



WASHINGTON UPDATE

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Today is a very busy day in DC with the release of the Administration's FY'19 budget request and the release of President Trump's long-awaited Infrastructure Plan. Additional information about both documents will be sent out as more details become available.

Infrastructure Plan

Attached to this email are several fact sheets about the White House plan – the “Legislative Outline for Rebuilding Infrastructure in America.” In addition, here is a [link](#) to a more detailed 55-page summary. The plan is very similar to the “leaked” six-page draft reviewed in the January 23 Washington Update.

There are several important points to keep in mind when reviewing the plan: It will now be up to Congress to decide how or whether to move forward with this plan. Congress could opt to ignore it, to significantly revise it, or to include the bulk of it in proposed legislation. As expected, the plan calls for \$200B in direct federal funding over ten years to leverage at least \$1.5T in total investment. However, no new source of federal funding is identified other than potentially “repurposing” existing funding, such as various transit and rail funds, which will be a non-starter for many Members of Congress. There is no new funding proposed in the plan for the Highway Trust Fund which is expected to be insolvent by 2020. And, the funding proposed is not just for transportation programs, but rather will potentially be spread out among many other types of infrastructure such as ports, waterways, flood risk management, drinking and waste water, hydropower, brownfields, broadband, power generation, etc.

The \$200B over 10 years is divided between the following programs:

- \$100B for the Infrastructure Incentives Program, which will be made available for states and municipalities to invest in “a wide-ranging group of traditional government-owned asset classes.” Federal funding is capped at 20 percent per project; the remaining 80 percent must come from state and local funds or private investment. USDOT, the Army Corps of Engineers and the Environmental Protection Agency are tasked with distributing funds, although the breakdown of how much each receives is not yet specified.
- \$50B would go to a Rural Infrastructure Program to “enable rural America to address its unique infrastructure challenges.” Rural is defined as “populations of less than 50,000.” 80 percent of that \$50B will be made available through formula



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distribution; each state would receive no less than a specified statutory minimum and no more than a specified statutory maximum (as yet to be determined) and it would be up to each governor to determine how the funds would be allocated. The remaining 20 percent of funding would flow through a competitive grant program; States are listed as the eligible applicant in this instance.

- \$20B would be made available for a Transformative Projects Program to encourage bold, innovative, and transformative projects which would be managed by the Commerce Department.
- \$20B for the expansion of existing financing programs like TIFIA, RRIF, and WIFIA as well as expanding the eligibility of Private Activity Bonds (PABs).
- \$10B for the establishment of a mandatory Federal Capital Revolving Fund to finance purchases, construction or renovation of federally owned domestic property.

Additionally, the plan states that it incentivizes the removal of barriers to infrastructure development. For transportation, this includes: providing tolling flexibility, providing flexibility to commercialize interstate rest areas, authorizing the repayment of federal investment to “eliminate perpetual application of federal requirements,” mandating the use of “value capture” on all new rail transit projects, and increasing the federal share of the FAST Act transit P3 pilot program to 50%.

The plan also includes significant permitting improvements in an effort to accelerate the federal environmental approval process down to two years or less. This includes streamlining the federal role, establishing “one agency, one decision”, delegating environmental and permitting decisions to states, and eliminating certain redundant and inefficient provisions in environmental law.

FY'19 Budget Request

As with the Infrastructure Plan, it will be up to Congress to determine the actual funding levels for federal programs as they develop the FY'19 appropriations bills for each federal agency. Although Congress is still working to finalize the FY'18 appropriations bills, the House and Senate Appropriations Committees disregarded many, if not most, of the similar proposed cuts recommended by the Administration last year.

The President's FY'19 Budget, related documents, and addendums can be found [here](#). The US DOT proposed budget is summarized on pages 85 to 87 of the “An American Budget” document. The annual US DOT “Budget in Brief” document will be sent out as soon as it is available. In good news, the budget requests the full funding levels authorized in the FAST



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Act for programs funded through the Highway Trust Fund such as the highway and transit formula programs.

However, similar to last year's budget request from the Administration, discretionary programs funded through the General Fund don't fare as well. The FY'19 budget eliminates all funding for popular TIGER discretionary grant program. It also phases out FTA's Capital Improvement Grant (CIG) program by limiting funding only to projects with existing Full Funding Grant Agreements (FFGA) (a total of \$1B versus the FAST Act authorized level of \$2.3B). It also makes major cuts in the Amtrak budget (\$737M versus the authorized level of \$1.7B) and does not request any funding for the three FAST Act FRA rail discretionary grant programs. We anticipate that Congress will restore a significant amount of these cuts.