

APWA Washington REPORT

INTERGOVERNMENTAL

February 2004

FY05 Budget

ADMINISTRATION SPENDING PRIORITIES FOCUS ON DEFENSE, HOMELAND SECURITY

A \$2.4 trillion fiscal year 2005 (FY05) budget which provides billions of dollars for the President's priorities for FY05: winning the war on terrorism; protecting the homeland; and strengthening the economy was presented by the Bush Administration February 2, 2004.

Defense spending under the plan will increase by seven percent to \$401.7 billion and homeland security spending by 10 percent to \$28.3 billion.

The budget calls for \$1.2 trillion in tax cuts over the next 10 years, which includes making permanent the 2001 and 2003 tax cuts beyond their scheduled expiration dates between 2005 and 2011.

For public works, some federal programs are cut, while others receive modest increases. Following is a brief overview of the budget numbers as they relate to public works infrastructure and programs.

Department of Homeland Security

The President has asked for slightly more--4.8 percent over last year's \$27.1 billion--for the Department of Homeland Security (DHS). The Administration continues to focus on Border and Port Security, Biodefense, Information Analysis and Infrastructure Protection, Improving Aviation Security, support for state and local responders, immigration security, increasing DHS preparedness and response capacity (FEMA incident management)

Some programs have been reduced due to budget deficit concerns (the \$87.3 billion supplemental budget authority appropriated for reconstruction in Iraq and Afghanistan is not included in the budget). The DHS budget includes a 57 percent cut in spending for state and local training, a reduction APWA opposes and will work to restore. (More details are provided in the Emergency Management section of this issue.)

Department of Transportation

The President's FY05 budget request proposes spending \$58.7 billion for programs administered by the US Department of Transportation (USDOT), \$4.4 billion more than last year's request. Of that total, \$14 billion is specifically designated for transportation safety, a priority for the Administration.

The budget request, however, provides no additional funding for the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA), cutting FHWA from this year's \$34.7 billion down to \$34.5 billion in FY05 and holding FTA funding at this year's enacted level of \$7.3 billion. (More details are provided in the Transportation section of this issue.)

Environmental Protection Agency

The President's proposed fiscal year 2005 budget for the Environmental Protection Agency (EPA) provides \$7.76 billion, an increase of \$133 million from the FY04 request of \$7.63 billion. The Clean Water and Drinking Water State Revolving Loan Funds are held at previous levels. Superfund increases 10 percent. (More details are provided in the Environment section of this issue.)

INSIDE YOU'LL FIND

TRANSPORTATION--**P2**: TEA-21 Reauthorization;
P3: More on Reauthorization, Transportation Budget;
P4: Transportation Statistics, Traffic Control Devices;
P5: Rural and Metropolitan Transportation;
ENVIRONMENT--Environmental Protection Agency

Budget Details; **P6**: Blending Guidance;
EMERGENCY MANAGEMENT--Presidents Budget
Cuts; **P7**: Terrorist Commission; Threat Level Costs,
Emergency Response Planning; RURAL/SMALL
COMMUNITIES--**P8**: Agriculture Budget Details



AMERICAN PUBLIC WORKS ASSOCIATION • WASHINGTON OFFICE

Peter B. King, Executive Director • 1401 K Street, NW, 11th Floor, Washington DC 20005
(202) 408-9541 • (202) 408-9542 fax • apwa.dc@apwa.net • www.apwa.net/govtaffairs

Department of Agriculture

The President's proposed fiscal year 2005 budget for the Department of Agriculture (DOA) totals \$82 billion in spending, an increase of \$4 billion, or 5% above FY04 funding levels and a growth of 19 percent since he took office.

The President's DOA budget includes a Farm Bill Conservation Component totaling \$3.9 billion in FY05, an increase over \$385 million or almost 11% over 2004. (More details are provided in the Rural section of this issue.)

The White House website at <http://www.whitehouse.gov/infocus/budget/index.html> has the entire budget available for review.

APWA LEGISLATIVE PRIORITIES

APWA SENDS 2004 PRIORITIES FOR ACTION TO CONGRESS

As the 108th Congress reconvened late January 2004, APWA sent letters to each member of Congress urging support for APWA's 2004 advocacy priorities. The letter voices concern for the state of the nation's decaying infrastructure and urges action in support of APWA's priorities.

