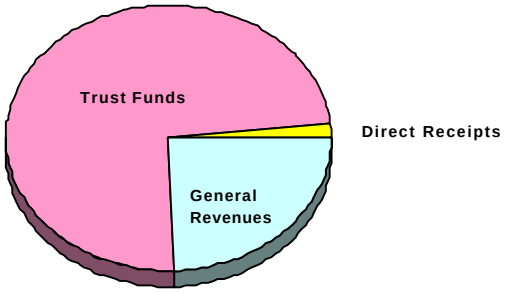
Where the Funds Come From

DOT's budget is supported primarily by three types of revenue sources: (1) trust funds (2) direct receipts, and (3) general revenue funds. Trust funds derive revenue from special fees, such as motor fuel taxes and airline ticket taxes. More than two-thirds of the Department's funding is derived from trust funds and other fees. The two largest trust funds, the Highway Trust Fund and the Airport and Airways Trust Fund, account for most of DOT's funding and support the Department's programs for maintaining and improving transportation infrastructure. General revenue funds are obtained from the general taxes of the United States. Direct receipts are resources from non-Federal entities that are directly available for DOT Programs.

FY 2000 DOT Budget



$$$ for the 21st Century

Transportation Equity Act for the 21st Century (TEA-21)

On June 9, 1998, the President signed into law the Transportation Equity Act for the 21st Century (TEA-21) authorizing highway, highway safety, transit and other surface transportation programs for the next 6 years. TEA-21 builds on the initiatives established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). This new Act combines the continuation and improvement of current programs with new initiatives to meet the challenges of improving safety as traffic continues to increase at record levels, protecting and enhancing communities and the natural

environment while providing transportation, and advancing America's economic growth and competitiveness domestically and internationally through efficient and flexible transportation.

***Significant features of TEA-21 include*:**

a. Assurance of a guaranteed level of Federal funds for surface transportation through FY 2003, keyed to receipts of the Highway Account of the Highway Trust Fund for highway funding and a selected fixed amount for Transit funding.

b. Extension of the Disadvantaged Business Enterprises program.

c. Strengthening of safety programs across the Department of Transportation including new incentive programs, with great potential for savings to life and property.

d. Continuation of the program structure established under the ISTEA legislation and addition of new programs such as Border Infrastructure, Transportation Infrastructure Finance and Innovation, and Access to Jobs which target special areas of national interest and concern.

e. Investment in research and its application, with special emphasis placed on deployment of Intelligent Transportation Systems to help improve operations and management of transportation systems and vehicle safety.

f. Extension of the of highway-user taxes through September 30, 2005 at the same rates in effect prior to TEA-21 enactment. These taxes consist of taxes on highway motor fuel and truck related taxes, including an annual tax on heavy vehicle use, a weight-based tax on heavy truck tires and a retail sales tax on truck and trailer sales. Most of these taxes would have expired after September 30, 1999.

***Significant features of TEA-21 financing include*:**

a. *Guaranteed Investment Levels*: Highway and transit discretionary programs are guaranteed a floor (a minimum level of spending) by new budget categories which effectively establish a budgetary "firewall" between each of those programs and all other domestic discretionary programs. Previously the highway and transit discretionary programs competed for annual budgetary resources with most other domestic programs.

b. *Authorizations and Investment*: The minimum level of spending amount for highways is keyed to the projected receipts to the Highway Account of the Highway Trust Fund and will be adjusted as new receipt projections and actual receipts become available. The guaranteed funding for transit programs has a single component—the minimum level of spending amount—which is not keyed to Trust Fund receipts.

c. *Increases and Decreases*: A portion of any increase in receipts to the Highway Account is reserved for the Federal-aid highway and highway safety construction programs allocated

by the Secretary of Transportation—programs that are not apportioned by statutory formula. Should a decrease be necessary, the reductions would be made in the succeeding fiscal year and applied proportionally to all Federal-aid highway and highway safety construction programs except Emergency Relief.

d. *Obligation Limitations*: Spending limitations are applied to most programs. However, obligation limitations set aside each year for certain programs (e.g. Woodrow Wilson Memorial Bridge) do not expire if not used by the end of the fiscal year, but can be carried over to future years. Limitations for research and technology programs may be carried over for 3 years.

