



# The President's FY 2017 Transportation Budget Request

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February 9, 2015 – 4:30 p.m.



# Fully Funds FAST Act Spending Targets from HTF

## Highway Trust Fund Obligation Limitations for FY 2017 (Billions of Dollars)

		FAST Act	Request
FHWA	Federal-aid Highways	43.266	43.266
FMCSA	Operations and Programs	.277	.277
FMCSA	Motor Carrier Safety Grants	.367	.367
NHTSA	Operations and Research (HS)	.146	.146
NHTSA	Highway Traffic Safety Grants	.585	.585
FTA	Transit Formula Grants	9.535	9.734
	<b>Total HTF Obligation Limitations</b>	<b>54.176</b>	<b>54.375</b>

# Fully Funds FAST Act Spending Targets from HTF

- Total HTF obligation limitations in FY17 budget request are actually **\$199m greater** than the totals specified in the FAST Act.
- The difference is the one-time money in the FAST Act for positive train control (PTC) installation grants to commuter railroads in FY17 through FTA.
- The FY17 money was made subject to the obligation limitation, and the recommended FY17 ob limit in the FAST Act was \$199 million below new contract authority levels – but under the Budget Control Act, there no penalty if the Appropriations Committees increase the ob limit.

# Discretionary Spending

- November 2015: Bipartisan Budget Act of 2015 enacted into law.
- 2-year budget deal setting discretionary spending caps for FY16 and FY17.
- FY16 cap for non-defense discretionary set at **\$518.5 billion**.
- USDOT appropriations in FY16 omnibus subject to the “NDD” cap were **\$18.6 billion** (3.6% of the total cap amount).

# Discretionary Spending

- FY17 NDD cap is essentially frozen at the same **\$518.5 billion** level – but how to increase spending for existing salaries and capital programs, plus add new programs, when total non-defense discretionary is subject to a budget freeze?
- Answer: **cheat**.
- The proposed transportation budget cheats the spending cap in two major ways.

# Discretionary Spending

- Once again, the budget proposes to shift spending for FTA new starts and administrative expenses, TIGER grants, grants to Amtrak, and NHTSA vehicle safety R&D from the discretionary category to the mandatory category.
- (Congress ignored this proposal last year in the GROW AMERICA/FAST Act debate on a bipartisan basis.)
- At the same time, the FY17 budget proposes massive increases in those accounts.

# Discretionary Spending

**Existing USDOT Accounts the Budget Proposes to Shift  
from Discretionary to Mandatory  
(Millions of Dollars)**

		Last Year (Discret.)	Request (Mand.)	Increase
OST	TIGER/NII Grants	500.0	1,250.0	+150%
NHTSA	Vehicle Safety R&D	152.8	250.0	+64%
FRA	Grants to Amtrak	1,390.0	1,900.0	+37%
FTA	Administrative Expenses	108.0	115.0	+6%
FTA	CIG (New Starts)	2,177.0	3,500.0	+61%
	<b>Total, Shifted Accounts</b>	<b>4,327.8</b>	<b>7,015.0</b>	<b>+62%</b>

# Discretionary Spending

- The Administration does propose to lower the NDD spending cap by the baseline amount of those accounts (\$4.4 billion) – but the above-baseline \$2.6 billion proposed increase in those programs is not reflected in the cap reduction.
- Then, apparently the total NDD budget was still over the cap, so OMB ordered DOT at the last minute to include a **\$2.436 billion rescission** of highway formula contract authority, which also serves to make the discretionary spending total for DOT look smaller.



# Discretionary Spending

## Net Total Discretionary Spending Subject to the Budget Control Act's Spending Caps (Excludes "21<sup>st</sup> Century Clean Transportation" initiative)

	Billion
<i>Memo: FY16 Net Total Discretionary Budget Authority</i>	18.65
FY17 Net Total Discretionary B.A. for Existing Accounts, Using Current Classifications	21.43
Minus Reclassified Accounts (TIGER, Amtrak, New Starts, FTA Admin, NHTSA Vehicle Safety)	-7.02
Minus Highway Formula Contract Authority Rescission	-2.44
<b>Equals FY17 Net Total Discretionary Budget Authority</b>	<b>11.98</b>

# Discretionary Spending

- The proposed reclassification and rescission make the USDOT net discretionary total – the amount of spending subject to the BCA cap – look like it drops from **\$18.6 billion** in FY16 to about **\$12.0 billion** in FY17 – a **36 percent cut**.
- But in fact, total gross spending at USDOT (including the “21<sup>st</sup> Century Clean Transportation” initiative) would rise in the proposed budget, from **\$76.1 billion** in FY16 to **\$95.4 billion** in FY17 – a **25 percent increase**.