It supports the need to pass this year: multi-year transportation reauthorization legislation; multi-year water infrastructure legislation; and legislation to increase federal funding for public works' training, equipment and vulnerability assessment needs in support of emergency preparedness and homeland security.

APWA's 2004 priorities are posted on APWA's website, <http://www.apwa.net/govtaffairs>.

Infrastructure Investment

APWA, ASCE SPONSOR TOWN HALL MEETINGS TO RAISE AWARENESS ABOUT NEEDS

APWA and the American Society of Civil Engineers (ASCE) are cosponsoring four infrastructure town hall meetings in four cities through March 5, 2004.

The meetings are being held to raise awareness about infrastructure needs through public and media outreach. The first one was held January 23, 2004 in New Orleans, LA. The third was held in Chicago on February 13, 2004. Two more are set for Portland, OR on February 27, 2004 and New York, NY on March 5, 2004.

Meeting format includes a panel discussion and a presentation of ASCE's 2003 Progress Report for America's Infrastructure, a follow-up to its 2001 infrastructure report card. More information is posted on APWA's Hot Topics section of its website, <http://www.apwa.net/govtaffairs>. APWA members are invited to attend the town meetings.

FY04 SPENDING BILL

SENATE PASSES \$820 BILLION OMNIBUS APPROPRIATIONS BILL

After adjourning last December without completing work on the fiscal year 2004 omnibus spending bill, the Senate returned in January and approved the \$820 billion package (HR 2673) in time before a sixth continuing resolution was due to expire January 31, 2004.

The measure covers seven of the 13 annual appropriations bills, providing funds for the District of Columbia and the Agriculture, Commerce, Justice, State, Labor, Health and Human Services, Transportation, Treasury, Veterans Affairs and Housing and Urban Development Departments.

Highway funding under the omnibus is set at \$34.7 billion, transit at \$7.3 billion, Amtrak at \$1.2 billion and the Federal Aviation Administration at \$13.9 billion. The Senate passed the bill January 22, 2004, nearly four months into the fiscal year.

TRANSPORTATION

TEA-21 Reauthorization

SENATE OVERWHELMINGLY PASSES NEW SURFACE TRANSPORTATION BILL

By a vote of 76 to 21 and in the face Presidential veto threats, the Senate overwhelmingly passed a \$318 billion surface transportation bill late February 12, 2004.

Debate on the six-year bill (S1072), the Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2003 (SAFETEA) to reauthorize TEA-21 began just weeks before a temporary extension of transportation funding was due to expire on February 29, 2004. Some thorny funding issues remain to be resolved as the House works out its reauthorization and the two bodies develop a Conference report.

Shortly after debate started, Transportation Secretary Norman Mineta sent lawmakers a letter reiterating the President's threat to veto a reauthorization package which increases the gas tax or other federal taxes, uses bonding or funds highway spending from General Fund of the Treasury instead of the Highway Trust Fund. This position continues to be reiterated by Bush Administration spokespersons. (Observers have pointed out that the final Senate vote was nine more votes than the two thirds needed to override the threatened veto.)

The original Senate proposal for \$255 billion for highways, \$56.5 billion for transit and \$6 billion for safety remains unchanged and are guaranteed and firewalled. The measure also authorized \$2 billion annually for Amtrak.

The formula that allocates money among the states from the receipts they send to the Highway Trust Fund remains as originally proposed with a minimum of 95 percent, but some states would get to that level faster than others.

A funding provision to shift \$11.4 billion in funding from FY 2010 to FY09 by increasing to 119 percent the corporate estimated tax payments due in the final quarter of fiscal 2009 was removed from a managers' amendment that included a number of Senators' proposals. An amendment to make up the \$11.4 billion through an extension of US customs users fees also was dropped. A \$56 billion federal bonding program for infrastructure amendment failed, but a smaller \$15 billion version for private activity tax exempt bonds for highway projects has been added along with authorizing a corporation, Build American Bonds, that could issue bonds some time in the future.

