

President Biden's FY 2025 Transportation Budget Request

JEFF DAVIS



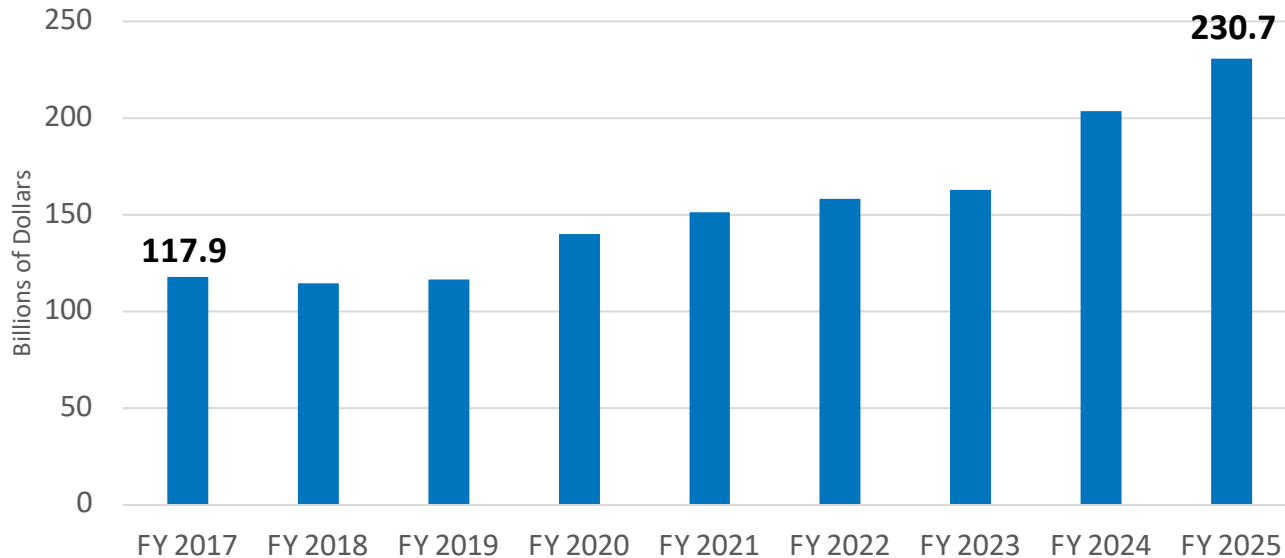
Jeff Davis

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1. BIG PICTURE

INFRASTRUCTURE SPENDING BOOMS

Federal Infrastructure Outlays, 2017-2025 (Nominal \$)



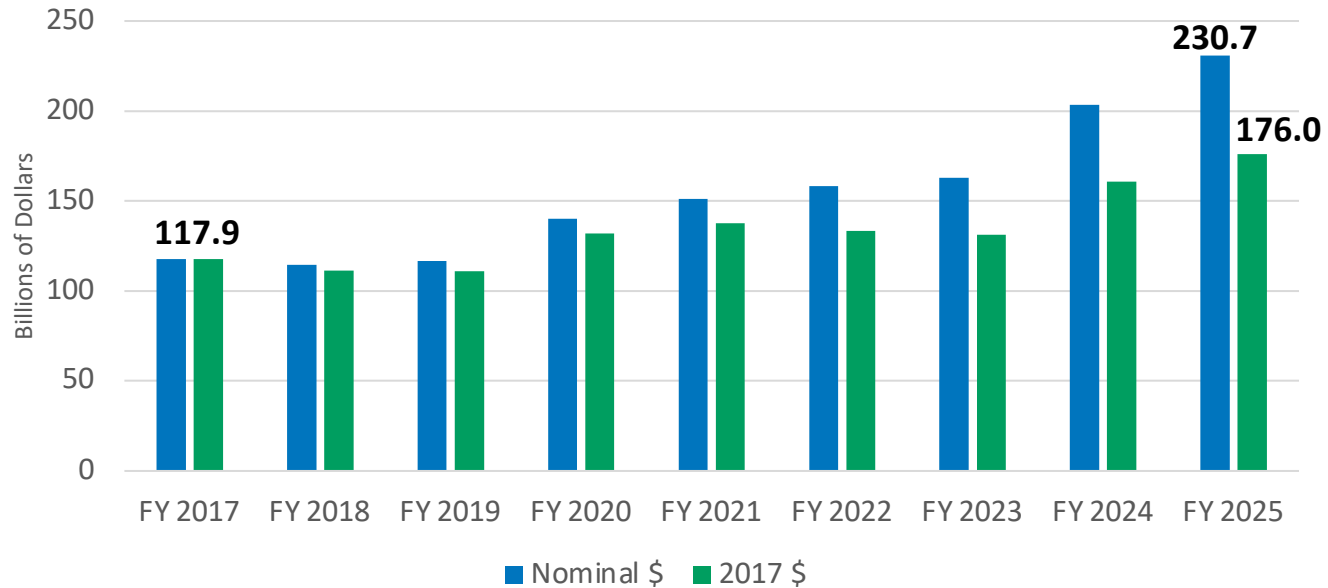
Outlays = end of spending process, when cash is paid long after contracts signed.