Using Innovative Financing to Supplement Federal Funds

DOT continues to build on opportunities provided by transportation legislation by using innovative financing techniques that move construction projects ahead faster, cut red tape, and supplement Federal funds with private and non-Federal public investment. The Transportation Infrastructure Finance and Innovation Act (TIFIA) of TEA-21, will continue this practice. It will provide Federal assistance to major transportation projects of critical national importance, or which cross jurisdictions or traditional modal boundaries and sometimes have trouble getting the funding despite their value.

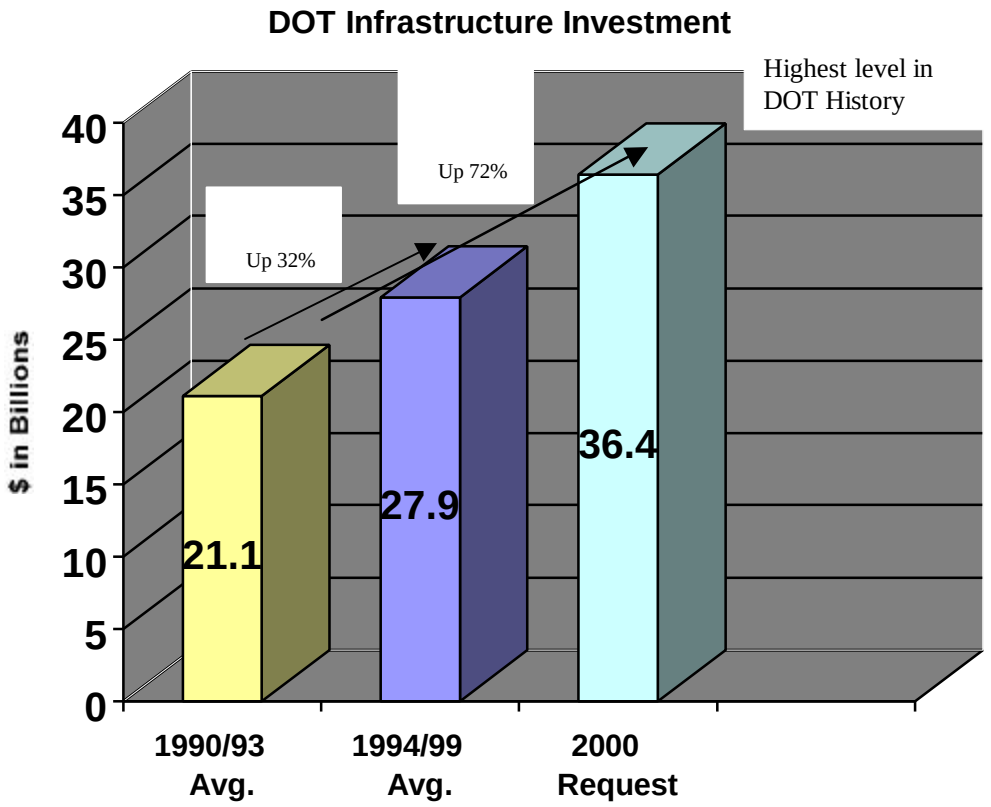
TIFIA's purpose is to fill gaps in market funding or to leverage additional non-Federal resources. It does this through direct Federal loans, loan guarantees, and standby lines of credit. Selection will be based on the extent to which a project generates economic benefits, leverages private capital, and promotes innovative technologies. TIFIA's $530 million of contract authority could support up to $10.6 billion of credit assistance for everything from roads and bridges to freight transfer facilities to MagLev systems. To qualify, a project must cost at least $100 million or 50 percent of a State's annual apportionment of Federal-aid funds, whichever is less, it must be supported in whole or in part from user charges or other non-Federal dedicated funding sources, and it must be included in a State's transportation plan.

