

PRESIDENT OBAMA RELEASES FISCAL YEAR 2010 FEDERAL BUDGET PROPOSAL

March 5, 2009

What's at Issue

On February 25, 2009, President Barack Obama released a \$3.55 trillion dollar federal budget proposal for fiscal year 2010. The proposed budget is the President's recommendation, given to Congress, on funding levels for the federal government.

Why It's Important

The Obama administration included a user fee proposal to help finance the Federal Aviation Administration's (FAA) Airport and Airways Trust Fund beginning in 2011. The proposal suggests replacing some aviation excise taxes with a direct user charge for use of the air traffic control system. While this is not the first time such a proposal has been included in the President's budget, Congress in the past has rejected any type of user fee for the aviation trust fund. U.S. House of Representatives Committee on Transportation and Infrastructure Chairman James Oberstar commented that the current system of aviation excise taxes has proven to be a stable and efficient source of funding for our aviation system.

In addition, the budget provides increased funding for the Department of Transportation, including \$800 million for the Next Generation Air Transportation System (NextGen). However, the budget sets record funding levels for the federal government. According to the Office of Management and Budget the agency that advises the President on the federal budget, the budget deficit for Fiscal Year 2009 will top \$1.75 trillion, 8.3 percent of the overall economy, the highest since World War II. The deficit is expected to decline to \$1.17 trillion in FY10 and possibly to \$532.6 billion in FY13 due to cuts in spending such as decreased funding for the War in Iraq and raising taxes on families earning more than \$250,000.

Major Provisions

Department of Transportation (DOT)

- **\$72.5 billion is provided for the department, which includes all modes of transportation under its jurisdiction such as the FAA.** This is a \$2 billion increase over the FY09 proposed level of funding.
- **\$800 million is provided for the NextGen.** NextGen is the FAA's long-term plan to improve the efficiency, safety, and capacity of the air traffic control system. The 2010 budget supports moving from a ground-based radar surveillance system to a more accurate satellite-based surveillance system, development of more efficient routes through the airspace, and improvements in aviation weather information.
- **By 2011, aviation excise taxes are recommended to be replaced with a direct user fee.**

OVER...

(Major Provisions Continued)

Creates more transparency for transportation programs. For 2009, the discretionary budget authority would be increased by approximately \$53 billion, increasing DOT budget authority total from \$17 billion under the typical presentation to \$70 billion. Similar budget authority adjustments would be made for each outyear. The change would not affect outlays or the deficit or surplus—just provide more transparency to convey to the taxpayer the real costs of supporting the transportation infrastructure our nation needs.

Department of Homeland Security (DHS)

- **\$42.7 billion in discretionary budget authority.** This is a \$2.6 billion increase over the fiscal year 2009 enacted level.

Aviation Security

- \$25 million in new resources is provided to support integrated planning by the DHS and the DOT for several initiatives, including **strengthening the security of U.S. airports and adding 55 Bomb Appraisal Officers** who specialize in explosives and improvised explosive device recognition and response.
- **\$64 million to modernize the infrastructure used to vet travelers and workers.** Funding is provided to strengthen screening to reduce the risk of potential terrorism or other unlawful activities that threaten the nation's transportation system.
- To minimize overall costs to taxpayers, the budget proposes to **increase the existing Aviation Passenger Security Fee beginning in 2012.** The fee increase is intended to offset costs associated with Transportation Security Administration screening of aviation passengers because the current fee only captures 36 percent of the cost of aviation security, according to the Obama administration. By increasing the fee, offsetting collections from all aviation security fees would cover a majority of the estimated costs of passenger and baggage screening.

Department of Energy

- **\$26.3 billion is provided for the energy department.** This is \$7.6 billion below the FY09 proposed budget level.
- **The White House is proposing a cap-and-trade program to reduce greenhouse gas emissions by approximately 83 percent below 2005 levels by 2050.** The program would provide about \$150 billion over 10 years for clean-energy initiatives, starting in FY12, to help the transition to a clean-energy economy.

Environmental Protection Agency

- **\$10.5 billion in total for the Environmental Protection Agency.** This is a \$2.7 billion increase over the FY09 proposed budget level.
- **Major climate change policy is expected, including nearly \$646 billion in revenue by 2019,** paid by power plants and other emitters as part of an economy-wide greenhouse gas emission reduction plan. The greenhouse gas emissions plan would set a limit of 83 percent below 2005 levels of emissions by 2050.
- **\$3.9 billion is provided for state clean drinking water funds.** This is the highest-ever funding for water, a \$600 million increase, for the agency's operating budget and enforcement.

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NATA Position

NATA is disappointed with the Obama administration's proposal of an aviation user fee to help finance the Airport and Airways Trust Fund. NATA will work to ensure that the proposed user fee is not included in the final FY10 budget for the FAA.

NATA is pleased with President Obama's decision to ensure that NextGen remains a priority by increasing funding to modernize our air traffic control system. Funding for critical aviation programs has been delayed due to Congress' inability to pass comprehensive legislation to reauthorize the FAA.

Finally, NATA is concerned with the Obama administration's planned tax increases on individuals and businesses. An increase in tax collections is expected by eliminating some of the temporary tax cuts enacted in 2001 and 2003. While the budget would keep tax relief that benefits middle-income families, it would eliminate tax benefits for wealthy taxpayers, defined as families earning more than \$250,000 a year by permitting them to expire in 2011. The top tax rate would rise from 35 percent to 39.6 percent and the tax on capital gains would rise to 20 percent from 15 percent for "wealthy" filers.

Status

Congress has yet to complete 9 of the remaining 12 appropriations bills for FY09. As Congress begins to work through the FY10 budget by holding hearings and drafting legislation, NATA will keep you informed. [To view the summary of the FY10 budget, click here.](#) The entire budget will be available online in April at www.whitehouse.gov.

Staff Contact: Kristen Moore
Director, Legislative Affairs
kmoore@nata.aero