



April 10, 2017

Members of Congress have headed back home to their states and districts for a two-week spring recess. They will return to work on April 25. That is only a few days before April 28 when the current short-term Continuing Resolution (CR) which funds the government expires. While it is possible that this could result in a government shutdown, it appears that both parties want to avoid that outcome. It is likely that Congress will pass another very short-term CR – perhaps lasting a week or two – while they finalize a plan to fund the remainder of FY'17. As discussed at length in the March 28 Washington Update, Congress can opt to pass a year-long CR which would fund the government through September 30 at the FY'16 levels or pass some individual FY'17 funding bills, including the THUD (US DOT) bill, as part of an omnibus package of bills. Congress may opt to go with a year-long CR in order to avoid pressure from the White House to use an omnibus FY'17 appropriations bill as a vehicle for \$1.4B in funding to build the border wall between the US and Mexico.

After the recess, congressional leaders will have to decide whether to try to bring up healthcare reform once again - perhaps using infrastructure funding as a "sweetener" per President Trump, move on to consider a major tax reform bill – which could incorporate a funding source for an infrastructure bill, or start to craft a stand-alone infrastructure bill.

FY'18 Appropriations

In mid-March, the Trump Administration released a so-called "skinny" budget for FY'18 which begins on October 1, 2017. The limited budget focused primarily on programs recommended to be cut or eliminated. A full budget request is expected to be released in mid-May. In the meantime, Congress has begun its efforts to draft an FY'18 Budget Resolution and the 12 FY'18 federal agency funding bills.

While it is anticipated that Congress will not accept the Administration's recommendations to eliminate funding for such popular transportation and infrastructure programs as TIGER, transit Capital Improvement Grants (CIG) that don't have Full Funding Grants Agreements (FFGAs), and Amtrak service outside the Northeast Corridor, industry stakeholders and project sponsors are not taking any chances and have been voicing strong opposition. Thirty three US Senators signed a letter to the leadership of the Appropriations Committee opposing cuts to the transit CIG program and over 90 House members wrote a similar letter to the House Appropriations Committee. Local elected officials and key business leaders are weighing in with Congress in support of funding for critical local projects.



Trump Infrastructure Plan

While no plan has been unveiled yet for President Trump's \$1T infrastructure proposal, both the President and US DOT Secretary Elaine Chao discussed various aspects of a potential plan on several occasions last week, particularly in a Trump interview with the New York Times and at a White House CEO Forum which both Trump and Chao spoke at.

Some key points they made are highlighted below:

President Trump –

- Appeared to possibly be backing away from an emphasis on P3 projects and focusing again on deficit spending to fund infrastructure. “We are borrowing very inexpensively. When you can borrow so inexpensively, you don't have to do the public/private thing. Because public/private can be very expensive.” These conflicting positions in part reflect the disagreement among his top advisors on how best to finance/fund the infrastructure plan. Government borrowing and spending general funds would likely be strongly opposed by the fiscal conservatives in the House Freedom Caucus.
- Said he wants to change permitting from a process that takes “a minimum of 10 years” to a process that takes a total of one year. He said that “if you have a job that you can't start within 90 days, we're not going to give you the money for it.” Trump had previously strongly criticized the Obama Administration's 2009 stimulus plan because of its focus solely on “shovel ready” projects.
- Mentioned again that he is setting up an infrastructure commission and seemed to indicate that it might have a say in picking projects to fund. “And I'm setting up a commission of very smart people that know how to spend money properly. That know how to build on time, on budget. And ideally, under time and under budget. It's going to be headed by [the developer] Richard LeFrak and Steve Roth of Vornado. Two very talented, smart, tough people. And they are going to, along with me, put on a group of 20 people, 20 to 25 people on a commission. We're going to run projects through them.”
- Said that because infrastructure is so popular, especially with Democrats, he might use it as a “sweetener” to get bi-partisan support for other legislation such as another attempt at a healthcare reform bill.
- Indicated that he plans to make an announcement in the next two weeks on Davis Bacon wage regulations. Any attempt to modify Davis Bacon would draw strong opposition from Democrats and labor unions.



