



SACOG Board of Directors

January 11, 2007

Federal Budget Strategy for 2007 and 2008

Issue: How should SACOG approach federal grant and earmark funding from the 2007 and 2008 federal budgets?

Recommendation: The Strategic Planning Committee recommends to the Board a flexible strategy for the two federal budget cycles now in play: continue to seek rail relocation funds for the intermodal station (the currently approved strategy for 2007); pursue discretionary funding for rail projects that can be ready for construction by 2008 (South Line Phase 2, Northeast and Folsom double tracking, rail car rehabilitation), bus replacements, and Blueprint-supporting projects from federal highway programs; and consider weighing in to support a stronger Amtrak program depending on how that debate evolves.

Committee Action/Discussion: The outgoing Republican 109th Congress managed to pass only two of the 13 budget bills for Federal Fiscal Year 2007 Budget. The incoming Democratic Congressional leadership has stated its intent to enact an omnibus continuing resolution that would extend the FFY 2006 budget through all of FFY 2007 at the same funding levels, with no further earmarks for the 2007 funds; details and constraints have not been announced. The new 110th Congress would then focus its attention on shaping the FFY 2008 Budget during spring 2007, to be adopted by September 2007 (that and the subsequent FFY 2009 Budget would be the last ones before SAFETEA-LU expires).

Presumably this means during 2007 that program funds that Congress has earmarked in past years would be available to Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) for distribution under their own policy direction. Nearly all federal highway funds are distributed by formula to states (except for 3 or 4 small specialized program), so the opportunity to seek project grants applies essentially only to transit projects. It remains unclear how FTA and FHWA may implement “their” grant programs - how they will solicit and accept applications, what process and time lines they will follow, what policies they will use and what opportunity regional and local agencies may have to influence them – since it has been many years since they were able to direct their own grant programs and there is no recent experience to go by.

The SACOG Board last February approved a strategy to seek earmark funding for a single regional priority project from the FFY 2007 budget: rail track relocation and related improvements for the downtown Sacramento intermodal station. That may or may not turn out to be achievable under a continuing resolution budget, because that program may get the same zero funding it had in FFY 2006, but the project remains a top priority and staff sees no reason to abandon the strategy. However, further opportunities to seek project funding may open up, through FTA’s Discretionary Bus, New Rail Starts, and small starts and FHWA’s Transportation Community System Preservation programs for 2007, and perhaps again via Congressional earmarks for these programs for 2008. The staff’s recommendation above tries to position SACOG to be ready for specific funding opportunities that are not yet clearly visible, to pursue a maximum amount of discretionary federal funding (beyond formula programs) for projects of high regional priority during the next two years. Staff intends to present specific project earmark recommendations in February, or as soon as the process for doing so becomes clearer.

Approved by:

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