American Road & Transportation Builders Association

**Feb. 11, 2020**

# ARTBA Analysis of Trump Administration FY 2021 Budget Request

**Highlights:**

- **10-Year, $810 billion surface transportation reauthorization proposal**
- **$190 billion in additional infrastructure investments**
- **Pledges to "work with Congress" to find the necessary revenues to pay for Highway Trust Fund portion of the plan**

President Donald Trump followed up his State of Union address call for dramatic increases in direct federal infrastructure investment with a FY 2021 budget plan that displays his vision for how those resources should be deployed. The proposal includes details for a 10-year, $810 billion highway and transit program reauthorization proposal as well as $190 billion in one-time infrastructure spending primarily focused on surface transportation investments.

The budget request for surface transportation is a departure from past Trump administration budget plans that either advocated for relatively flat direct federal investment levels or proposed new financing and other tools to leverage state, local and private sector investment.

The administration's reauthorization and supplemental infrastructure funding request comes on the heels of the House Democrats' $434 billion, five-year reauthorization outline released Jan. 29, and the bipartisan legislation passed unanimously out of the Senate Environment & Public Works Committee July 29, 2019, that would provide $287 billion in highway investment, a 27 percent increase, over five years.

Like the House and Senate plans, the Trump administration proposal did not identify a revenue source for the additional spending. Rather, the budget said, "the Administration looks forward to working with the Congress to responsibly pay for the needed increases in surface transportation spending by enacting the Administration's 10-year reauthorization levels with a combination of Budget savings proposals."

The recent activity and focus from Capitol Hill and the administration is particularly well-timed as the current surface transportation program authorization expires Sept. 30 and a new authorization, or a temporary extension, is necessary to keep federal highway and public transportation funds flowing to the states.

The administration's proposed one-time, $190 billion infusion of infrastructure funds would dramatically step up the recent trend of enhancing transportation and other infrastructure investment through the annual appropriations process. Over the last three years, Congress and the Trump administration have allocated an additional $15 billion in highway, transit and airport funding beyond what was previously authorized for those programs. While details on the how the $190 billion would be deployed are sparse, it appears most of the funds would go out through new discretionary programs administered by the U.S. Secretary of Transportation.

In the coming days, heads of the various agencies will visit Capitol Hill to testify on the requests for funding put forth in the budget. While presidents from both parties find many of their budget requests unfulfilled at the end of the process, the budget is still important because it lays out their priorities for the coming years.

**FY 2021 Budget Request** (See chart next page)

| FY 2021 Administration Transportation Budget Proposal | | | | | |
|---|---|---|---|---|---|
| (millions of dollars) | | | | | |
| Program | FY 2017 Enacted | FY 2018 Enacted | FY 2019 Enacted | FY 2020 Enacted | FY 2021 Proposed |
| Airport Program | | | | | |
| Airport Improvement Program | $3,350 | $3,350 | $3,350 | $3,350 | $3,350 |
| Supplemental AIP (GF) | | $1,000 | $500 | $400 | |
| **Airport Grants Total** | **$3,350** | **$4,350** | **$3,850** | **$3,750** | **$3,350** |
| | | | | | |
| Highway Program | | | | | |
| Obligation Limitation (HTF) | $43,266 | $44,234 | $45,269 | $46,350 | $50,721 |
| Supplemental Highway (GF) | $500 | $2,550 | $3,440 | $2,166 | |
| **Highway Program Total** | **$43,726** | **$46,784** | **$48,709** | **$48,522** | **$50,721** |
| | | | | | |
| Public Transportation Program | | | | | |
| Transit Formula Grants (HTF) | $9,730 | $9,730 | $9,940 | $10,150 | $11,046 |
| Capital Investment Grants (GF) | $2,400 | $2,650 | $2,550 | $1,980 | $1,889 |
| Supplemental Transit Grants (GF) | | $834 | $660 | $510 | |
| **Public Transportation Program Total** | **$12,130** | **$13,214** | **$13,150** | **$12,640** | **$12,935** |
| | | | | | |
| Office of the Secretary Discretionary Grants | | | | | |
| BUILD (TIGER) Grants (GF) | $500 | $1,500 | $900 | $1,000 | $1,000 |
| INFRA (Freight) Grants (GF) | | | | | $1,000 |
| **Office of the Secretary Discretionary Grants Total** | **$500** | **$1,500** | **$900** | **$1,000** | **$2,000** |
| | | | | | |
| **One-Time Infrastructure Programs** | | | | | |
| Building Infrastructure Great grants program | | | | | $60,000 |
| Moving America's Freight Safely and Efficiently program | | | | | $50,000 |
| Bridge Rebuilding program | | | | | $35,000 |
| Revitalizing Rural America program | | | | | $25,000 |
| Transit State of Good Repair Sprint program | | | | | $20,000 |
| **One-Time Infrastructure Programs Total** | | | | | **$190,000** |
| | | | | | |
| **Public Lands Infrastructure Fund** | | | | | **$6,500** |
| | | | | | |
| **Total Highway, Transit & Airport Investment** | **$59,706** | **$65,848** | **$66,609** | **$65,912** | **$265,506** |

The Trump administration's budget request for core highways, public transportation and airport construction programs are generally in line with spending levels in FY 2020, with 4.5 percent growth for the federal highway programs and inflationary type increases for public transportation programs. However, their proposed structure is different from what was enacted last year. Rather than relying on General Fund (GF) revenues to supplement the Highway Trust Fund (HTF)-supported programs, the administration's budget calls for new HTF spending for these initiatives. While this may seem like a procedural nuance, it further reinforces the administration's shift to embracing some form of a trust fund revenue solution.

