



American Road & Transportation Builders Association

Trump Budget Calls for New Infrastructure Approach

The Trump administration's FY 2020 budget proposal, released March 11, reaffirms the president's commitment to renewing the nation's infrastructure networks. As expected, the document calls for at least a \$1 trillion, 10-year infrastructure package and requests reserving \$200 billion in federal funds to achieve that goal. What is unique about the proposal, however, is its dramatic departure from the detailed—and widely derided—infrastructure initiative the administration released in March 2018.

Last year's efforts to incentivize state and local governments and the private sector to step up their infrastructure improvement efforts have been replaced with pledges to work with Congress. It is also noteworthy the president's FY 2020 budget includes an explicit call to fix the Highway Trust Fund's structural revenue deficit "in a fiscally responsible manner," where past budget missives proposed constraining future trust fund spending to what existing revenues could support—an approach that would result in a 40 percent cut in federal highway and transit spending.

The administration's budget plan may not get much traction on Capitol Hill—particularly in the Democratic controlled House of Representatives, but its modifications at the very least signal a transactional approach to any future infrastructure investment initiatives.

Budget Overview

For the third time in as many years, the administration prioritizes increasing spending for defense accounts while cutting domestic discretionary programs like those administered by the U.S. Department of Transportation. The proposal does not assume renewal of the two-year budget agreement between the administration and bipartisan congressional leaders that, among other things, provided at least \$10 billion a year in infrastructure spending that is supplemental to existing investment levels. As an example, the agreement fulfilled the funding commitments of the 2015 FAST Act and provided additional highway investments of \$2.5 billion in FY 2018 and \$3.3 billion in FY 2019. As a result, all infrastructure programs that benefited from this agreement would see investment levels return to their previous trajectories.

If enacted, President Trump's plan will fully fund the FY 2020 FAST Act authorization at levels that are currently supported by Highway Trust Fund (HTF) revenues. It does, however, propose cutting transit capital investment grants significantly. Past Trump budget plans have also made similar proposed cuts to the transit construction program, all of which have been ignored by Congress.

The FY 2020 budget request would include a total of \$2.835 billion in discretionary General Fund spending for surface transportation programs. The Infrastructure for Rebuilding America (INFRA) grant program, which is already authorized to receive \$1 billion in HTF revenues via the FAST Act, would be

slated to receive an additional \$1.035 billion if the proposed Trump administration spending levels were enacted. INFRA grants are freight-related improvement projects selected each year by the Secretary of Transportation. The budget proposal also calls for another \$1 billion in BUILD grants (formerly known as TIGER grants), up from the enacted \$900 million in FY 2019. The previous two Trump administration budget requests have called for ending this program. Of the remaining \$800 million, \$300 million would go towards a Competitive Highway Bridge Program and \$250 million each for Federal Transit administration's State of Good Repair and Bus and Bus Facilities grant programs.

Below is a summary of the president's budget request for transportation programs for FY 2020 compared to previously enacted spending levels:

FY 2020 Administration Transportation Budget Proposal

(millions of dollars)				
Program	FY 2017 Enacted	FY 2018 Enacted	FY 2019 Enacted	FY 2020 Proposed
Airport Program				
Airport Improvement Program (AATF)	\$3,350	\$3,350	\$3,350	\$3,350
Supplemental AIP (GF)		\$1,000	\$500	
Total Enacted/Proposed	\$3,350	\$4,350	\$3,850	\$3,350
Highway Program				
Obligation Limitation (HTF)	\$43,266	\$44,234	\$45,269	\$46,365
Supplemental Highway (GF)	\$500	\$2,550	\$3,440	\$1,335
Total Enacted/Proposed	\$43,726	\$46,784	\$48,709	\$48,439
Public Transportation Program				
Transit Formula Grants (HTF)	\$9,730	\$9,730	\$9,940	\$10,150
Capital Investment Grants (GF)	\$2,400	\$2,650	\$2,550	\$1,505
Supplemental Transit Grants (GF)		\$834	\$660	\$500
Total Enacted/Proposed	\$12,130	\$13,214	\$13,150	\$12,155
Highway Safety Programs				
NHTSA	\$911	\$932	\$762	\$778
Supplemental NHTSA (GF)		\$15		
FMCSA	\$644	\$658	\$666	\$676
Supplemental FMCSA (GF)		\$187		
Total Enacted/Proposed	\$1,555	\$1,792	\$1,428	\$1,454
BUILD (TIGER) Grants (GF)				
Total Enacted/Proposed	\$500	\$1,500	\$900	\$1,000

Infrastructure Package, Reauthorization and the Highway Trust Fund

The administration's budget request does, like the FY 2019 plan, call for a \$1 trillion investment in infrastructure, though with much less specificity than last year. The budget proposes two main components of any infrastructure package should include:

- Passing a surface transportation reauthorization law. The current FAST Act law expires at the end of FY 2020; the administration calls for the inevitable reauthorization of that law to be part of any infrastructure package. A two-page fact sheet included in the supplemental budget documents released March 11 says: "the Budget commits to working with Congress on a long-term surface transportation reauthorization bill," and that any such bill, "must, at a minimum, address the long-term solvency of the Highway Trust Fund in a fiscally responsible manner." The budget plan also calls for focusing the next reauthorization bill on nationally and regionally significant projects, the nationally-strategic freight network and "encourage the revenue mechanisms of the future."
- Providing \$200 billion for other infrastructure priorities. There is space reserved in the mandatory part of the budget for a \$200 billion unspecified investment in the nation's infrastructure. While not much detail was given on how the administration wants to use these funds beyond \$10 billion for, "a Federal Capital Revolving Fund to support more cost-effective Federal investment in buildings and property," the administration does suggest working with Congress to make decisions on how to allocate the remaining \$190 billion.

Now What?

More details on the administration's budget request are expected in the coming weeks, including its assumptions for the Highway Trust Fund revenue and outlook for outlays in the coming decade. In past budget plans, the administration has proposed bringing future outlays down to revenue receipts, which would amount to at least a \$13 billion cut in outlays for highway and transit programs from current spending levels in FY 2022 and beyond. When the administration releases these assumption numbers, ARTBA staff will update members accordingly.

More importantly, the administration's budget serves as a milestone to kick-off a few different discussions in the coming months:

- House and Senate leaders, as well as the administration, will begin negotiating a new budget agreement similar to the FY 2018 and FY 2019 arrangement. While the administration's budget plan lays out one way to fund the government next year, House Democrats will almost certainly develop their own plan. Early indications from those involved in the discussion are that a top line agreement is possible. Where additional infrastructure spending fits into any agreement is still to be determined.
- The FY 2020 annual appropriations process will begin in full now that most of the details on the budget request have been transmitted to Congress. Hearings will commence later this week and

throughout the coming months in which administration staff will defend the proposed plan to senators and representatives. Congress will then begin crafting the annual spending bills that set individual programmatic investment levels - and if the past few years are any indication - will likely pass bills with very different priorities than the administration has laid out.

- Now that the Trump administration has formally suggested that a FAST Act reauthorization law should be included in any infrastructure package, those discussions may begin in earnest. Republicans in both the House and Senate have indicated in recent weeks this is their preferred course of action. While Democrats have yet to lay out a plan forward this year, they may not have a choice but to include a reauthorization bill in any infrastructure package if that is the price of playing ball for the GOP.

ARTBA will continue to keep you apprised as more details on the administration's budget proposal and other related infrastructure initiatives are released.