Election Results
Snapshot of Last Night’s Results

2014 Senate Election Results

Democrat: 44
Net: -7, Gained 0, Lost 7

Republican: 52
51 of 100 Seats Needed for Majority
Current Senate: 53 (D); 45 (R); 2 (I)

*Alaska and Louisiana still undecided

2014 House Results

Democrat: 184
Net: -12, Gained 3, Lost 15

Republican: 244
218 of 435 Seats Needed for Majority
Current House: 199 (D); 233 (R); 3 Vacancies

*AZ-02, CA-07, CA-16, CA-26, NY-25, LA-05 (runoff), LA-06 (runoff)
Republicans Win Solid Majority in Senate

Control of the 113th Senate (2012-2014)

Total Seats
Democrats: 53
Republicans: 45
Independents: 2

Control of the 114th Senate (2014-2016)

Total Seats
Democrats: 44
Republicans: 52
Independents: 2
Undecided: 2

Analysis

• Having won most of this year's competitive races, Republicans secured at least 52 Senate seats on election night, flipping the Senate from blue to red.
• Additional GOP wins in Louisiana and Alaska are still possible.
• If Republicans eventually expand their majority to 54 seats, they will have an easier time passing legislation in the Senate because they will need fewer Democratic defections to overcome filibusters (which require a 60 vote supermajority).

Source: National Journal Research; CNN Election Center; Associated Press; NBC News.
• House Republicans increased their majority
• Republicans picked up 15 Democratic seats
• Democrats picked up 3 Republican seats
• Republican net gain of 12
• Chamber majority = 218 seats

With 7 races outstanding:
  Republicans = 244 seats
  Democrats = 184 seats
Republicans lead in 3 races
Democrats lead in 4 races
House Composition—Then and Now

113th Congress

Republicans: 233
Vacant: 1
Total: 234

Democrats: 199
Vacant: 2
Total: 201

114th Congress

Republicans: 244

Democrats: 184

Outstanding Races

» As of this morning, 7 races remain undecided

Holland & Knight
Republicans won a total of at least 244 seats in the House, their largest majority since 1928. An expanded GOP majority in the House means that Speaker Boehner will have an easier time passing legislation in the House without Democratic support, and Republicans will also have an easier time holding on to their majority in future elections.

A Look Ahead to 2016 and Beyond

Dems, Republicans Will Take Turns Playing Defense
in Presidential and Midterm Elections Ahead

Senate seats in play, by election year

- Democratic seats
- Republican seats

2014: Democrats 21, Republicans 15
2016: Republicans 24, Democrats 10
2018: Democrats 25, Republicans 8

Source: Cook Political Report.
Lame Duck
Key Dates for November and December

» 11/10: Senate Returns from Recess

» 11/12: House Returns from Recess

» Week of 11/10: House Democrats to hold leadership elections

» 11/13: House/Senate Republicans to hold leadership elections

» 11/14: House Republicans to elect a new Steering Committee and adopt Rules for the 114th Congress

» 11/12-20: House of Representatives to hold new Member orientation

» 11/12-14: Senate to hold new Member orientation

» Week of 11/17: The House Congressional calendar will be published for 2015

» Week of 11/17: House Democrats to assign Ranking Members slots

» 11/19: House Steering Committee to announce new Chairs for Committees

» 11/20: Steering Committee to assign slots for Appropriations, Energy and Commerce, Financial Services, and Ways and Means

» 12/12: Last day of session for the House of Representatives
## Big Picture Outlook: Lame Duck and 114th Congress

<table>
<thead>
<tr>
<th>Lame Duck</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
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<tbody>
<tr>
<td>● Tax Extenders: Congress will likely renew tax extenders before they expire</td>
<td>● Debt Ceiling: Watch for confrontation over spending levels and issues Republicans could attach to a debt ceiling deal</td>
<td>● Highway Trust Fund: Republicans will likely change spending levels and attempt to eliminate the gas tax in a Highway Trust Fund renewal</td>
<td>● Export-Import Bank: Republicans are split on whether the bank should expire; it may or may not be reauthorized</td>
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<td>● Terrorism Risk Insurance Act: A long-term compromise bill is possible, but a short term extension could push the issue into next year</td>
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<td>● Appropriations: An omnibus is possible, but a short-term CR is more likely</td>
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### 114th Congress, Timing Unknown