“Infrastructure” = “major public physical capital,” direct and through grants to state-local governments, per OMB.

Source: FY25 Budget, Historical Tables, Table 9.2

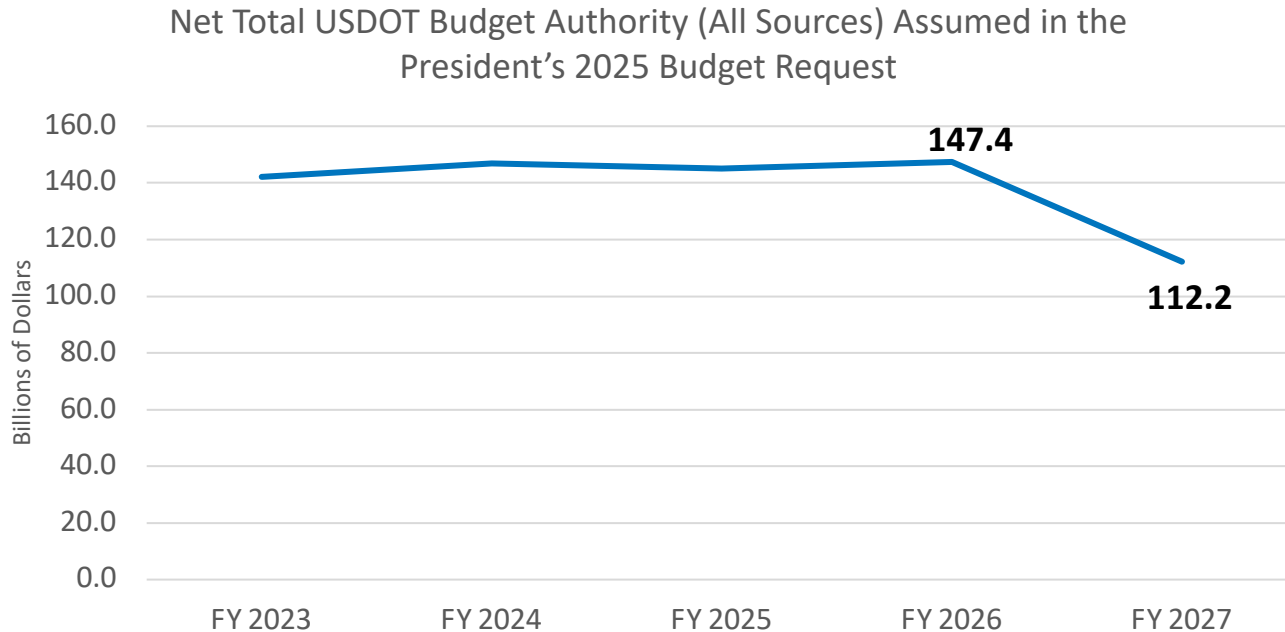
INFLATION ATE MUCH OF INCREASE

Federal Infrastructure Outlays, 2017-2025 (Nominal and Constant 2017 \$)



Outlays = end of spending process, when cash is paid long after contracts signed. “Infrastructure” = “major public physical capital,” direct and through grants to state-local governments, per OMB. Same source as prior slide.

