

February 24, 2009

**American Recovery and Reinvestment Act of 2009**  
(Transportation Highlights of HR 1)

President Barack Obama signed the \$790 billion “American Recovery and Reinvestment Act of 2009” (ARRA) into law on February 17, 2009. The bill includes \$48 billion for transportation infrastructure consisting of highways and bridges, mass transit, rail and aviation. Projects in each transportation category receive a 100 percent federal share, unless otherwise noted. All existing federal eligibility and implementation requirements apply, i.e. Davis-Bacon, DBE, and environmental reviews. Transportation funds distributed by formula are subject to “use it or lose it” provisions.

<b>American Recovery and Reinvestment Act of 2009</b>		
(\$ Billions)		
Category	National	Illinois
<b>Highways and Bridges</b>	<b>27.500</b>	<b>0.936</b>
<b>Transit</b>	<b>8.400</b>	<b>0.468</b>
Capital Assistance	(6.900)	(0.371)
Fixed Guideway Modernization	(0.750)	(0.096)
New Starts	(0.750)	Discretionary
<b>Rail</b>	<b>9.300</b>	Amtrak/Disc.
Amtrak		Amtrak
<i>Capital Grants</i>	(0.850)	Amtrak
<i>Capital Security Grants</i>	(0.450)	Amtrak
Intercity Passenger Rail/High Speed Rail Corridor	(8.000)	Discretionary
<b>Aviation</b>	<b>1.300</b>	Discretionary
Airport Improvement Program	(1.100)	Discretionary
Facilities and Equipment	(0.200)	Unknown
<b>Supplemental Discretionary Grants</b>	<b>1.500</b>	Discretionary
Total:	<b>48.000</b>	<b>1.404</b>

Highways

- \$27.5 billion for highway/bridge projects. After mandatory national deductions funding is distributed to the states no later than March 10, 2009. Of the total amount made available to each state, 67 percent is directed to the state DOT, 3 percent directed for transportation enhancements and 30 percent directed to the locals. Illinois’ share is estimated at \$936 million and is split \$627 million for IDOT, \$28 million for transportation enhancements and \$281 million for locals.
- One-half of the funds made available to the state DOT must be obligated (federally authorized) 120 days from apportionment, or the funds will be redistributed to other states that have obligated their funds. The remaining half must be obligated one year after apportionment (est. March 2010) or they will be redistributed to states that have obligated their funds. The 30 percent portion of the funds that are sub-allocated to urbanized areas and for urban areas less than 5,000 in population are not subject to the 120 day “use it or lose it” rule. Those areas must obligate their funds one year after apportionment (est. March 2010) or they will be redistributed to states that have obligated their funds.

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### Transit

- \$8.4 billion for public transportation systems to be distributed by existing authorization formulas and in the form of discretionary grants. The Federal Transit Administration (FTA) must apportion the formula funds to the states by March 10, 2009. If less than half of the amount made available to the state/urbanized areas is not obligated within 180 days after apportionment, the unobligated amount is redistributed to other grantees that have obligated half of their apportionment. A second comparable redistribution will occur one year after apportionment. The funding is split as follows:

Transit Capital Assistance - \$6.9 billion of which \$100 million is set-aside for discretionary grants to transit agencies for projects that reduce energy consumption or greenhouse gases of their public transportation systems. FTA will publish guidance on how to apply for these funds. The remaining funds are split 80 percent via the urbanized area formula, 10 percent via the growing-states/high-density formula and 10 percent via rural area formula. Illinois' expected share is \$371 million (\$350 million for urbanized areas and \$21 million for non-urbanized areas).

Fixed Guideway Infrastructure - \$750 million for fixed guideway modernization projects distributed via existing formula. Illinois expected share is \$96 million.

Capital Investment Grants (New Starts) - \$750 million for capital investment grants under the New Starts/Small Starts program. The FTA will competitively award these grants. Priority is given to projects that are currently in construction or are able to obligate funds by July 17, 2009.