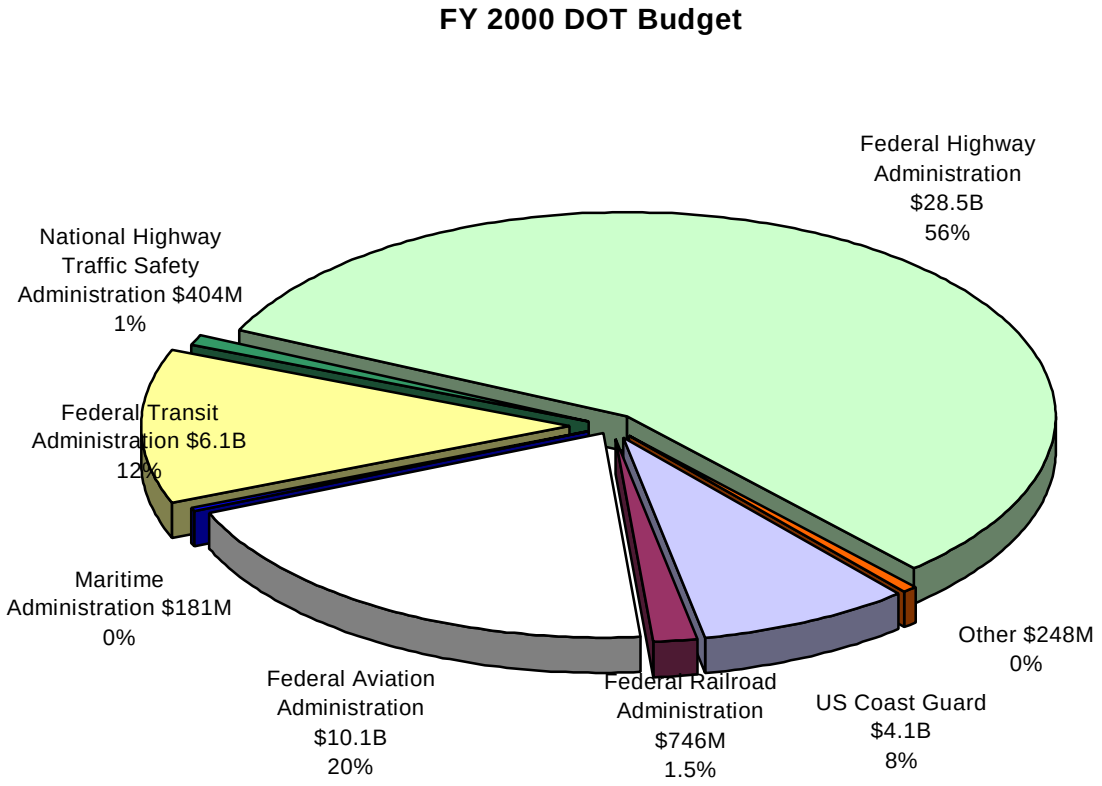
¨ ***State Infrastructure Banks (SIBs) Program***

Another major initiative that is enhanced in the current legislation is State Infrastructure Banks, or SIBs. SIBs use Federal seed capital to leverage private investment through loans and credit enhancement assistance, and are meant to serve as ongoing, revolving loan funds. As projects are implemented, loans are repaid to the SIB and the proceeds are used for new projects in a continuing cycle. Thirty-nine States were authorized to capitalize SIBs using ISTEA funds. TEA-21 establishes a new SIB pilot program for 4 more States. These states may continue to capitalize the SIBs using TEA-21 funds. The previous capitalization limit, 10 percent of a State's Federal funds, has been lifted, enabling these States to determine the level of funds they need to make their SIBs work.
In addition, the kinds of projects SIBs can support are broader and more intermodal.