The proposal would hold spending at prior year levels for airport improvement grants and the transit Capital Investment Grant construction programs. Similarly, the administration is proposing status quo investment for the multi-modal discretionary surface transportation BUILD grants program, formerly known as TIGER grants. However, the President requests an additional $1 billion for the INFRA Grants Program that supports freight and regionally significant projects chosen by the U.S. Secretary of Transportation.

**One-Time Infrastructure Spending**

In addition to the modest overall growth in core highway construction programs, the administration's budget proposes over $190 billion in one-time infrastructure investment funded through the General Fund. The plan calls for the creation of several new programs to administer the resources:

- **"Building Infrastructure Great" grants program ($60 billion)**: This budget initiative would be focused on funding and accelerating delivery of "core infrastructure mega-projects." Types of eligible projects would include surface transportation road, bridge, rail, transit, pipeline, landside port, and intermodal connection capital investments; lock, dam, and canal investments; drinking water and waste treatment capital investments; and energy and broadband capital investments.
- **"Moving America's Freight Safely and Efficiently" program ($50 billion)**: The administration proposes this program to provide both discretionary and formula dollars to address bottleneck, capacity and other issues on the nation's multimodal freight network.
- **"Bridge Rebuilding" program ($35 billion)**: A new bridge investment program to restore bridges to good condition. The proposal would reserve $12 billion for "off system" bridges allocated via formula and $23 billion for larger bridges via a competitive process.
- **"Revitalizing Rural America" program ($25 billion)**: Funds from this program would be distributed via formula to states, territories and tribes in rural communities to address transportation and other infrastructure needs. Additional revenues may be available via "bonus grants based on the boldness of locally-developed investment and performance plans."
- **"Transit State of Good Repair Sprint" program ($20 billion)**: This program would focus on making improvements to existing transit assets as opposed to new capacity projects. The initiative's goal is to cut into the state of good repair backlog that exists for public transportation systems across the nation.
- **"Public Lands Infrastructure Fund" ($6.5 billion)**: Revenues from offshore and onshore energy leases would be used to capitalize a maintenance program for the nation's national forests, parks and other public lands.

**Surface Transportation Reauthorization Plan**

The administration's budget requests an $810 billion surface transportation package that would stretch over 10 years. The core federal highway and public transit programs would receive $757 billion of this investment ($602 billion for highways and $155 billion for transit). The remaining $53 billion would be dedicated for highway safety, rail and other multi-modal surface transportation programs.

While the administration's new proposal is sparse on specifics for how the funds would be utilized and generated, the same observation could describe the infrastructure plan recently released by House

Democrats. The administration's budget narrative notes it "supports working with the Congress to use a combination of Budget proposals to pay for the $261 billion gap between projected HTF revenues and proposed spending levels."

**What's Next?**

The release of the Trump administration's budget proposal is significant for multiple reasons. First, an administration's budget being sent to Congress marks the formal beginning of the annual budget and appropriations process, in this case applying to Fiscal Year 2021, which begins Oct. 1.

Second, the administration's budget means it has joined the House and Senate leadership in going on record, at least in part, for moving forward this year with a robust surface transportation program reauthorization bill. The Senate Environment & Public Works Committee passed its portion of the legislation last year. Senate Majority Leader Mitch McConnell (R-Ky.) has signaled he would like to pass a full bill this spring, a goal which will require other Senate committees to complete their work on other portions of that bill. The House infrastructure framework put forth a timeline for action throughout the spring on the various pieces of legislation, including a surface bill.

| **Comparison of FAST Act-House-Senate-Administration Highway Proposals** | | | | |
|---|---|---|---|---|
| | | | | |
| | 5-Year Hwy Total | FAST ACT | Difference | Percent Increase |
| House Dem Framework | $319 billion | $226 billion | $93 billion | 41.20% |
| Senate EPW-Passed Bill | $287 billion | $226 billion | $61 billion | 26.99% |
| Trump Admin Proposal - 5 year | $272 billion | $226 billion | $46 billion | 20.35% |

As the chart above demonstrates, all three bodies are proposing to increase federal highway investment above and beyond the inflationary levels the HTF-supported programs have received over the past two authorization cycles. Similar growth levels for public transportation have been proposed by House Democrats and the administration.

With all parties involved now keenly interested in moving a bill forward, ARTBA staff will continue to work with the administration, House and Senate to ensure that a reauthorization bill is enacted before the expiration of the FAST Act at the end of September. There is also plenty of time to ensure enactment of an FY 2021 transportation appropriations bill in a timely manner.

We still have a long way to go in an election-shortened legislative session, but having the White House, House and Senate all pushing in the same direction is a welcome development. The key to our success will be assuring all parties continue to hear that we support their efforts and expect them to move forward to ensure their plans and principles become the nation's infrastructure realities. Importantly, all ARTBA members can help deliver this message to their federal elected officials and staff members in the weeks and months ahead.