Secretary Chao -

- Said on several occasions “money is not the problem” adding on that “there’s lots of money chasing too few deals.”
- Remarked that, “so the problem is not money. It’s the delays caused by government permitting processes that hold up projects for years, even decades, making them risky investments. That’s why a critical part of the President’s infrastructure plan will include common-sense regulatory, administrative, organizational, and policy changes that will encourage investment and speed project delivery.” The Democratic leadership of the House T&I Committee pushed back on this premise in a [letter](#) to Chao. The letter included the statement that, “A recent report, commissioned by the U.S. Department of the Treasury, identified 40 economically significant transportation and water projects whose completion has been slowed or is in jeopardy. The report found that a lack of public funding is by far the most common factor hindering the completion of transportation and water infrastructure projects. Further, the report found that delays resulting from environmental review and permitting were identified as a challenge to completing less than a quarter of the projects. We cannot streamline our way out of our funding shortfall.”
- Indicated that an infrastructure plan might be released by the end of May. Others have speculated that a plan (or some general principles or broad outline) could be released in conjunction with Infrastructure Week – the week of May 15.

Administration Personnel News –

Last week, the Senate Commerce Committee approved the nomination of Jeffrey Rosen to be US DOT Deputy Secretary. It was a close partisan vote of 15 to 12. Only one Democrat voted to approve Rosen. Senator Corey Booker (D-NJ) voted against the nomination because of “Rosen’s lack of commitment to supporting funding for New Starts and other critical programs for our nation’s infrastructure, including the Gateway Program.” Here is a [link](#) to Rosen’s bio.

The Administration has announced its intention to nominate Derek Kan to be the US DOT Under Secretary for Policy, the number 3 position at the Department. Based in Los Angeles, Kan is currently the General Manager of Lyft, the ride-sharing company. He was named by President Obama as a Republican nominee to the Amtrak Board and confirmed by the Senate in December 2015. He previously served as Director of Strategy at a biotech startup, Consultant at Bain & Company, Advisor at Elliott Management, Policy Advisor to Senate Republican Leader Mitch McConnell and the Chief Economist for the Senate Republican Policy Committee. He began his career as a Presidential Management Fellow at the White House Office of Management and Budget. He earned his BS from the University



of Southern California, MSc from the London School of Economics, and MBA from the Stanford Graduate School of Business.

Russ Vought, formerly vice president of grassroots outreach for Heritage Action for America and a member of the Trump transition team, has been nominated to serve as deputy director of OMB, the White House announced Friday. Many of the cuts proposed for transportation, EPA, and other infrastructure programs in the Administration's FY'18 "skinny" budget were originally proposed by Heritage Action, a fiscally conservative think tank.

No other US DOT nominations have been announced to date including for the Administrators of FHWA, FTA, FRA, etc.

Other News

MPO Rulemaking - Following passage by the full Senate, the House T&I Committee has voted to repeal the December 2016 final rule from US DOT that would require many local metropolitan planning organizations (MPOs) in the same region to merge. The rule, "Metropolitan Planning Organization Coordination and Planning Area Reform", was broadly unpopular with MPOs and other stakeholders – during the public comment period, only 16 commenters supported the rule while 299 opposed it. The full House is expected to take up and pass the repeal (HR 1346) in May.

FAA Reauthorization –There has been no movement on a bill to reauthorize the FAA despite the fact that the short-term extension of aviation authorization expires on September 30, 2017. Controversy over House T&I Committee Chairman Bill Shuster's plan to privatize the Air Traffic Control (ATC) system has not abated. The Trump Administration included a recommendation to move the ATC out of the FAA in its FY'18 "skinny" budget, however, strong opposition to the plan continues. In related news, Rep. Peter DeFazio (D-OR), the senior Democrat on the House T&I Committee, has introduced a bill to increase the cap on the Passenger Facility Charge (PFC), which is used by airports to fund capital improvements.

Additional information and materials, including archived Washington Updates, are located on the WSP | Parsons Brinckerhoff *Federal Briefing* website at www.federalbriefing.com. In May 2017, WSP | Parsons Brinckerhoff will be rebranding as WSP, but this will not affect the Federal Briefing website URL.