Policy Rundown

For ITS America Advocacy Trust and Innovation Trust

Federal Administration Policy

2018 Budget: Department of Transportation

President Donald Trump sent to Congress on Tuesday, May 23, 2017, his FY2018 budget entitled A New Foundation for America, which starts the appropriations process to fund the federal government for FY2018. The President’s Department of Transportation (DOT) budget request would reduce DOT’s budget by 13 percent, from $18.6 billion in the FY2017 Omnibus Appropriations Bill that Congress passed, and President Trump signed into law earlier this month, to $16.2 billion. “The Budget request reflects a streamlined DOT that is focused on performing vital federal safety oversight functions and investing in nationally and regionally significant transportation infrastructure projects.”

The Budget would reduce or eliminate programs that are “either inefficient, duplicative of other Federal efforts, or that involve activities that are better delivered by States, localities, or the private sector.” The Budget recommendations were included in the President so-called “skinny budget” released in March. It is important to note that the transportation programs targeted for elimination in the President’s Budget were rejected by Congress in the FY2017 Omnibus Appropriations Bill. Included for elimination are the highly popular TIGER grant program, Amtrak long-distance train service, and Essential Air Service that provides commercial air service to rural airports.
As proposed in the President’s skinny budget, the Budget significantly reduces the federal government’s commitment to transit by cutting $1.1 billion from the discretionary Capital Investment Grant program. The Capital Investment Grant program is funded at $2.3 billion under the FAST Act. The Capital Investment Grant program funds construction of new fixed guideway systems or extensions of fixed guideways, corridor-based bus rapid transit systems, and core capacity improvements.

The Budget would fully fund the Highway Trust Fund (HTF) through 2020. The Budget largely reflects the third year of the five-year Fixing America’s Surface Transportation Act (FAST Act) by providing $44 billion for FHWA and $11 billion for transit formula grants. As noted above, Capital Investment Grants, which are funded by the General Fund, are cut by $1.1 billion. The Budget reduces funding for Capital Investment Grants to projects with existing full funding grant agreements.

The Research, Technology, and Education Program is funded at levels authorized in the FAST Act. Key intelligent transportation programs under the Research, Technology, and Education Program include the Advanced Transportation and Congestion Management Technologies Deployment Program funded at $60 million, Technology and Innovation Deployment Program funded at $67.5 million, and Intelligent Transportation Systems Program funded at $100 million.

The Budget also includes $5 billion of the $200 billion over ten years for the Private/Public Infrastructure Investment Plan (see the article on the President’s infrastructure plan) and returns the Transportation Infrastructure Finance and Innovation Act, or TIFIA, loan program to the Moving Ahead for Progress in the 21st Century (MAP-21) level of $1 billion annually. TIFIA helps finance surface transportation projects through direct loans, loan guarantees, and lines of credit. The Budget is calling for lifting a $15 billion cap under current law for tax-exempt Private Activity Bonds, which are used to help finance public-private partnership arrangements for transportation projects. The Budget provides level funding for the National Highway Traffic Safety Administration.
2018 Budget: Trump Infrastructure Initiative

The Administration Infrastructure proposal fact sheet was released May 23, 2017 and it shakes up the debate on how to fund and determine priorities on in renewing America’s transportation infrastructure.

The President’s targets is $1 trillion in infrastructure investment, funded through a combination of new Federal funding, incentivized non-Federal funding, and newly prioritized and expedited projects. The 2018 Budget proposes $5 billion in federal outlays related to the infrastructure initiative just for that budget year.

The Trump plan characterizes the Federal Government’s role in transportation now “as a complicated, costly middleman between the collection of revenue and the expenditure of those funds by States and localities.” The Trump plan seeks to devolve federal transportation responsibilities to the states and locals “where it is better equipped to understand the right level – and type – of infrastructure investments needed for their communities.”

The Trump plan calls for a dramatic shake of up from a program perspective. The Trump plan call for net growth in federal transportation investment over at least the first four years but cuts significantly in transportation and other infrastructure funding mostly outside the HTF. (Infrastructure programs outside the HTF include TIGER grants and New Starts, among others) In addition to the $5B in 2018, the proposal seeks to expand funding for their infrastructure plan by $200B over a decade. Over the first four years, the proposal calls for $120B in new money, with $43.4B in cuts to existing programs, netting $76.6B in new funding outside of the existing highway trust fund.

Key principle is to focus Federal funding on the most “transformative projects” or “processes” (e.g. public/private partnerships) that address problems that are a high priority for “regions or the Nation, or projects that lead to long term changes in how infrastructure is designed, built, and maintained.” Other principles less specified were aligning investment to the “best suited”
institutions, encouraging “self help” in rewarding state and locals that raising their own funding for transportation.

Illustrative examples of funding technology focused proposals include some that were part of George W. Bush’s Administration, such as The Urban Partnership Agreement (UPA) Program that provided “competitive grants to urbanized areas that were willing to institute a suite of solutions to congestion, including congestion pricing, enhanced transit services, increased telecommuting and flex scheduling, and deployment of advanced technology.” Trump program would seek to more tolling authority for interstates, expand the eligibility to Transportation Infrastructure Finance and Innovation Act (TIFIA) Program and to Private Activity Bonds. In aviation, the Trump program would push for “corporatization” of air traffic service functions found most in the FAA’s Air Traffic Organization. The Administration is developing a proposal to establish a mandatory revolving fund for the financing of Federally-owned civilian capital assets, a model already adopted by state infrastructure banks. It also seeks to streamline environmental permitting processes and judicial reform to reduce litigation related to permitting.

See White House Fact Sheet 2018 Budget: Infrastructure Initiative

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