| | Immigration: Certain policies could pass with Democratic support, but reform is unlikely |
| | Fossil Fuel: GOP will push to approve Keystone XL legislatively and reduce regulation on energy exploration |
| | Affordable Care Act: A deal on repealing the medical device tax is likely to pass; regulatory changes to coverage requirements are possible. |
| | Terrorism Risk Insurance Act: If the lame duck results in a short-term extension, expect a compromise closer to House GOP priorities |
| | EPA Regulations: GOP may try repealing EPA regulations on carbon emissions through a budget/debt ceiling vote |
| | Foreign Policy: Congress may make Syrian reauthorization contingent on a new AUMF; Republicans may push more confrontation with Iran |
| | International Trade: A Republican Senate would likely grant Obama Trade Promotion Authority to sign the TPP and TIPP trade agreements |
| | Appropriations: A regular-order budget is possible, but another CR is a strong possibility; some GOP members have hinted at reconciliation |

Lame Duck—Budget

Outlook:

- Continuing Resolution expires on 12/11/14
  - House: Passed 7 Appropriations bills before adjourning for recess:
    2. Department of Defense Appropriations Bill
    3. Energy and Water Development Appropriations Bill
    4. Financial Services and General Government Appropriations Bill
    5. Legislative Branch Appropriations Bill
    6. Military Construction, Veterans Affairs and Related Agencies Appropriations Bill
    7. Transportations, Housing and Urban Development and Related Agencies Appropriations Bill
  - Senate: Passed 0 Appropriations bills

Options:

1. Congress passes an Omnibus for the 7 appropriations bills passed by the House, and a Continuing Resolution for the remaining programs
2. A Continuing Resolution for 6 months for all programs
113th Congress Productivity

Analysis

• By historical standards, the past two Congresses have been incredibly unproductive; they enacted just over half as many laws in the past four years (446 as of 9/8/14) as their predecessors averaged in two (637).

• Budget fights have exacerbated unproductivity, as the time spent on resolving impasses detracted from other priorities.

• Even with budget struggles temporarily resolved, the number of bills enacted may remain below historic norms, as Congress now passes more legislation in omnibus form.

The 114th Congress
Chairs/Ranking for Key Committees

Senate Environment and Public Works – Full Committee

Senator Jim Inhofe (OK)
Chairman

Senator Barbara Boxer (CA)
Ranking Member

House Transportation & Infrastructure – Full Committee

Rep. Bill Shuster (PA)
Chairman

Rep. Peter DeFazio (OR)
Ranking Member

Rep. John Garamendi (CA)
Other Committees of Jurisdiction

**Senate Finance Committee**
- Senator Orrin Hatch (UT)
  - Chairman
- Senator Ron Wyden (OR)
  - Ranking Member

**Senate Banking Committee**
- Senator Richard Shelby (AL)
  - Chairman
- Senator Jack Reed (RI)
- Senator Sherrod Brown (OH)
  - Ranking Member

**House Ways & Means Committee**
- Rep. Paul Ryan (WI)
  - Chairman
- Rep. Sander Levin (MI)
  - Ranking Member

**Senate Commerce, Science, and Transportation**
- Senator John Thune (SD)
  - Chairman
- Senator Bill Nelson (FL)
  - Ranking Member
Appropriations Committees

**Senate Appropriations – Full Committee**

- Senator Thad Cochran (MS)
  - Chairman
- Senator Barbara Mikulski (MD)
  - Ranking Member

**Senate Appropriations – THUD Subcommittee**

- Senator Susan Collins (ME)
  - Chairwoman
- Senator Patty Murray (WA)
  - Ranking Member

**House Appropriations – Full Committee**

- Rep. Harold Rogers (KY)
  - Chairman
- Rep. Nita Lowey (NY)
  - Ranking Member

**House Appropriations – THUD Subcommittee**

- Rep. Kay Granger (TX)
  - Chairman
- Rep. Charlie Dent (PA)
  - Ranking Member
- Rep. David Price (NC)
  - Ranking Member
## Federal Highway Programs from MAP-21

