

## Focus on Function 400 – Transportation

Function 400 (Transportation) consists of programs that support and oversee various modes of transportation, including highways, mass transit, rail, air, and maritime transportation. It includes programs that finance infrastructure investments as well as important safety and research efforts.

It is an unusual function in that its largest programs – funding for highway, transit, and aviation infrastructure – are categorized differently than most other federal programs. Instead of their budget authority and outlays both being classified as mandatory or discretionary, these programs have a hybrid treatment. They have contract authority, a form of budget authority, which is provided in authorizing legislation and classified as mandatory. But their outlays are classified as discretionary, and the appropriations committees control annual spending levels through an annual limit on obligations.

**Table 1: Function 400 Spending, 2019**  
(In billions of dollars)

Discretionary BA .....	43.5
Limitation on Obligations .....	59.9
Discretionary Outlays .....	96.1
Mandatory Outlays .....	<u>1.4</u>
Total Outlays .....	97.5

Note: Estimates assume 2018 emergency funding is one-time only.

The largest discretionary programs in this function are the Federal Aviation Administration, the Coast Guard, the Transportation Security Administration, the Federal Highway Administration, the Federal Transit Administration, and the Federal Railroad Administration.

There are no major mandatory programs in Function 400 (other than the transportation infrastructure programs with their hybrid classification). Other mandatory items are discussed below. The largest item is retired pay for Coast Guard employees at \$1.7 billion. Partially offsetting these amounts, the function also includes \$1.4 billion in aviation security fees.

According to the Congressional Budget Office (CBO) spring 2018 baseline excluding emergencies, budget authority (BA) for discretionary programs in Function 400 for 2019 will account for 3 percent of total discretionary funding. If the limitations on obligations are treated as discretionary spending, Function 400 would account for 7 percent of total discretionary funding (including the obligation limitations). Outlays for mandatory programs in Function 400 for 2019 will account for less than 1 percent of total non-interest mandatory spending excluding undistributed offsetting receipts.

## DISCRETIONARY

**Table 2: Discretionary BA in Function 400, by Major Program, 2019**  
(In billions of dollars, excluding emergencies)

Federal Aviation Administration.....	15.0
U.S. Coast Guard .....	10.1
Transportation Security Administration.....	5.0
Federal Transit Administration.....	3.8
Federal Railroad Administration.....	3.2
Federal Highway Administration.....	2.6
Other.....	<u>3.9</u>
Total.....	43.5

**Table 3: Limitations on Obligations in Function 400, by Major Program, 2019**  
(In billions of dollars)

Federal Highway Administration.....	44.1
Federal Transit Administration.....	10.9
Federal Aviation Administration.....	3.4
Other.....	<u>1.4</u>
Total.....	59.9

**Federal Aviation Administration (FAA):** The FAA works to promote aviation safety and efficiency. Its major activities include operating and maintaining the Air Traffic Control system. The obligation limits control spending on the Airport Improvement Program, which provides grants to help finance airport construction projects.

**U.S. Coast Guard:** The Coast Guard supports maritime transportation, including navigation assistance and emergency responses. It is also a branch of the armed forces and has security responsibilities, which are accounted for in Function 050 (National Defense).

**Transportation Security Administration (TSA):** The TSA provides security for transportation programs, including roles in surface transportation, intelligence, the Air Marshals Service, and the screening of airline passengers and luggage.

**Federal Transit Administration (FTA):** The FTA provides grants to state and local governments and other transit operators to support public transportation systems. Most of its funding is provided through formula grants financed by the transit account of the highway trust fund and is controlled by obligation limits. FTA also receives discretionary BA for some capital grants that are awarded on a competitive basis.

**Federal Railroad Administration (FRA):** The FRA oversees a range of programs to assist with railroad maintenance and safety. The bulk of its funds are provided in grants to support Amtrak.

**Federal Highway Administration (FHWA):** The FHWA oversees the Federal-Aid Highways program, which provides funding for highway and road construction across the country, primarily through formulas that distribute funds to states.

## MANDATORY

**Table 4: Mandatory Outlays in Function 400, by Major Program**

(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Retired Pay, Coast Guard .....	1.7	20.8
Aviation Security Fees, Deficit Reduction .....	-1.4	-13.7
Other .....	<u>1.0</u>	<u>9.7</u>
Total .....	1.4	16.8

**Retired Pay, Coast Guard:** This account funds retirement pay and benefits for retired Coast Guard personnel, their survivors, and dependents.

**Aviation Security Fees:** A portion of the aviation security fees collected from airline passengers is dedicated to deficit reduction.

## TAX EXPENDITURES

There are six tax expenditures related to this function. The three largest tax expenditures are exclusion of employer-paid transportation benefits by employees; exclusion of interest on qualified private activity bonds for private airports, docks, and mass-commuting facilities; and exclusion of interest on qualified private activity bonds for highway projects and rail-truck transfer facilities.

## RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

**Table 5: Discretionary BA in Function 400, by Agency, 2019**

(In billions of dollars, excluding emergencies)

Department of Homeland Security .....	15.0
Department of Transportation .....	27.6
Other .....	<u>0.9</u>
Total .....	43.5

**Table 6: Mandatory Outlays in Function 400, by Agency**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Department of Homeland Security.....	0.5	8.4
Department of Transportation.....	<u>0.8</u>	<u>8.4</u>
Total.....	1.4	16.8

**Table 7: Discretionary BA in Function 400, by Appropriations Subcommittee, 2019**  
(In billions of dollars, excluding emergencies)

Commerce, Justice, Science.....	0.7
Homeland Security (DHS programs).....	15.0
Transportation, Housing and Urban Development (primarily DoT programs).....	<u>27.8</u>
Total.....	43.5

**Table 8: Mandatory Outlays in Function 400, by Committee**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Armed Services.....	-*	-*
Homeland Security (Largely aviation security fees).....	-1.3	-13.0
Transportation and Infrastructure (Largely DoT programs).....	<u>2.6</u>	<u>29.8</u>
Total.....	1.4	16.8

\* Less than \$50 million.