and therefore opposes such treatment for general fund spending on mass transit programs.

Constitutional Concerns. The Administration looks forward to working with Congress to resolve constitutional issues involving the Recommendations Clause.

Budget Estimates and Enforcement

This bill would affect direct spending. It is critical to exercise responsible restraint over Federal spending and the Administration looks forward to working with Congress to control the cost of this bill. The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The President's FY 2005 Budget includes a proposal to extend the discretionary caps through 2009, a pay-as-you-go rule that would require spending offsets for direct spending increases, and a new mechanism to control the expansion of long-term unfunded obligations.

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