



\$3.471 BILLION RESCISSION ORDERED

President Bush Signs FY'07 Spending Measure, Largest Single Program Rescission on the Way

On February 15, President Bush signed the Revised Continuing Appropriations Resolution, FY 2007 (P.L. 110-5), making funds available for the remainder of this fiscal year, which ends September 30. With the President's signature, the Federal Highway Administration is now preparing a rescission order directing each state to cut their highway program balances by a set amount, totaling \$3.471 billion. This rescission will apply to apportioned highway program funds provided prior to FY'07 and it applies to nearly all apportioned program accounts (e.g. Bridge, CMAQ, Equity Bonus and earlier Minimum Guarantee/Equity funds, Interstate Maintenance, National Highway System, and certain STP funds including Transportation Enhancements, and Recreational Trails).

This is the largest single rescission ever ordered by Congress, threatening program balances in key priority programs, such as the Bridge Program, Congestion Mitigation and Air Quality Improvement Program (CMAQ), Transportation Enhancements (TE) and certain Surface Transportation Program (STP) funds.

To help our many partners prepare for this order, STPP developed the following chart which provides estimates each state's share of this rescission. These estimates should allow advocates, local government and MPO officials, and others to engage with state DOT officials immediately to begin inquiries on this upcoming rescission and the current status of program balances, efforts that should be directed at ensuring fair consideration of pending projects and program interests. (Each state DOT has access to the federal FMIS system which allows states to print a current ledger on all program balances at risk under this order.)

FHWA will soon provide full detail on the precise amounts by state in the rescission order it will issue sometime next month (March 2007). Importantly, once FHWA issues the order, states will have 30 days to surrender program balances or what are called "unobligated balances."

Estimates of FY '07 Rescission Amounts by State (in millions)					
State	Rescission Amount	State	Rescission Amount	State	Rescission Amount

Alabama	69	Kentucky	60	N. Dakota	22
Alaska	31	Louisiana	55	Ohio	128
Arizona	68	Maine	16	Oklahoma	53
Arkansas	44	Maryland	56	Oregon	40
California	308	Massachusetts	58	Pennsylvania	156
Colorado	46	Michigan	105	Rhode Island	18
Connecticut	46	Minnesota	56	S. Carolina	58
Delaware	14	Mississippi	42	S. Dakota	23
DC	14	Missouri	82	Tennessee	77
Florida	178	Montana	33	Texas	296
Georgia	123	Nebraska	26	Utah	25
Hawaii	15	Nevada	24	Vermont	15
Idaho	26	New Hampshire	16	Virginia	96
Illinois	116	New Jersey	95	Washington	60
Indiana	89	New Mexico	33	West Virginia	38
Iowa	38	New York	157	Wisconsin	67
Kansas	36	North Carolina	100	Wyoming	24

STPP estimates of FY'07 federal highway program rescissions, totaling \$3.471 billion pursuant to PL 110-5.

Record under FY'06 Rescissions

During FY'06, there were three separate rescission orders, totaling \$3.84 billion. The record on these rescissions is troubling, as a number of states targeted only a few programs to carry the burden of the rescission order. For example, some states targeted only the CMAQ program. Texas under one rescission order took almost its entire rescission amount from the TE program. The point is states are now allocating the burden of these program reductions unfairly among program categories. For example, states rescinded \$880 million in CMAQ funds and \$1.182 billion in Bridge funds. Together, these programs were targeted for about 54 percent of the total rescissions during FY'06, even though these two programs represent about 20 percent of the apportioned funds to the states in any given year.

When Congress first directed states to reduce their unobligated program balances through rescissions, it directed FHWA to rescind these balances in a manner that was proportionate to how funds were apportioned to the states. In recent years, legislation developed by Congress has given states "flexibility" to decide how to allocate the burden of these rescission orders among the various program categories, excluding only a few program categories (e.g., Safety programs and STP funds suballocated to MPOs). This so called "flexibility" is now being used by states to dramatically reduce funding commitments to select categories, usually the ones that help local areas repair local bridges, comply with the Clean Air Act, initiate innovative congestion reduction strategies through TDMs and the deployment of new technology, or increase investment in transit, biking and walking.

More about Unobligated Balances

To learn more about unobligated program balances, please see the STPP decoder, *The Transportation Funding Loophole*, at -- <http://www.transact.org/library/oblomit.asp>

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