

WSP Washington Update - May 13, 2020

Yesterday, House Democrats released the text of a massive new coronavirus response plan totaling more than \$3 trillion setting forth their priorities for the next round of congressional negotiations to deliver more pandemic relief and assistance for a worsening economy. The bill is very ambitious and is already facing criticism from Republicans and even some progressive Democrats over both what it includes and what it leaves out. It is unlikely to pass Congress in its current form, but it is a starting point for negotiations with the Republican-led Senate and the White House. A vote on the House floor could occur as early as this Friday, but more likely would take place next week.

The text of the bill is [here](#), a section-by-section summary of the bill is [here](#) and summary of the bill provisions related to funding for state and local governments is available [here](#).

The 1,815-page bill — dubbed the “Health and Economic Recovery Omnibus Emergency Solutions Act” or “HEROES Act,” H.R. 6800 (116) — would, among other things, provide state, local, territorial, and tribal governments nearly \$1 trillion. It would also provide another round of \$1,200 direct payments to individuals, \$10B in additional small business grants, loan forgiveness for certain student loans, funding for the Post Office and Census Bureau, hazard pay for essential workers, additional unemployment insurance, \$75B in mortgage relief, as well as various policy changes such as restoring the ability to deduct state and local taxes.

The House bill includes the following transportation funding:

- \$15 billion in General Funds for **state DOTs** (versus the \$50 billion that was requested by AASHTO) – \$14.77B for States, \$150M for tribal governments, \$60M for Puerto Rico and \$15M for the Territorial Highway program – see pages 118 to 122 of the bill text. If approved, the money would be distributed to states in the same shares as the FY’20 highway obligation limitation. Each state’s apportionment must be sub-allocated to areas of the state by population as usual. The funding is provided at 100% federal share and can be used for any eligible expenses under section 133(b) of Title 23 which includes administrative expenses, operations, employee salaries, and capital construction.
- \$15.75 billion for **transit agencies** (versus the \$23.8B that APTA requested and on top of the \$25B that was previously passed by Congress) – see pages 122 to 127 of the bill text for the transit provisions. All monies are 100 percent federal share. The transit funding, if approved, would be allocated:
 - \$11.75 billion by formula to areas **over 3 million** people with 15 percent distributed under the section 5307 formula program and 85 percent allocated under the section 5337 (State of Good Repair) program. The only eligible recipients are NYC, LA, Chicago, Miami, Philadelphia, Dallas-Fort Worth, Houston, DC, Atlanta, Boston, Detroit, Phoenix, San Francisco, and Seattle.
 - \$4 billion distributed by US DOT discretion under the Section 5324 Emergency Relief program based on applications demonstrating the need for more money. Contract operations are eligible under this program. Priority is given to those areas with the largest amount of revenue loss as a percentage of operations.

- \$75 million for **FAA** operating expenses related to COVID-19 (no additional funding for airports beyond the \$10B previously provided in the CARES Act)
- No funding for Amtrak/passenger rail (there was no specific ask)

Congress has already mounted a nearly \$3 trillion response to the coronavirus pandemic over the course of four separate bills, which will result in an expansion of the federal deficit to nearly \$4 trillion this year.

Senate Republicans aren't in a hurry to launch bipartisan negotiations. Senate Majority Leader Mitch McConnell has said the party is still "assessing what we've done already," while raising concerns about the toll on the federal debt and focusing on designing liability protections for businesses as states look to reopen their economies in the coming weeks.