Included in the Senate's bill are environmental streamlining provisions that include \$958 million for a new stormwater discharge mitigation program; modification of the review and permitting process for transportation projects under the Clean Air Act and revisions to impact considerations for historic properties, parkland and wildlife refuges. Environmental groups are objecting to the changes in air quality protections.

More on Reauthorization

HOUSE EFFORTS STALLED; ANOTHER EXTENSION PASSED

With efforts at a standstill in the House of Representatives to enact a surface transportation bill, members voted 421 to 0 to extend the highway and transit programs through June 30, 2004. The current extension ends February 29, 2004.

The House Transportation and Infrastructure Committee's (T&I's) six-year, \$375 billion Transportation Equity Act: A Legacy for Users (HR 3550) is stalled. A planned subcommittee mark up scheduled for early February was postponed to allow more time for House leadership and key committee chairs to develop revenue proposals. House T&I Committee leaders support raising the gasoline tax to increase funding. The House leadership is opposed.

No mark up has been rescheduled for TEA-LU, which will authorize both highway and transit programs.

The House Science Committee on February 3, 2004 approved provisions authorizing transportation research and development programs, which will be added later to TEA-LU. The Surface Transportation Research and Development Act of 2004 (HR3551) originally authorized \$4 billion, but the money had been stripped from the bill prior to full committee mark up. The bill as passed requires 1.08 percent of transportation spending be dedicated to R&D, with a minimum funding floor of \$500 million annually.

SAFETEA and TEA-LU bills are posted on APWA's website, <http://www.apwa.net/govtaffairs> in its Legislative Action Center.

Transportation Budget

DETAILS INCLUDE MORE FUNDS FOR RESEARCH AND SPECIAL PROGRAMS

The four billion dollar increase over the previous request for Transportation programs in the Administrations FY05 Budget seeks more funds for the Research and Special Programs Administration. This includes funding for pipeline safety and hazardous materials transportation requested at \$137 million, \$11 million more than the \$126 million enacted

this year. The Administration intends to reorganize research programs, hazardous materials and pipeline oversight within the Department during the year.

For other USDOT programs the FY05 budget requests:

- \$14 billion for the Federal Aviation Administration, up from \$13.9 billion enacted this year (includes airport grant funding of \$3.5 billion, \$100 million more than this year);
- \$689 million for the National Highway Traffic Safety Administration, up from \$299 million this year;
- \$55 million for the Federal Motor Carrier Safety Administration, up from \$364 million this year;
- \$1.1 billion for the Federal Railroad Administration, down from \$1.4 billion this year;
- \$900 million for Amtrak, down from \$1.2 billion enacted this year (the request includes the possibility for an increase to \$1.4 billion each year from 2006-2009, if certain financial and management reforms are enacted by Congress).

The budget request also includes a modest increase in proposed funding for the Administration's SAFETEA (Safe, Accountable, Flexible and Efficient Transportation Equity Act) proposal, from \$247 billion to \$256 billion over six years. The Administration released its plan to reauthorize the Transportation Equity Act for the 21st Century, TEA-21, in May 2003.

Transportation Statistics

DOT LAUNCHES NEW ECONOMIC INDEX

The U.S. Department of Transportation announced the release of a new economic indicator intended to measure the performance of the economy, as reflected in the movement of freight and passengers.

The Transportation Services Index (TSI) will focus on the movement of freight and passenger traffic by land, water and air. TSI is expected to join the ranks of other monthly indicators in providing a reliable benchmark on the overall strength of the economy.

TSI will use monthly data on freight movement and passenger travel in the for-hire transportation sector. The freight measures will include for-hire trucking & parcel services, freight railroad services, inland waterway traffic, pipeline movements and air freight. The passenger transportation measures will be local transit, intercity passenger rail and air passenger transportation. The first TSI numbers will be released in March.

More detailed information on the new index is available on the Bureau of Transportation Statistics website, <http://www.bts.gov>.

Traffic Control Devices

MUTCD INCLUDES CHANGES TO HELP OLDER DRIVERS, PEDESTRIANS, BICYCLISTS, The Federal Highway Administration (FHWA) is recommending a number of improvements in an update of the Manual of Uniform Traffic Control Devices (MUTCD).

