



WASHINGTON UPDATE

PREPARED BY CATHY CONNOR,
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On April 28, President Trump signed into law the final FY'17 federal agency appropriations bill – almost 7 months after the October 1, 2016 start of the fiscal year. In general, Congress did not agree to the discretionary funding cuts and program terminations that the Trump Administration had recommended. Today, the FY'18 annual appropriations process kicks off with the release of the formal budget request from the Administration entitled “A New Foundation for American Greatness.” It fills in the details of the funding recommendations previously previewed on March 16 in the Administration’s so-called “skinny budget”. Congress will now begin to draft and approve the 12 federal agency appropriations bills for the fiscal year which begins on October 1, 2017. In addition, the White House released a fact sheet outlining the principles of its eventual \$1T infrastructure plan (see more below).

Similar to FY'17, it is highly likely that Congress will reject many or most of the Administration’s budget recommendations. While the Republican majority in Congress may want to support President Trump, it is very likely many Members of Congress, not just Democrats, will have their own budget priorities and will fight to protect local programs and projects. While it is too early to predict whether the Trump budget will be DOA, as many previous administration budgets have been, it is certain that Congress will not accept the recommendations without significant changes.

FY'18 Administration Budget Request

Most of today’s budget recommendations for transportation and infrastructure programs mirror those in the March “skinny budget”. Key congressional leaders, industry stakeholders, and project sponsors are already on record strongly opposing the funding cuts proposed.

On a positive note, the budget fully funds all of the FAST Act authorized programs which are funded through the Highway Trust Fund (HTF), including the highway and transit formula programs. These include such programs as TIFIA, FASTLANE grants, and FTA Bus and Bus Facilities grants.

However, as expected, programs funded through the General Fund, as opposed to the HTF, are proposed to take a big hit. This includes the elimination of funding for the popular TIGER program, a 50% cut in total Amtrak funding, and a significant reduction in funding for FTA’s Capital Improvement Grant (CIG) program (New Start, Small Start, and Core Capacity projects).



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The CIG grants are proposed to be cut almost in half from the FY'17 level of \$2.3B down to only \$1.2B. The budget requests the full FY'18 funding for the 12 transit projects which currently have Full Funding Grant Agreements (FFGAs), plus the California Caltrain electrification project which US DOT yesterday agreed to sign the FFGA – all of which equals approximately \$1.208B. That leaves essentially no money available to sign any additional FFGAs or fund any of the many projects pending in the CIG pipeline. DC's WMATA is recommended to receive its authorized level of \$150M. As noted above, Congress did not accept a similar proposed CIG cut in FY'17 and will hopefully restore some or all of the authorized CIG funding.

While the "skinny budget" had proposed eliminating all funding for Amtrak's National Network (long distance lines) and generally protected the funding for the Northeast Corridor (NEC), the formal budget reduces both programs from the FY'17 total funding level of \$1.49B down to a total of \$760M.

The FAA's construction-related Airport Improvement Program (AIP) is recommended to receive the same funding as in FY'17 - \$3.35B.

<u>Program</u>	<u>FY'17 Funding</u>	<u>FAST Act FY'18 Authorization</u>	<u>White House Proposed FY'18 Funding</u>
FHWA	\$43.26B	\$44.23B	\$44.23B
FTA Transit Formula Grants	\$9.73B	\$9.73B	\$9.73B
FTA CIG Grants	\$2.41B	\$2.3B	\$1.2B
TIGER	\$500M	NA	\$0
Amtrak NEC	\$328M	\$515M	\$235M
Amtrak National Network	\$1.16B	\$1.08B	\$525M
FRA CRISI	\$68M	\$230M	\$25M
FRA SOGR	\$25M	\$175M	\$25M
FRA Restoration	\$5M	\$20M	\$0
FAA AIP Grants	\$3.35B	NA	\$3.35B



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Links to the budget overview document is [here](#), the Appendix (with all the proposed appropriations language) is [here](#), the Analytical Perspectives volume (with details of mandatory spending and tax proposals) is [here](#), and a document entitled “Major Savings and Reforms” is [here](#).

Administration Infrastructure Plan Fact Sheet

Along with the FY’18 budget request, the White House today released a set of principles regarding its still to be developed \$1T infrastructure plan. Here is a [link](#) to the fact sheet. It states that its FY’18 budget request includes \$200B over 10 years in federal outlays which would be used to leverage a total of \$1T to fund the infrastructure initiative. We expect the principles to be fleshed out over the next few months before a more defined plan is shared with Congress. It will then be up to Congress to draft actual legislation as well as identify sufficient new funding or financing options.

The fact sheet lists four key principles, including:

- 1) make targeted federal investments to focus federal funds first on projects of regional and national significance;
- 2) encourage self-help at the state and local level – presumably through local tax initiatives;
- 3) align infrastructure investment with entities best suited to provide sustained and efficient investment such as the private sector; and
- 4) leverage the private sector in term of funding as well as procurement methods and the long term maintenance of assets.

The document also lists various proposals that will be pursued as part of the infrastructure initiative, including expanding the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, removing the cap and expanding the eligibility of Private Activity Bonds (PABs), liberalizing tolling policy, and funding the WIFIA water financing program.

Also discussed is consideration of new federal tools such as creating a federal capital revolving fund for financing federally-owned civilian capital assets and non-federal partnership grants for federal assets.

In addition, the plan will address the environmental review and permitting process through improvement of environmental performance and accountability, elimination of unnecessary approvals, creation of a single federal entity with responsibility for moving projects through the permitting process, and judicial reform.