President Obama’s FY15 Budget proposes reforms at USDOT, focuses on local control and innovation, and finds revenue to fill the current Highway Trust Fund gap and increase investment in transportation. The Bipartisan Budget Act (P.L. 113-67), which became law on December 26, 2013, set top-line budget amounts not only for the remainder of FY14, but also for FY15, and makes it uncertain if the House or Senate will introduce or pass their own budget resolutions this year.

US DOT Secretary Foxx, however, has hinted that the Administration is prepared to send the proposed 4-year surface transportation reauthorization to Congress within the coming months. This would be a break from past practice for the Obama Administration and could provide additional momentum for the reauthorization process to move forward.

**Department of Transportation Budget Details**

- Proposes $90.9 billion in infrastructure investments, paid for with current Highway Trust Fund receipts and savings from a $150 billion unspecified corporate tax reform proposal.

- Proposes to reclassify all surface transportation outlays as mandatory (so they would not be subject to yearly cuts in the appropriations process), and also move a number of current General Fund programs to the Trust Fund.

- Creates a new Interagency Infrastructure Permitting Improvement Center to be located within the Office of the Secretary. The Center will develop and implement reforms for permitting and review of major infrastructure projects and develop and deploy information technology tools to improve the transparency and accountability of the permitting process.

- Sets top-line budgetary and policy framework for a 4-year $302 billion surface transportation reauthorization, an $87 billion increase over the current authorization’s spending levels.

- The proposed surface transportation program would change the name of the Highway Trust Fund to “Transportation Trust Fund” and create two new accounts – Rail and Multimodal -- in addition to the Highway and Mass Transit Accounts.

- Federal Highway Administration resources total $199 billion over 4 years, starting at $48.6 billion in FY15 for new budget authority and growing to $51.1 billion in FY18.
FY15 Funding for Key Highway Programs
- National Highway Performance Program - $22.3 billion
- Surface Transportation Program - $10.3 billion
- Highway Safety Improvement Program - $2.5 billion
- Congestion Mitigation and Air Quality Improvement Program - $2.3 billion
- Transportation Alternative Program - $836 million
- Transportation Infrastructure Financing Innovation Act (TIFIA) Program - $1 billion

- Federal Transit Administration resources total $72 billion over 4 years, starting at $17.6 billion in FY15 and growing to $18.7 billion in FY18. The FY15 amount is $6.8 billion more than the FY14 amount, a 63% increase.

FY15 Funding for Key Transit Programs
- Urbanized Area Formula - $4.563 billion
- State of Good Repair - $5.719 billion
- Capital Investment Grants (New Starts/Small Starts) - $2.5 billion
- Bus and Bus Facilities Program - $1.939 billion (proposed 70% formula; 30% discretionary)
- Rural formula - $622 million
- Growing States and High Density Formula - $538 million
- Elderly and Disabled Program - $264 million
- Transit-Oriented Development Pilot Program ($10.2 million)

- Federal Railroad Administration resources total $19 billion over 4 years. Rail program funds would come from dedicated revenues in the new Rail Account of the Transportation Trust Fund. Existing FRA grant programs would be consolidated into two new programs: Current Passenger Rail Service, and Rail Service Improvement Program. The FY15 request for these programs is $3.4 billion above the FY14 amount.

FY15 Funding for Key Rail Programs
- Current Passenger Rail Service - $2.45 billion. This program would fund Amtrak’s existing business lines as follows:
  - Northeast Corridor - $550 million
  - State-supported corridors - $225 million (phases out by FY18)
  - Long-distance routes - $850 million
  - Amtrak facilities, operations, debt service, and PTC - $475 million
  - Station ADA compliance - $350 million (phases out by FY18)
- Rail Service Improvement Program - $2.325 billion
  - Passenger corridors - $1.3 billion (for new corridors and upgrades to existing corridors)
• Commuter rail PTC - $825 million (phases out by FY18)
• Local rail facilities and safety - $125 million (for rail relocations, grade crossings, and short line rail improvements)
• Planning, workforce and technology development - $75 million

New Programs created by proposed surface transportation reauthorization
  ▪ **Critical Immediate Investment Program** ("Fix-it-first") - $4.9 billion in FY15 ($13.4 billion FY15-19) – This new program at FHWA focuses on reconstruction, restoration, rehabilitation, preservation or safety improvement of existing highway assets.
  ▪ **Freight Program** - $1.0 billion in FY15 ($10.0 billion FY15-19) – This new multimodal freight program at FHWA focuses on improving the delivery of freight projects, and foster economic growth.
  ▪ **TIGER** - $1.25 billion in FY15 ($5.0 billion FY 15-19) – is greatly expanded and makes this program mandatory by authorizing it and funding it through the newly created Multimodal Account of the Transportation Trust Fund.
  ▪ **Fixing and Accelerating Surface Transportation (FAST) program** – $1.0 billion in FY15 ($4.0 billion FY15-19) – Jointly run by FHWA and FTA, this program is designed to create incentives for State and local partners to adopt critical reforms in a variety of areas, including safety and peak traffic demand management, implementing distracted driving (safety) requirements or modifying transportation plans to include mass transit, bike, and pedestrian options, and efforts to tie resources to goal-achievement.
  ▪ **Safe Transportation of Energy Products Fund** - $40 million – Jointly run by FRA, PHMSA, and FMCSA, this is a new pot of discretionary resources to support prevention and response activities associated with the safe transportation of energy resources. The funds would be available for multiple DOT modes.
  ▪ **Rapid Growth Area Transit Program** - $500 million for a discretionary program to help pay for bus rapid transit projects in areas experiencing rapid population growth. Communities would be allowed to use FHWA funds as local match.

**Other Proposals**

• Proposes the creation of a stand-alone (not within DOT) National Infrastructure Bank for transportation, water, and energy infrastructure projects.

• Proposes America Fast Forward bonds, a package of bond-related proposals intended to attract new private capital into infrastructure investments, including school buildings.
President Obama's FY15 Proposed Transportation Budget

<table>
<thead>
<tr>
<th>Program</th>
<th>FY13 USDOT Appropriations (post sequestration)</th>
<th>FY14 USDOT Appropriations</th>
<th>President's FY15 Proposed Budget</th>
<th>Difference between FY14 Appropriations and President's FY15 proposed budget</th>
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<tbody>
<tr>
<td>Federal-Aid Highways</td>
<td>$39.62B</td>
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<td>Amtrak Capital</td>
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<td>Rapid Growth Area Transit Program</td>
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<td>$500M</td>
<td>+$500M</td>
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*The FY15 Budget consolidates existing rail programs into 2 new programs.  
**Compared to FY14 Appropriations for Amtrak Capital and Operations