Enhancements in the 2003 edition of the MUTCD include increased letter size on street signs and turn-path pavement markings at intersections meant to help older drivers. For pedestrians, the new manual includes guidelines for “animated eyes,” electronic signs that mimic back-and-forth eye movements to serve as a reminder to look both ways before crossing a street; “countdown signals” that tell pedestrians the time remaining to cross a street safely; and crosswalk markings and “in-street” pedestrian signs that focus the eyes of the driver on crosswalk activity.

The revised manual also includes new provisions to help pedestrians with disabilities. The use of barriers to assist in safe navigation of walkways and audible devices to communicate sign information will assist visually impaired individuals. To improve safety for bicyclists, the manual calls for new bicycle lane markings and symbols.

The new manual will help improve safety for highway construction workers by requiring high-visibility clothing and greater use of barricade devices. It allows fluorescent pink signs to alert drivers to traffic incidents, such as crash sites, closed exits and detours. It also provides for location and direction of travel reference signs that will be posted at shorter intervals than the current “mileposts,” such as every one-tenth mile.

More information about the MUTCD is available on FHWA's website, www.fhwa.dot.gov.

Rural and Metropolitan Transportation

HOUSE BILLS TARGET TRANSPORTATION FUNDING TO LOCAL PRIORITIES

Two bills have been introduced in the House of Representatives to provide increased transportation funding targeted to local governments.

The Metropolitan Congestion Relief Act (HR 3611), introduced by Rep. Eddie Bernice Johnson (D-TX), directs funding to metropolitan areas for congestion mitigation and air quality improvement. The bill includes a new core program called the Metropolitan Congestion Relief Program authorizing the distribution of funds to the most congested metropolitan areas for projects which directly contribute to congestion relief. The bill also grants greater flexibility and decision-making authority to local governments and includes an Incident Management Program.

The Rural Transportation Act (HR 3743), introduced by Rep. Bob Ney (R-OH) provides local governments in rural areas with additional transportation funding to address rural road safety, improve off-system bridges and strengthen the role of local officials in the statewide planning process. It creates a rural road safety program funded at \$1 billion annually, increases the minimum set-aside for off-system bridges from 15 percent to 25 percent and increases funding for the Local Technical Assistance Program to \$20 million annually.

ENVIRONMENT

Environmental Protection Agency Budget Details

WATERSHEDS AND BROWNFIELDS GAIN FUNDS

Among the increases in the President's FY05 \$7.76 billion budget for EPA are:

- \$25 Million for the Targeted Watersheds program, a \$10 million, or a 67% increase over the FY04 funding level. The program is a competitive grant program to communities to implement watershed protection and restoration plans. The program funds a \$10 million regional pilot program to help publicly-owned treatment works (POTWs) implement source projects to comply with nutrient discharge into the Chesapeake Bay.
- \$20 million for a new water-quality monitoring initiative to provide \$17 million in grants and \$3 million in technical assistance to help States and Tribes develop and implement statistically representative water quality monitoring programs.
- \$850 million for the Clean Water State Revolving Loan Fund (SRF), the same request as FY04 but down about \$360 million from the FY03 request and down \$492 million from the FY04 omnibus appropriation of \$1.34 billion.
- \$850 million for the Drinking Water State Revolving Loan Fund (SRF), the same request as FY03.
- \$10 million to support the Water Information Sharing and Analysis Center (Water ISAC) and State Grants to Develop Emergency Planning Measures. The ISAC is a secure, web-based, password-protected database that provides information on threats or alerts to drinking water and wastewater utilities.
- \$210 million for brownfields cleanup, a \$40 million or 24% increase over the FY04 funding level. The program includes an increase for grants and loans to fund clean up of lightly contaminated sites.
- \$1.4 billion for Superfund, a \$124 million or 10% increase over the FY04 funding level. This program will target specific superfund sites that are eligible for construction.
- \$4.4 billion for research and enforcement activities, a \$33 million or 1 percent increase over the FY04 funding level.
- \$1.25 billion for EPA state grants, an \$84 million or 7 percent increase over the FY04 funding level. The President has introduced a new program in this category- \$23 million for a State and Tribal Performance Fund

which will award competitive grants for projects that can demonstrate environmental and public health outcomes. Eligible projects will include activities such as air quality assessments, wetlands restoration, and hazardous waste management.