<table>
<thead>
<tr>
<th>SAFETEA-LU Structure</th>
<th>MAP-21 Core Program Structure</th>
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</thead>
<tbody>
<tr>
<td>Interstate Maintenance</td>
<td>National Highway Performance Program <em>(NEW)</em> $43.7 billion</td>
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<tr>
<td>National Highway System</td>
<td>Surface Transportation Program $20.1 billion</td>
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<tr>
<td>Highway Bridge Program</td>
<td>Congestion Mitigation &amp; Air Quality Program <em>(CMAQ)</em> $4.4 billion</td>
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<tr>
<td>Off-System Bridges</td>
<td>Highway Safety Improvement Program <em>(HSIP)</em> $4.8 billion</td>
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<tr>
<td>Surface Transportation Program</td>
<td>Metropolitan Planning $626 million</td>
</tr>
<tr>
<td>Congestion Mitigation and Air Quality</td>
<td>Transportation Alternatives <em>(NEW)</em> $1.6 billion</td>
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<tr>
<td>Highway Safety Improvement Program</td>
<td></td>
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<tr>
<td>Metropolitan Planning</td>
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<tr>
<td>Recreational Trails</td>
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<td>Safe Routes to Schools</td>
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<td>Transportation Enhancements</td>
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### Highlights of Program Changes

#### New
- Safety Authority (5329)
- State of Good Repair Grants (5337)
- Asset Management (5326)
- Bus and Bus Facilities Formula Grants (5339)
- Public Transportation Emergency Relief (5324)
- TOD Planning Pilot Grants (20005(b) of MAP-21)

#### Repealed
- Clean Fuels Grants (5308)
- Job Access and Reverse Commute (5316) [JARC]
- New Freedom Program (5317)
- Paul S. Sarbanes Transit in the Parks (5320)
- Alternatives Analysis (5339)
- Over-the-Road Bus (Sec. 3038 – TEA-21)

#### Consolidated
- Urbanized Area Formula Grants (5307) [JARC]
- Enhanced Mobility of Seniors and Individuals with Disabilities (5310) [New Freedom]
- Rural Area Formula Grants (5311) [JARC]

#### Modified
- Fixed Guideway Capital Investment Grants (5309)
- Metropolitan and Statewide Planning (5303 & 5304)
- Research, Development, Demonstration, and Deployment (5312)
- Technical Assistance and Standards (5314)
- Human Resources and Training (5322)
MAP-21 Reauthorization

» Highway Trust Fund set to expire on May 31, 2015
» On May 15, 2014, Senate Environment and Public Works Committee unanimously passed the MAP-21 Reauthorization Act, S. 2322—only committee to pass a bill at this time.
  – The new EPW chairman, Senator Inhofe (R-OK), is planning to report a bill by President’s Day recess.
  – Most likely will include reforms from S. 2322. Partisan debate expected on funding.
  – Reauthorizes highway program at funding levels equal to current funding plus inflation – for six years, from FY 2015 through FY 2020. Keeps program structure from MAP-21.
MAP-21 Reauthorization

» Senate Commerce
  – Jurisdiction over highway safety and freight
  – Interested in competitive freight grant program—combination of TIGER and PRNS
  – New Chairman Thune interested in providing funding to local governments for rail

» Senate Banking
  – Jurisdiction over transit program
  – Chairman Shelby will likely reduce share of State of Good Repair funding to fixed guideway rail systems and restore discretionary bus program

» Senate Environment and Public Works
  – Jurisdiction over highways
  – Passed MAP-21 Reauthorization Act in May. Will introduce bill next Congress

» House T&I
  – Jurisdiction over highways, transit and freight rail
  – Priorities for the bill include: public-private partnerships, a robust research/technology title, streamlining, and freight

» Senate Finance/House Ways and Means
  – Tax reform discussion could lead to additional funding streams for transportation projects
Direct Sub-allocation of Federal Funds

- Direct sub-allocations will be difficult under Republican control
  - Under MAP-21, 50% of a state’s STP funds are suballocated.
  - Under the Senate reauthorization bill, Transportation Alternatives Program (TAP) suballocation to regions is increased from 50% to 66.7%.
  - Could work with local government organizations to maintain the increased TAP suballocation and for increased STP suballocations.

