

# Overview of Trump Administration's Infrastructure Proposal

February 28, 2018

# Presentation Overview

- The Infrastructure Proposal
  - Where it invests
  - How funds will be leveraged
  - What's not included
  - Unanswered questions
  - Changes to existing programs
  - Changes to project delivery
- Congressional and Stakeholder Response
- Where we go from here



# The Infrastructure Proposal

- Full proposal released on February 12 after a year of delays
- Broad outline was known; summary document leaked in January
- \$200 billion in direct federal investment over 10 years to leverage \$1.5 trillion total
- Broad themes: more reliance on state and government investment, expedited project delivery



# The Infrastructure Proposal

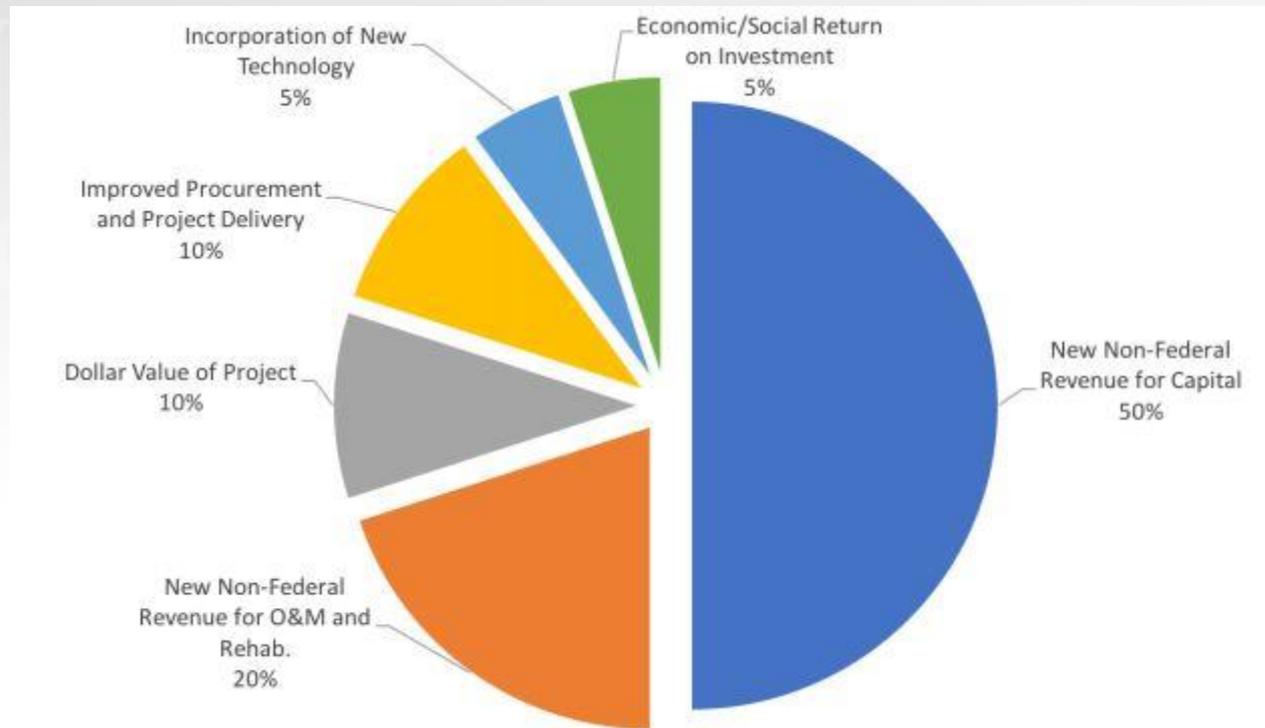
- \$200 billion in federal budget authority:
  - \$100 billion for a new Incentives Program
  - \$50 billion for a Rural Infrastructure Program
  - \$20 billion for a Transformative Projects Program
  - \$14 billion for existing federal credit programs
  - \$10 billion for a revolving fund for real estate purchases by the federal government
  - \$6 billion toward the estimated cost of lost revenue due to increased issuance of private activity bonds (PABs)



