

APPROPRIATIONS ALERT

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TRANSPORTATION-HOUSING APPROPRIATIONS LOOMING HIGHWAY TRUST FUND BANKRUPTCY (H.R. 3074)

The fiscal year 2008 Transportation and Housing appropriations bill provides \$51 billion in net new discretionary budget authority (excluding transportation obligation limitations), an increase of \$2.8 billion, or 5.8 percent, above the President's 2008 budget request. The President has stated he will veto this appropriations bill if it and other appropriations exceed his requested spending levels. The bill also fails to address a pending shortfall in the Highway Trust Fund, as further described below.

Key points about the Transportation-Housing bill include the following:

- ***The Bill Exceeds the President's Request.*** The \$2.8-billion net increase above the President's request includes a \$3.1-billion boost for the Department of Housing and Urban Development. But to hold the apparent costs down, the bill also contains paper savings in budget authority, with no real savings in outlays (see further discussion below).
- ***It Fails to Address Looming Insolvency.*** The bill rejects the administration proposal to save \$631 million as a down-payment to ensuring the solvency of the Highway Trust Fund, which faces a projected \$4-billion shortfall in 2009. Accepting the administration proposal would have required a waiver of the minimum funding rule under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users [SAFETEA-LU]. Instead, the bill allows spending to grow in line with the increase in gasoline taxes, as permitted by the same law. As reported, the bill provides \$49.9 billion for highway and transit spending, including \$40.2 billion for highways.
- ***The Measure Creates New Earmarks.*** Moreover, instead of distributing this additional spending by formula – as required by SAFETEA-LU – the bill diverts roughly \$200 million to a grant program normally earmarked for new transportation projects, and transfers about \$400 million to the Federal Motor Carrier Safety Administration.
- ***It Relies on Budget Gimmicks.*** As noted above, the bill provides phony offsets for spending increases by rescinding budget authority [BA] with no outlay savings. For example, the bill rescinds some \$3.7 billion in contract authority for transportation programs, a form of mandatory budget authority. But because obligation limitations are not also reduced, there are no outlay savings in any year. The bill also rescinds \$1.3 billion in BA from the Housing Certificate Fund – but again provides no outlay savings.