- Return to pre-MAP-21 Funding for following programs:
  - MAP-21 consolidated 87 programs to less than 30, which was a priority of Chairwoman Boxer and Republicans in the Senate and House.
  - Dedicated funding for Bridges
    - Improving structurally deficient bridges is a priority of Senator Inhofe and many of the Senate EPW/House T&I Committee members.
    - MPO needs to highlight how current programmatic financing is not working and show the need for a dedicated pot of funding. For example, are the number of structurally deficient bridges decreasing across the country and in Florida?
    - This is one of NACO’s top transportation priorities for reauthorization. Could partner with them and other local government associations on advocacy.
  - Safe Routes to Schools, Recreational Trails and Transportation Enhancements
    - Under Republican control, difficult to increase funding and return to these programs being standalone.
    - Need to advocate for Transportation Enhancements to Republican members. Show examples of how this program is important to local governments.
  - Bus and Bus Facilities
    - Increasing formula monies directs money to larger system
    - How to avoid either earmarks or Obama Administration establishing program priorities if a discretionary program
    - Interest in both House T&I and Senate Banking but find a way to navigate above
Managed Lanes/HOT lanes
- Highway title doesn’t include transit as an eligible expense
- Aware of Denver, Houston and Tampa areas interested in using HOT lane revenues for transit
- Opening to raise the issue with change in control in Senate

Freight Program
- Senate EPW MAP-21 Reauthorization Act:
  - Creates a new freight formula program starting in 2016 averaging $1 billion per year over five years and allows for critical urban freight corridor designation
  - Establishes a PRNS program authorized at $400 million per year in contract authority. Eligible applicants include state and municipal governments, transit agencies, and ports. Projects that exceed $350 million are eligible, and maximum size of rural projects is $50 million
- Senate Commerce
  - Interested in competitive freight grant program—combination of TIGER and PRNS
  - New chairman, Senator Thune, is interested in providing funding to local governments for rail
- House Transportation & Infrastructure
  - Freight is a priority of Chairman Shuster
  - Interested in providing funding for Title 23 projects
FY 15 THUD Appropriations

» Capital Investment Grants
  – House provides $1.626 billion that only funds existing FFGAs/SSGAs
  – Senate provides $2.161 billion that funds existing FFGAs/SSGAs and other projects
  – With election of Republican Governors in Massachusetts and Maryland funding for the Green Line in MA and the Red and Purple Lines in MD in jeopardy
    • MBTA working feverishly to get FFGA executed in 2014 for Green Line
    • MD Governor wants to shift priorities to highways and this could hurt Red Line especially

» Funding for WAVE Streetcar
  – President’s FY 15 Budget includes $49.65 million
  – A decision by FTA regarding FY 15 will be made once THUD Appropriations bill is finalized
  – Tied to overall Capital Investment Grants funding provided in bill

» TIGER Grants
  – House provides $100 million and limits monies to highways and bridges
  – Senate provided $550 million and retain prior eligibility
  – Conference will resolve differences and NOFA likely to be issued in Spring 2015
Transportation Infrastructure Finance and Innovation Act (TIFIA)

» Provides credit assistance to eligible surface transportation projects, including highways and transit
  – Secured Loans – direct loans with flexible repayment terms and providing combined construction and permanent financing – up to 49% of project cost
  – Loan Guarantees – full-faith and credit loan guarantees by Federal government to institutional investors – up to 49% of project cost
  – Lines of Credit – contingent sources of funding in form of loans that may be drawn down during first ten years of construction – up to 33% of project cost
  – Master Credit Agreements – contingent commitment of future TIFIA assistance for a program of projects secured by a common revenue pledge

» MAP-21 expanded from $250 M per year to $750 M in FY 13 and $1 B in FY 14

» Must be repaid through dedicated funding sources that secure the obligation, such as tolls, user fees or payments
» Repayment of a loan may begin five years after substantial completion or project, and must be fully repaid within 35 years

» Application Process
  – First submit letters of interest (LOI) using the form available on TIFIA's website
    • Describe project location, purpose and cost
    • Outline of Project financial plan, including requested assistance and proposed obligor
    • Provide status of environmental review
    • Provide information regarding satisfaction of TIFIA eligibility requirements
  – DOT will review LOIs and request further information as necessary
  – Upon completion of the review and a determination of eligibility, DOT will invite an application for credit assistance

» Senate MAP-21 Reauthorization changes
  – Funding is cut from $1 billion to $750 million per year.
  – Adds transit-oriented development (TOD) as eligible project and TOD project cost threshold is lowered to $10 million.
  – If annual funding for TIFIA is fully obligated before the end of the fiscal year, a project sponsor can enter into a master credit agreement and wait to execute the credit agreement until the fiscal year when the funds are available to receive credit assistance.
Implementation of MAP-21 Changes