# Incentives Grants Program

- \$100 billion to be distributed between U.S. Department of Transportation, U.S. Army Corps of Engineers, and U.S. Environmental Protection Agency
  - Unknown: How much for each agency?
- Eligible project categories: surface transportation, airports, passenger rail, ports and waterways, flood control, water supply, hydropower, water resources, drinking water, wastewater, and storm water facilities, brownfield and superfund sites

# Incentives Grants Program Weighting System



Source: Eno Transportation Weekly



# Incentives Grants Program

- Goal is to reward state and local governments who have raised their own revenue infrastructure
- State/local sponsors who enacted tax increase for infrastructure in three years before February 2018 would get credit for those revenues
- Amount of grant is capped at 20% of “new revenue”
  - Unanswered question: how is that different from project cost?



# Rural Infrastructure Program

- \$50 billion for grants to rural areas
- Rural has been defined in this proposal as areas with a population under 50,000
- 80% (\$40 billion) to be given out as block grants to state governments
  - Unknown: the rural population/road-miles formula that will be used
  - Unknown: state minimum and maximum share
- Governors would have a great deal of discretion in determining projects



# Rural Infrastructure Program

- Eligible project categories
  - Transportation: roads, bridges, public transit, rail, airports, maritime and inland waterway ports
  - Broadband
  - Water and waste: drinking water, wastewater, storm water, land revitalization, and brownfields
  - Power and electric: governments generation, transmission, and distribution facilities
  - Water resources: flood risk management, water supply, and waterways



# Rural Infrastructure Program

- 20% (\$10 billion) will be given out as performance grants
  - States would have 180 days to publish a comprehensive rural infrastructure investment plan (RIIP) after receiving formula funds
  - States can apply for performance grants within two years
  - Unknown: who will administer performance grants, assume it will be U.S. Department of Agriculture
- All \$40 billion in rural formula money would be available in FY2019, unlike the rest of the \$200 billion which will be spread out over the next 10 years



# Transformative Projects Program

- \$20 billion for “bold, innovative, and transformative” infrastructure projects
- Administered by the U.S. Department of Commerce; interagency selection committee would choose projects
- Eligible project categories: transportation, clean water, drinking water, energy, commercial space, broadband



# Transformative Projects Program

- Competitively awarded to projects that are likely to be commercially viable, but risk level deters private sector involvement
- Eligible uses and maximum federal share:
  - Project demonstration, 30%
  - Project planning, 50%
  - Construction, 80%



# Federal Credit Programs

- \$14 billion to existing credit programs including TIFIA, WIFIA, RRIF to pay for credit subsidy authority to make new loans and loan guarantees
  - Unknown: how much each federal credit program would receive



# How Funds Will Be Leveraged

- Proposal relies on the leveraging \$200 billion to create \$1.5 trillion in total investment
- Leverage assumptions rely on calculations of the credit subsidy rate for loans made with the new \$14 billion proposed for existing credit programs
- Administration also proposing statutory changes to make these credit programs easier to use



# Changes to Existing Programs

- Tolling of existing Interstate highway lane-miles as long as proceeds are used for infrastructure
- Flexibility to commercialize Interstate rest areas
- Threshold for FHWA “major project oversight” rules increased from a \$500 million project to a \$1 billion project
- States authorized to perform utility relocation before NEPA process is complete
- Mandate the use of “value capture” as a component of all new mass transit projects



# Changes to Existing Programs

- Allow small hub airports to apply for permission to levy passenger facility charges with lower paperwork burden
- Eliminate current restraints on the use of public-private partnerships in mass transit projects
- Allow Clean Water SRF to lend to private owners
- Authorize the Army Corps to execute agreements with non-federal entities



# Changes to Project Delivery

- Goal of delivering projects more quickly and with lower costs
- Reducing the time available for legal challenges
- Pilot project to allow for eliminated environmental review process, rely on a new performance measures system
- Shorten the environmental review process
  - Enforced deadlines for lead agency and federal agencies issuing permits
  - 21 months for EIS/FONSI/or ROD
  - 3 months for agency to review and issue a decision



