Chair Betty Conners welcomed everyone to the call. Chair Conners said the Subcommittee is looking forward to working with the new Standing Committee on Finance and Administration (SCOFA) Chair, Beverley Swaim-Staley from Maryland.

Jack Basso spoke regarding the Maintenance of Effort provision. In the ARRA legislation, there was a provision to calculate a particular level of spending effort that each state had established, and those levels of effort apply across all modes of transportation for which ARRA provided money. There was a provision for in the event that a state failed to meet the obligations/commitments that had to be made, the penalty would be that they would be precluded in participating in the August redistribution (which redistributes the obligation ceiling not utilized during each fiscal year). What AASHTO thought they understood regarding that was that the tests for whether states met obligations/commitments would be mode-by-mode. What they have since been told by FHWA is that any failure in any mode will trigger the same penalty in other modes for not achieving the outcome.

Joung Lee discussed the FFATA task force’s activity over the past few months. Because of difficulty communicating with OMB regarding clarity of issues, there was consensus among the task force of halting work on FFATA implementation at the Subcommittee level as long as the Subcommittee does not hear anything from OMB. In the future, the Subcommittee will heed to Chair Conners’ recommendation of using individual state discretion in terms of FFATA implementation.

Vice Chair Chelley Hilmes started discussion on the issue of treasury offset payments, which collect debt owed to the federal government. Vice Chair Hilmes said that, for Oklahoma, their reimbursement is delayed one to two days, which delays the whole invoice. California, Michigan, Indiana and Illinois have had issues as well. Several states gave an example of an entire $10-$20 million bill being hung up for a day or two over an offset of around $20,000. The states’ respective cash cushions are used to handle that delay. This often deals with certain state agencies affecting others. AASHTO staff will look into what existing research or discussion exists on the treasury offset payment program.
Chair Conners said the Subcommittee leadership has discussed bringing in a guest speaker for about an hour, giving Hal Kassoff as a possible suggestion. If any Subcommittee members have other suggestions for a speaker, they should let Chair Conners or AASHTO know.

Mr. Lee said that Katie Jones, AASHTO’s new intern, created a satisfaction survey for SCOFA, SOFMA and SOTFP, which will be sent to the leadership of those committees for approval, and then out to the entire committees sometime in the next week.

Mr. Lee spoke regarding reauthorization. He said that the country is now running off its seventh short-term extension of SAFETEA-LU, which runs until the end of the current fiscal year. AASHTO is expecting Chairman John Mica and staff on the House T&I Committee to produce their draft transportation bill, and anticipate a “live-within-your-means” bill of around $230 billion from 2012 through 2017. The draft bill will most likely be released in June as a six-year proposal coming out of the House. What AASHTO is hearing from EPW staff is that they would like to maintain the current SAFETEA-LU spending level of around $330 billion over the same time frame. This creates a funding gap in regards to potential revenue options when compared to the AASHTO recommendation of a $580 billion bill or the President’s $551 billion bill. Mr. Lee added that Paul Ryan’s FY 2012 budget does not seem to wait until FY 2013 to reduce the highway program (when it is necessary to reduce the program level in order to maintain cash flow), but suppresses the obligation limitation in FY 2012 to avoid a large reduction in FY 2013. Under that scenario, the highway program would be reduced to about $30 billion starting in FY 2012 and maintain a level close to that in the subsequent years to track with Highway Trust Fund receipts. The Ranking Member on the House T&I Committee, Nick Rahall of West Virginia, recently released a report of potential apportionment levels for each state under a $27 billion formula program for highways. He asked FHWA to run numbers to see what the state-by-state impact may look like. Mr. Lee will send that out to the Subcommittee.

Mr. Lee said that one of the things Beverley Swaim-Staley is exploring is a potential in-person Standing Committee meeting, and opportunities are being explored to piggyback on existing AASHTO meetings. This can be done for the Subcommittee as well, and this will be explored in the survey that will be sent out.

The call was adjourned.