### Rail Passenger

- \$9.3 billion for Amtrak and for the development of intercity passenger rail and for high speed passenger rail. The funding is split as follows:

Amtrak - \$1.3 billion with splits of \$850 million for Amtrak capital/debt service and \$450 million for capital security grants. The Federal Railroad Administration (FRA) must make funds available by March 19, 2009. Preference is given to projects that repair, rehabilitate/upgrade railroad assets or expand passenger rail capacity. Projects are expected to be completed by February 17, 2011. No more than 60 percent of the non-security funds shall be utilized for the Northeast Corridor.

Capital Assistance for High-Speed Rail - Intercity Passenger Rail Service - \$8 billion for the development of intercity passenger rail service and for high-speed passenger rail service projects in designated high-speed rail corridors. There is no specific distribution between the two programs and the funds are available through September 30, 2012. The FRA must issue a strategic plan by April 18, 2009, detailing the use of the funding for high-speed passenger rail systems. By June 17, 2009, the FRA must issue interim program guidance for applicants.

### Aviation

- \$1.3 billion for aviation improvements. The funding is split as follows:

Airport Improvement Grants - \$1.1 billion for airport improvement grants awarded at the discretion of the Federal Aviation Administration (FAA). Funds are available through September 30, 2010. Priority is given to projects that can be completed by February 17, 2011 and serve to supplement and not supplant planned expenditures from airport-generated revenues or from other state and local funding sources. The FAA must award half of the funding in competitive grants by June 17, 2009, and the remaining funds by February 17, 2010.

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Facilities and Equipment - \$200 million for facilities and equipment to make improvements to power systems, air route traffic control centers, air traffic control towers, terminal radar approach control facilities and navigation and landing equipment. Funds are available through September 30, 2010. Priority is given to projects that can be completed by February 17, 2011.

Supplemental Discretionary Grants - \$1.5 billion in Supplemental Discretionary Grants for investment in the nation's infrastructure. These competitive grants will be made to state/local governments for eligible surface transportation projects that will significantly impact the nation, a region or a metropolitan area. Projects meeting the eligibility requirements under the FHWA, FTA and the, FRA will be considered. The bill requires an equitable geographic distribution of the funds with grants ranging from \$20 million to \$300 million. No more than 20 percent of the total may be awarded in one state. US DOT will publish application criteria by May 18, 2009. Priority is given to projects that can be completed by February 17, 2012. Applications must be submitted within 180 days of the published criteria and grants must be announced by February 17, 2010.

Reporting Requirements on Grant Recipients - The ARRA creates a Recovery Act Accountability and Transparency Board to coordinate and conduct oversight of federal spending under the bill. The Governor of each state must certify, by March 19, 2009, that the infrastructure investment has received full review and vetting and that the project(s) are an appropriate use of taxpayer dollars. In addition, the Governor of a state must certify to US DOT that that state will maintain its effort with regard to state funding for the types of projects that are funded by the legislation. Failure to maintain a level of effort will result in that state forfeiting additional obligation limitation in the FFY 2011 "August Redistribution." Each grant recipient is required to submit quarterly reports and periodic reports on the use of the funds. Quarterly reports are due no later than 10 days after each calendar quarter and periodic reports are due by May 18, 2009, August 16, 2009, February 17, 2010, February 17, 2011, and February 17, 2012.

#### Miscellaneous Transportation-related Provisions

- Commuter Tax Benefit – The tax title provides the equalization of the parking and transit benefit. Beginning this month, employers may offer up to \$230 per month in tax free transit commute expenses. This benefit expires January 1, 2011.
- Delays 3 Percent Withholding on Government Contracts – The ARRA delays the implementation of the 3 percent withholding requirement on payments to government contracts scheduled to go into effect on December 31, 2010, for one year.
- Transit and Rail – The ARRA provides an appropriation of \$150 million for additional transit and rail security grants.
- High Speed Rail Issuance of Bonds – The ARRA lowers the sustainable speed necessary for a high speed rail project to be able to utilize private facility bonds.

Note: There are other transportation-related provisions in the ARRA not summarized in this analysis because the facilitation of those federal programs are not routed through the Illinois Department of Transportation, e.g. U.S. Army Corps of Engineers and Coast Guard.

*Disclaimer: The information above is based on employee analysis and makes no warranty, guarantee, or representation as to the accuracy or sufficiency of the information posted.*