

## **AGC Summary**

### **President Trump's FY 2018 Budget Proposal**

#### **Transportation**

The FY 2018 budget request for the U.S. Department of Transportation supports FAST Act funding levels of \$44.23 billion for federal-aid highways and \$9.733 billion for transit formula program. The budget does not propose any fixes for the Highway Trust Fund (HTF), which is scheduled to run out of money in 2021, instead it assumes HTF outlays at levels supported by existing gas tax receipts. The budget goes on to say that "DOT is unable to make reimbursements to States and grantees in excess of the receipts into the HTF." This policy would result in a reduction in HTF spending by \$95 billion from 2021-2027.

Two discretionary programs at DOT saw significant cuts, the Transportation Investment Generating Economic Recovery (TIGER) program and the Federal Transit Administration's (FTA) Capital Investment Grants (CIG). TIGER which was funded at \$500 million in FY 2017 didn't receive any funding while the CIGs were almost cut in half from the authorized level in the FAST Act – from \$2.3 billion to \$1.2 billion. The budget requests the full 2018 installment payments for all CIG projects that have full funding grant agreements that have been executed by the FTA.

Other DOT budget issues include:

- **Aviation:** The budget supports House Transportation & Infrastructure Committee Chairman Bill Shuster's plan to reform our nation's air traffic control system. It keeps funding levels for the Airport Improvement Program (AIP) at \$3.35 billion and fails to increase the cap on the Passenger Facility Charge from its current level of \$4.50.
- **Amtrak:** The budget calls for cutting federal payment to Amtrak in half from \$1.495 billion in FY 2017 to \$760 billion for FY 2018.
- **Private Activity Bonds:** The budget recommends removing the \$15 billion cap under current law for transportation projects to ensure that future public private partnerships can continue to take advantage of this popular finance tool.
- **TIFIA:** Funded at current FAST Act levels - \$275 million.

#### **Infrastructure Initiative**

As promised the President included "principles" for his \$200 billion infrastructure initiative fact sheet. The \$200 billion will be spread out over 10 years – with \$5 billion included in FY 2018, \$25 billion in 2019 and a peak of \$50 billion in 2021. The budget assumes the \$200 billion in federal spending will leverage at a rate of 10:1 to get to the \$1 trillion number promised by the President.

The Fact Sheet lists four key principles for their infrastructure plan

1. Make Targeted Federal Investments
2. Encourage State and Local to Fund Infrastructure

3. Align Infrastructure Investment with Entities Best Suited to Provide Sustained and Efficient Investment
4. Leverage the Private Sector

In addition to principles and the \$200 billion, the fact sheet mentions several proposals the Administration will be pursuing. Including:

- Allow tolling of Interstates
- Expand the TIFIA loan program from its current level of between \$275 million to \$300 million annually to \$1 billion annually
- Lift the cap on Private Activity Bonds and expand to other non-federal public infrastructure
- Fund the Water Infrastructure Finance and Innovation (WIFIA) programs
- Encourage the use of Army Corps of Engineers funding authorities for no-federal sponsors

### **Federal Construction:**

The president's budget would generally increase federal agency construction budgets in FY 2018 compared to what was appropriated in FY 2017. The biggest loser in the budget proposal is the Army Corps Civil Works Program (more than \$1 billion in cuts). The Department of Veterans Affairs' budget is slightly lower, but on par with previous years' appropriations. The General Services Administration and Military construction were the big winners in the President's proposed budget.

- **Military Construction:** The budget provides \$7.965 billion in military construction spending in FY 2018. This is more than \$2 billion more than the \$5.7 billion that was appropriated in FY 2017, with across the board increases for the Air Force, Navy, and Army.
- **Army Corps Civil Works Program:** The president proposes \$5.02 billion for the U.S. Corps of Engineers' Civil Works program in FY2018. This is a \$1 billion below the \$6.04 billion appropriated by Congress, a record, but a \$382 million increase above President Obama's FY2017 request. The proposed budget seeks \$1.02 billion for the Corps' Construction account which is nearly \$736 million less than what was appropriated in FY2017.
- **General Services Administration:** The president proposes greatly increases the General Services Administration (GSA) Construction budget to \$790 million in FY2018 compared to \$205.75 million in FY2017. For GSA's Repairs and Alterations, the budget more than doubles last year's appropriation from \$676 million in FY2017 to \$1.44 billion in FY2018.
- **Department of Veterans Affairs:** Under the proposal, the VA's Major Construction program in FY2017 would be funded at \$512.43 million in FY2018, which is slightly less than \$528.11 million in FY2017. The VA's Minor Construction account also sees a similar decrease compared to last year, \$342.57 million in FY2018 compared to \$372 million in FY2017.

## **Water Infrastructure**

The budget takes a shot at rural water programs by providing no funds for the Department of Agriculture's Rural Utilities Service, Rural Water and Waste Disposal Program. The program which provides loans, grants, and loan guarantees to rural communities for their water, wastewater and solid waste programs was funded at \$571 million in FY 2017. The State Revolving Fund's for Clean Water and Drinking Water received identical funding for 2018 as they did in 2017 - \$1.393 billion for clean water and \$863 million for drinking water. Additionally, the Water Infrastructure Finance and Innovation Act (WIFIA) which provides long-term low-cost supplemental loans for regionally and nationally significant water projects was funded at \$20 billion.