- \$65 million for the Diesel School Bus Retrofit, a component of the Clear Skies Program

Blending Guidance

APWA SUBMITS COMMENTS TO EPA SUPPORTING BLENDING

APWA comments supporting EPA's draft blending guidance have been sent to the Agency. "Blending" would allow Publicly Owned Treatment Works (POTWs) to "blend" partially treated wastewater with fully treated wastewater during times when there is excessive stormwater.

Additionally, APWA encourages EPA to eventually offer a policy document because the guidance, as introduced, is not legally binding on any non-Federal entity.

APWA believes that there is a need for consistency with the blending policy. Several EPA Regions have banned the practice of blending. Affirmation of the blending practice will put to rest APWA members' concerns as to whether they are in compliance with the operating blending policy or not.

The APWA Water Resources Technical Committee worked with the government affairs staff to develop the comments.

APWA's comments are on its website at: <http://www.apwa.net/dr/?ID=5> For additional information contact Heather McTavish Doucet, in APWA's Washington Office or email hdoucet@apwa.net or call 202-408-9541.

EMERGENCY MANAGEMENT/DISASTER PREPAREDNESS

President's Budget Cuts

DISASTER MITIGATION, RESPONDER TRAINING, FLOOD MAPPING TAKE HITS

The President's FY05 budget cuts funding for the Pre-disaster Mitigation in half to \$150 million, but was silent on the Hazard Mitigation Grant Program, leaving the Office of Management and Budget to retain the program at its 7.5 percent.

The budget increased funding for homeland security efforts by 10 percent. The request would shift funds from the state formula grant program to the Urban Area Security Initiative grant program, increasing it from \$725 million to \$1.45 billion. It would eliminate the Urban Search and Rescue program, but increase Citizen Corp funding by \$10 million and retain \$3.6 billion for first responders. However, the Administration would cut responder training 57 percent, from \$202 million to only \$87 million.

Following are budget details for Disaster-related programs administered by Emergency Preparedness and Response Directorate (FEMA):

PDM cut by 50%, HMGP eliminated--The Administration consolidates the national Pre-Disaster Mitigation Fund (PDM) and the National Flood Mitigation fund, requesting 170 million--nearly a 50% decrease. The Pre-Disaster Mitigation program replaces the Hazard Mitigation Program "assuring that funding remains stable from year to year, and is not subject to spikes in disaster activity."

Flood Map modernization reduced by \$52 million--Funding for modernization, an important program for local governments, was reduced from \$252 million in FY 2004 to \$200 million for FY 2005.

Homeland Security--

The President's fiscal year 2005 budget request for grants to state and local first responders represents over a \$600 million--or a 15% decrease from the amounts appropriated by Congress for fiscal year 2004. B. The President's budget proposal will also significantly impact the Emergency Management Performance Grant program where only 25% of grant funds will be available to support State and local emergency management personnel salaries. At present, up to

100% of these grant funds can be used for personnel salaries, if required. A March 2002 survey by the National Emergency Management Association found that an additional 5,212 local emergency management positions are needed with 3,960 (or 76 percent) of those positions being fulltime directors needed to manage the programs.

While the President's budget requests no funds for it, Interoperable Communications Systems remain a critical need for the first responder community and APWA expects to work for its support. Also, APWA believes the combination of cutting state and local training and cutting the funding for the national exercise program could hamper the local responders' effectiveness.

