

WSP Washington Update - July 23, 2019 - Budget Deal and INFRA Grants

Last night, the President and congressional leaders agreed to a significant two-year budget and debt deal. Congress is expected to pass the bi-partisan agreement before it leaves for its six-week August recess (the House on July 26 and the Senate on August 1) and the President has announced he will sign it. The deal will allow Congress to proceed to debate and pass the pending FY'20 federal agency annual appropriations bills. The House has already passed all but two of the twelve funding bills, but the Senate has been waiting to see the details of a budget deal before drafting its versions of the bills.

The deal covers FY'20 (which begins on October 1 of this year) and FY'21 (through the November 2020 presidential election) and raises the budget caps for both defense and domestic spending. It also permanently ends the sequester requirement under the 2011 budget law which required across-the-board cuts to federal programs if the budget caps were breached. This should enable Congress to have the funding necessary to pass appropriation bills that both parties can support thereby reducing the likelihood of a government shutdown – although in this contentious political environment, nothing is for certain.

The House has already passed its primary FY'20 infrastructure-related appropriations bills at funding levels exceeding the existing budget caps, so the budget agreement is good news for these important programs. In general, the House funded most infrastructure programs at existing or higher levels.

In addition, the debt limit will be suspended until July 31, 2021 (six months into the next presidential term) which will avoid the US government maxing out its borrowing limit and defaulting which would have occurred as soon as early September.

The agreement does NOT include a fix for the July 1, 2020 rescission of \$7.6B in highway contract authority required by the FAST Act. Also, there is no provision for drawing down the balance in the Harbor Maintenance Trust Fund which many Members of Congress had urged be included in the agreement. A provision in the deal which prohibits any “poison pills” or “additional policy riders” in the pending FY'20 appropriations bills could impact provisions already included in the House version of the THUD (US DOT) bill related to California High-Speed Rail, FTA Capital Improvement Grants (CIG), truck size, etc.

INFRA Grants – On Thursday, July 25 at 2:30pm ET, US DOT Secretary Elaine Chao will hold an event in DC for media and industry stakeholders to announce the awardees of the FY'19 INFRA grants. Between \$855M and \$902M is expected to be awarded to projects around the country. The INFRA competitive grant program was authorized in the FAST Act. It is aimed at nationally or regionally significant projects that improve the safety, efficiency and reliability of the movement of freight and people with a focus on intermodal connections. Here is a [link](#) to more information about the program.