- Made major changes to simplify and expedite project delivery
- Changes to the project justification criteria to change cost effectiveness to riders/boardings and eliminated travel time and added congestion
- FTA has issued initial guidance for the new project justification criteria in August 2013 and for the first step of project delivery – Entry into Project Development – in Spring 2014
- Expect guidance to fully implement changes early in 2015
- Expect proposed rule in mid-2015 with full implementation in 2017
- UNLESS – MAP 21 Reauthorization makes more changes – at this point no inkling that Congress will do this
On September 17, House Transportation and Infrastructure Committee approved Passenger Rail Reform and Investment Act of 2014 (H.R. 5449) by unanimous vote.

- Bipartisan bill
- Last PRIIA bill passed in 2008; expired on September 30, 2013
- Authorizes $770 million for Amtrak—40 percent less than the $1.3 billion current authorization

Reforms FRA’s Railroad Rehabilitation and Improvement Financing (RRIF) program

- Provides long-term, low-interest loans for rail-related improvements
- Due to FRA’s current cumbersome approval process, RRIF funding remains unused
- H.R. 5449 adds process improvements like approval deadlines to add clarity and reliability for potential borrowers.
Local Funding
State and Local Share Increasing for Transit

Exhibit 6-25 Funding for Transit by Government Jurisdiction, 2000–2010

Source: National Transit Database.
State and Local Share Increasing for Highways

Exhibit 6-10  Highway Expenditures Funded by Federal and Non-Federal Sources, in Current and Constant 2010 Dollars, 1990–2010

Funding from Federal Government

Funding from State and Local Governments

*Constant dollar conversions for highway capital expenditures were made using the FHWA BPI through the year 2006, and the FHWA NHCCI in subsequent years. Constant dollar conversions for other types of highway spending were made using the Bureau of Labor Statistics' CPI.

Sources: Highway Statistics, various years, Tables HF-10A, HF-10, PT-1; http://www.bls.gov/cpi/.
Federal Share is Not Keeping Pace

Exhibit 6-28  Sources of Funds (Billions of Dollars) for Transit Capital Expenditures, 2000–2010

- **Local Funds**: $6.8%
- **State Funds**: $9.2%
- **Federal Funds**: $0.3%

Average Annual Growth Rate, 2000–2010: 6.2%

- Total: $20 billion
- Local Funds: $1.0 billion
- State Funds: $2.0 billion
- Federal Funds: $2.4 billion

Source: National Transit Database.

Holland & Knight
Approximately 75% Success Rate Since 2004

Success Rate by Year

- 2004: 80%
- 2006: 65%
- 2008: 82%
- 2010: 83%
- 2011: 79%
- 2012: 78%
- 2013: 78%
- 2014: 80%
2014 Local Funding Measures

2014 Measures by Type

- Property Tax: 51%
- Sales Tax: 22%
- Amendment: 7%
- Bond: 7%
- Policy: 2%
- Car Tab: 3%
- Transit Benefit District: 3%
- Gas Tax: 2%

Holland & Knight
Observations

»Gasoline Tax is a political anathema federally – no increase since 1993
  – Congress continues to struggle to find a sustainable funding alternative

»States are getting more creative – set tax at a percentage of the wholesale of gasoline – Virginia and Pennsylvania – and tie it to CPI

»Florida – sets a fuel sales tax of 13.1¢ per gallon collected from the terminal supplier tied to CPI in addition to taxing gasoline and diesel at the pump
  – Broward County is at the highest level for fuel taxes among counties in the state

»Property tax remains the most popular but as property value rebound, the public occasionally resists – City of Austin Urban Rail

»Sales tax is the second most frequently used mechanism to generate revenues but both Pinellas and Polk Counties were unsuccessful on November 4th
» Federal funding will only grow at the pace of inflation until there is political will to find a sustainable funding source to supplement and then, ultimately replace, the gasoline and diesel tax

» Concern over "taxation fatigue" in today’s economy

» Overcoming perception that existing sales and fuel taxes are adequate to fund necessary capital projects

» Additional local sales, gasoline or property tax must make the case that these additional funds are necessary to fund a defined set of expanded capital projects – having a map is crucial

» Local control provides ability to fund and/or finance capital investments and leverage TIFIA, PABs
Questions?