Where the Funds Go

Federal funding for transportation infrastructure—improving the Nation's highways, transit rail and bus systems, intercity passenger rail service, airports and bridges—is the largest component in DOT's budget. Infrastructure funding focuses on ensuring a safe, efficient, accessible and convenient transportation system that meets vital national interests and enhances the quality of life of the American people. The average level of Federal investment in transportation infrastructure increased 49 percent over the first four years of this decade (1990-1993).





The following charts show DOT actual and planned fund usage, as published in the DOT FY 2000 Budget in Brief, for major DOT Operating Administrations and their programs:

$ in Millions

Federal Highway Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Federal-aid-Highways Ob Lim	**21,500**	**25,511**	**27,312**
Motor Carrier Safety Grants Ob Lim	**85**	**100**	**105**
Mandatory Federal –aid Highways	**1,043**	**1,424**	**1,132**
Other*	**732**	**300**	**0**
TOTAL	**23,187**	**27,367**	**28,549**

*** Includes Supplemental funding of $300 million in FY 1998 and FY 1999, $132 million for the Appalachian Highway System and $200 million for miscellaneous appropriations.**

$ in millions

Federal Transit Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Formula Programs	2,500	2,799	3,310
Capital Investment Grants	-	2,307	2,451
Discretionary Grants	2,000	-	-
Job Access and Reverse Commute	-	75	150
Research and Planning Programs	92	98	111
Washington Metro (WMATA)	200	50	-
Other	52	59	66
TOTAL	4,844	5,388	6,088

National Highway Traffic Safety Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Operations and Research	147	160	197
Highway Traffic Safety Grants Ob Lim	184	200	207
TOTAL	331	360	404

Federal Railroad Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Amtrak*	594	609	571
Safety and Operations **	77	82	95
High-Speed Rail ***	20	20	47
Research & Development	21	22	22
Other	36	44	10
TOTAL	748	778	746

* Does not include an estimated $1.1 billion in Taxpayer Relief Act Funds available to Amtrak each year (FY 1998 and 1999).
** Includes $3 million in Fy 2000 in administrative costs previously included in High-Speed Rail and Research and Development.
*** Includes $35 million in FY 2000 Highway Trust funding for High-Speed Rail Grade Crossings, Positive Train Control, and NDGPS.

$ in Millions

Federal Aviation Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Operations	5,253	5,567	6,039
Facilities and Equipment	1,900	2,087	2,319
Research, Engineering & Development	199	150	173
Airport Grants	1,700	1,950	1,600
TOTAL	9,080	9,754	10,131

U.S.Coast Guard

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Operating Expenses	2,715	2,698	2,941
Acquisition, Construction & Improvement	398	395	350
Research	19	12	22
Retired Pay	653	684	730
Reserve Training	67	69	72
Environmental Compliance & Restoration	21	21	20
Other	54	47	0
SUBTOTAL	3,925	3,926	4,135
Supplemental Appropriations	0	376	0
TOTAL *	3,925	4,302	4,135

* Does not include mandatory appropriation totaling $20M in 1998, $64M in 1999 and $64M proposed in 2000 for State Boat Safety Grants.

Research and Special Programs Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Research & Special Programs	29	29	33
Emergency Preparedness Grants	8	8	14
Pipeline Safety	33	35	38
TOTAL	70	72	86

$ in Millions

Maritime Administration

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Operations & Training	68	72	72
Maritime Security	36	90	99
Title XI Guaranteed Loans	36	10	10
TOTAL	139	171	181

Office of the Secretary

	FY 1998 Actual	FY 1999 Enacted	FY 2000 Request
Salaries & Expenses	61	66	63
Transportation Planning, Research & Development	4	9	6
Rent*	0	0	0
Amtrak Reform Council	2	0	0
Civil Rights/Minority Business	10	12	13
Essential Air Service/Rural Airports	48	0**	50
TOTAL	127	87	131

* The Consolidated DOT rent account terminated in FY 1998 and funding for GSA-controlled space returned to respective OA budgets.
** Does not reflect $50 million transferred from FAA.