The table below lists specific programs and the change:

	FY 2004	FY2005 Request	Change
State Homeland Security Grant Program	\$1,700,000,000	\$750,000,000	Down \$950,000,000
Urban Area Security Initiative	\$725,000,000	\$1,451,600,000	Up \$726,600,000
Law Enforcement Terrorism Prevention Grants	\$500,000,000	\$500,000,000	Same
Citizen Corps	\$40,000 000	\$50,000 000	Up \$10,000,000
Emergency Management Performance Grants	\$180,000,000	\$1700,000,000	Down \$10,000 000
Urban Search & Rescue Grants	\$60,000,000	\$0	Down \$60,000,000
National Exercise Program	\$126,000,000	\$52,000,000	Down \$74,000,000
Interoperable Communications Grants (DHS and DOJ/COPS)	\$85,000,000	\$0	Down \$85,000,000
State and Local Training Program	\$202,000	\$878,000	Down \$115,000

For complete budget details go to <http://www.whitehouse.gov/infocus/budget/index.html>

Terrorist Commission

PANEL STUDYING SEPTEMBER 11 ATTACK SEEKS MORE TIME

The 10 member panel of the National Commission on Terrorist Attacks Upon the United States, the independent commission appointed to look into the September 11th terrorist attacks, has asked for two months beyond their May 27, 2004, deadline to complete its work.

Political fall out is affecting the request—the two month extension would put the results of the inquiry too close to the election for political comfort. Some Democrats are pushing for a two month extension, while some Republicans are pushing for a 6 month extension—one that would put the results beyond the election.

Threat Level Costs

REIMBURSEMENT FOR FINANCIAL BURDEN OF THREAT LEVEL SECURITY RESEARCHED

The Office of Domestic Preparedness (ODP) has asked all State Administrative Agency heads, Agency points of contact, and State Homeland Security Directors to help them assess the financial burden to localities from maintaining increased security around periods of increased threat levels. ODP provides a spreadsheet, and criteria for eligibility.

For more information contact Kristina Tanasichuk in APWA's Washington Office at 202-408-9541 or email ktanasichuk@apwa.net. All of the documents are available at <http://www.apwa.net/documents/?display=ODP>

Emergency Response Planning

RESOURCES FOR COMMUNITY DRINKING WATER SYSTEMS DISTANCE LEARNING SCHEDULED a

A free webcast to educate and provide resources to community drinking water systems on how to develop a comprehensive emergency response plan (ERP) will be offered Wednesday, February 25, 2004, at 2 p.m. Eastern Time by the International City County Management Association and the Water Environment Federation (WEF).

The event will highlight Congressional requirements and EPA guidelines and resources as well as detail the components of an effective ERP, discuss the coordination efforts that are necessary with public safety officials and other stakeholders, and showcase a water utility that has prepared an effective ERP. For more information and to register for the webcast go to <http://www.lgean.org/watersecurity/webcasts.cfm>.

RURAL/SMALL COMMUNITIES

Agriculture Budget Details

ENVIRONMENTAL PROGRAMS GROW; COMMODITY USES LOOSE

Department of Agriculture budget requests continue a pattern of growth that includes: the following expanded environmental programs::

- \$2 billion for the Conservation Reserve Program, an increase of \$76 million since FY04.
- \$1 billion for the Environmental Quality Incentives Program (EQIP), a water quality incentives program, an increase of \$25 million since FY04.
- \$295 million for the Wetlands Reserve Program to enroll an additional 200,000 acres, \$125 million for the Farm and Ranch Land Protection Program, an increase of \$13 million since FY04.
- \$421 million for the Grassland Reserve Program, Ground and Surface Water Conservation, the Wildlife Habitat Incentives Program, the new Conservation Security Program and water conservation and water quality enhancements in the Klamath Basin of Oregon and California.

Losers are:

- \$12 million cut in the Renewable Energy System and Energy Efficiency Improvements program for which Congress authorized \$23 million in the Farm Bill and the Administration proposed \$10.77 million in FY05.
- \$25 million cut from Value Added Producer Grants which were to spur development of new uses for agricultural products. The Farm Bill authorizes \$40 million; the president budget provides \$15.5 million for FY05.
- \$50 million cut from the Commodity Credit Corporation Bioenergy Program which reimburses ethanol and biodiesel producers for the purchase of communities to expand existing production. The Farm Bill authorized \$100 million; the budget calls for \$50 million.

Contributors to this month's APWA Washington Report are: Beth Denniston, Jim Fahey, Kristina Tanasichuk and Heather McTavish Doucet

The APWA Washington Report is edited by Beth Denniston