# One Agency, One Decision

- Proposes to allow USDOT and state departments of transportation to forgo consulting with agencies such as the U.S. Department of Interior about sensitive land areas or historic sites
- Allow for final design to move forward before the environmental review is complete

# Workforce Development Provisions

- No new funding for workforce programs, but some reforms to existing programs designed to assist in the developing and hiring of skilled professionals
- Trade license reciprocity amongst states
- Pell Grant reform
  - Make students in non-degree programs eligible
  - Allow those who already have a degree to use grants for re-training

# Workforce Development Provisions

- Career and technical education (focused on Perkins CTE program)
  - Shift emphasis to STEM and trades
  - Spend money on fewer programs
  - Redirect funds to programs at high school level
  - Allow funds to be spent on apprenticeships
  - Create a fast-track approval system for high school students entering jobs in the infrastructure sector



# What's Not Included

- How much funding will go to each mode of infrastructure
- A specific “pay-for”; administration officials have said that all options are on the table
- Direct funding for many categories of infrastructure projects that were initially floated: schools, hospitals, housing, community colleges



# Congressional and Stakeholder Response

- Mixed, muted response on Capitol Hill
- Criticism of the plan has focused on three areas:
  - Lack of a “pay for”
  - Reduction of funding for infrastructure in the administration’s FY2019 budget request
  - Overall low federal cost share of the plan



# Congressional and Stakeholder Response

- Lack of a “pay for”
  - What about increasing the gas tax?
  - Mixed signals from the White House
  - Challenge: the Highway Trust Fund will default in 2021 and so any increase in the gas tax should be put toward keeping it solvent
  - Stakeholder community is adamant that fixing the hole in the Trust Fund is more important than creating new programs

# Congressional and Stakeholder Response

- FY2019 Budget Cuts
  - Administration's FY2019 budget request includes reductions in some transportation infrastructure programs like FTA New Starts and the TIGER Grant Program
  - Administration has made clear that programs in their infrastructure bill are designed to replace these existing programs
  - President's budget also makes reductions to the Army Corps of Engineers water resources program and USDA Rural Development's water infrastructure programs



# Congressional and Stakeholder Response

- Overall Federal Cost Share of the Plan
  - \$100 billion Incentives program only has a matching share of 20%
  - Existing federal match for non-Interstate highways is 80%; for Interstate highways, it is 90%
  - Existing federal match for transit formula grants is 80%; for new subways and light rail, it is 50%
  - White House counter-argument: when you look at all infrastructure, federal cost share is closer to 20%



# Congress: Next Steps

- Committees will begin holding hearings
- Senate Environment and Public Works Committee will hear from USDOT Secretary Elaine Chao on March 1
- House Transportation and Infrastructure Committee has indicated they plan to release their own principles for infrastructure investment
- Challenges for congressional action: multiple committees of jurisdiction, pay-for, congressional calendar



# Questions?



**NADO**

REGIONAL STRATEGIES. PARTNERSHIPS. SOLUTIONS. [NADO.ORG](http://NADO.ORG)

**Joe McKinney**

*Executive Director*

**202.624.5947**

[jmckinney@nado.org](mailto:jmckinney@nado.org)

**Susan Howard**

*Legislative Director*

**202.624.8590**

[showard@nado.org](mailto:showard@nado.org)

**Josh Shumaker**

*Legislative Associate*

**202.624.8482**

[jshumaker@nado.org](mailto:jshumaker@nado.org)



[facebook.com/nado.org](https://facebook.com/nado.org)

[@NADOWeb](https://twitter.com/NADOWeb) | [nado.org](https://nado.org)

400 NORTH CAPITOL STREET, NW  
SUITE 388

WASHINGTON, DC 20001

[NADO.ORG](https://nado.org)

[RURALTRANSPORTATION.ORG](https://ruraltransportation.org)