# “21<sup>st</sup> Century Clean Transportation Plan”

- Administration proposes **\$17.9 billion** in new HTF spending above the FAST Act in FY17.
- To be paid for by a new **\$10 per barrel fee on crude oil**, phased in over 5 years, plus...
- Up-front money from the same “one-time revenues from pro-growth **business tax reform.**”
- GOP: oil tax is a non-starter.
- Dems: where was this proposal in 2009-2015 when it could have done some good?

# “21<sup>st</sup> Century Clean Transportation Plan”

(Millions of Dollars)

Mode	Program	FY17	10-Yr.
FHWA	“21 <sup>st</sup> Century Regions” Grants	1,000	61,000
FHWA	Climate-Smart Performance Formula	2,000	16,500
FHWA	Clean Communities Grant Program	1,000	14,450
FHWA	Resilient Transportation Grant Program	1,500	7,500
FHWA	Future Freight Systems Grants	2,000	10,000
FMCSA	Safety Investments	150	1,500
NHTSA	Autonomous Vehicles Pilots	200	3,900
FTA	Transit Formula Grants	5,860	60,990
FTA	Rapid Growth Area BRT	525	6,600
FRA	Rail Service Improvement	3,700	42,600
	<b>Total</b>	<b>17,935</b>	<b>225,040</b>



# “21<sup>st</sup> Century Clean Transportation Plan”

<b>New Spending (BA) Over 10 Years</b>	<b>Bil. \$</b>
New USDOT Programs	225
TIGER, New Starts, Amtrak, etc. from Trust Fund	78
DOE, NASA, EPA components	16
Family Emergency Assistance Fund	65
Existing HTF Funding Gap to End-of-FY26 under FAST Act	110
<b>Total New Spending, 10 Years</b>	<b>495</b>

<b>New Receipts Over 10 Years</b>	<b>Bil. \$</b>
Net Receipts from \$10.25/bbl. Crude Oil Fee	319
Business Tax Reform Revenues	176
<b>Total New Receipts, 10 Years</b>	<b>495</b>

# “21<sup>st</sup> Century Clean Transportation Plan”

- Non-starter on Capitol Hill.
- It seems designed to annoy the highway lobby – almost all the FHWA spending, presumably through the Highway Account of the TTF, is multimodal – but all the transit and rail money is transit/rail only.
- Even members supportive of the spending have neither the desire nor the ability to re-open the FAST Act while the ink is still wet.

# Aviation - FAA Budget

- Basically a freeze in FAA discretionary accounts.
- Operations: \$9.994 billion (+\$84m, or +.09%).
- F&E: \$2.838 billion (-\$17m, or -0.6%).
- RE&D: \$167.5m (+\$1.5m, or +0.9%).
- AIP: Reiterates proposal to increase PFC cap from \$4.50 to \$8.00 and cut large airports out of the AIP formula.
- AIP request: \$2.900 billion (-\$450m, or -13.4%).

# Rail - FRA Budget

- Grants to Amtrak rise from \$1.39 billion to \$1.90 billion in the FY17 request:
  - \$700 million for Northeast Corridor (vs \$474m in FAST Act)
  - \$1.200 billion for the National Network (vs \$1.026b in FAST Act)
- \$400 million for Federal-State SOGR Partnership.
- \$1.5 billion for new high-speed rail projects.
- \$1.3 billion for PTC implementation grants.
- \$520 million for relocation & mitigation grants.
- \$250 million for ADA compliance at stations.



# OST Budget

- Essential Air Service (discretionary portion) drops from \$175m in FY16 to \$150m in FY17 request.
- \$3m for expenses of new National Surface Transportation and Innovative Finance Bureau.
- \$4m (through the Transpo. Planning, R&D account) to reduce infrastructure permitting and review timelines.

# Water Infrastructure

- Once again, the Administration proposes politically unrealistic cuts in Corps of Engineers water resource programs.
- Congress loves the Corps. Administrations always propose cuts to the Corps that they know Congress will ignore because it offsets proposed spending increases elsewhere.
- The 2014 WRRDA law ordered the Admin. to spend more money from the Harbor Maintenance Trust Fund; the budget cuts HMTF spending by 23%.

# Water Infrastructure

(Millions of Dollars)

Appropriation Account	FY15	FY16	FY17	Change
Investigations	122	121	85	-30%
Construction	1,639	1,862	1,090	-42%
Miss. River System	302	345	222	-36%
Ops. & Maintenance	2,909	3,137	2,705	-14%

Trust Fund	FY15	FY16	FY17	Change
HMTF Appropriation	1,143	1,282	986	-23%
HMTF EOY Balance	8,684	9,064	9,880	
IMTF Appropriation	69	108	34	-69%
IMTF EOY Balance	53	52	127	