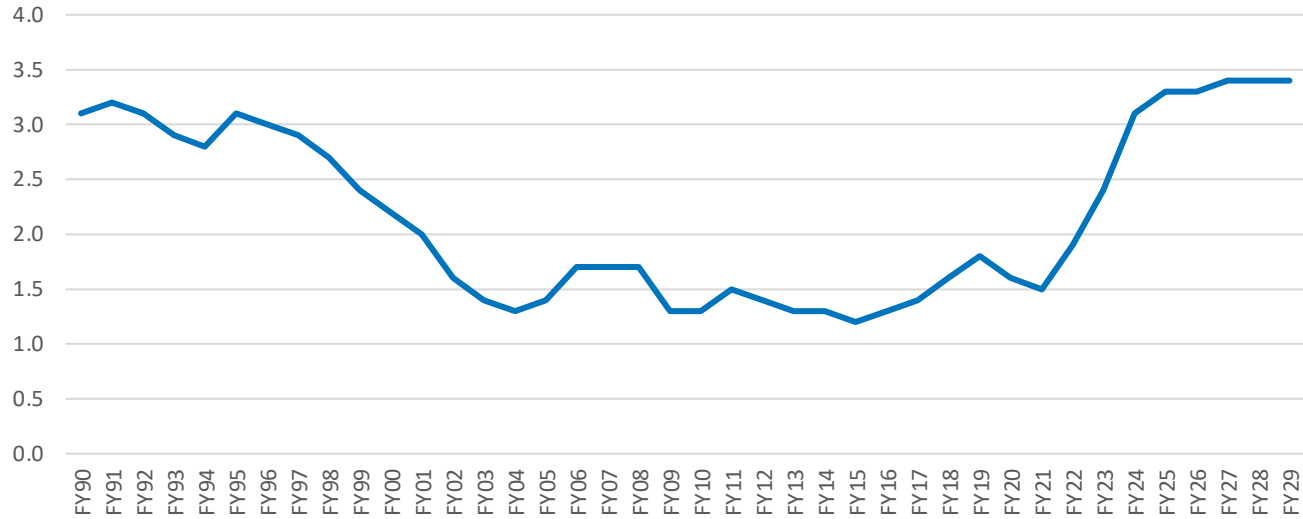
STILL NO PLAN FOR I.I.J.A. EXPIRATION



Source: FY25 Budget, Analytical Perspectives, Table 26-1, p. 302.

DEBT/INTEREST TIME BOMB

Net Interest as Percent of US GDP, FY 1990-2023 (Actual),
FY 2024-2029 (Biden FY25 Budget)



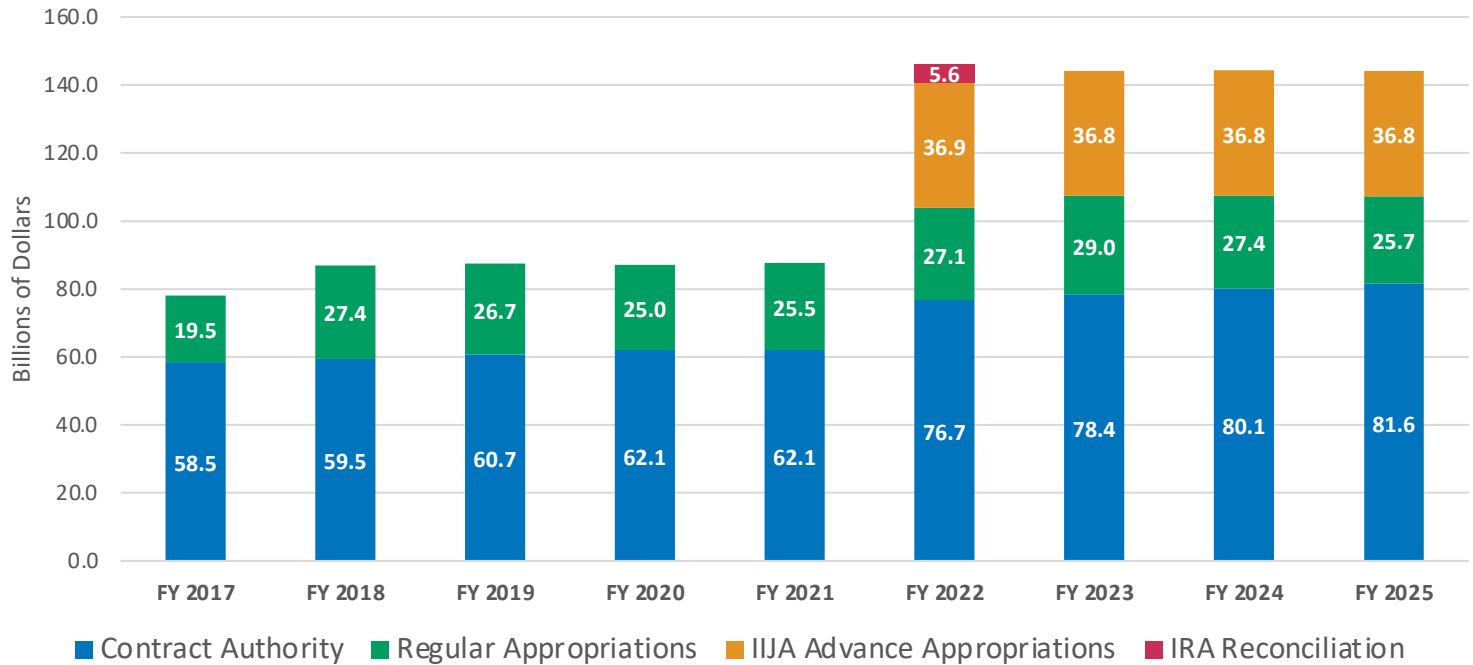
Source: FY25 Budget, Historical Tables, Table 1.2

2. FY 2025 D.O.T. BUDGET

All told, \$146 billion

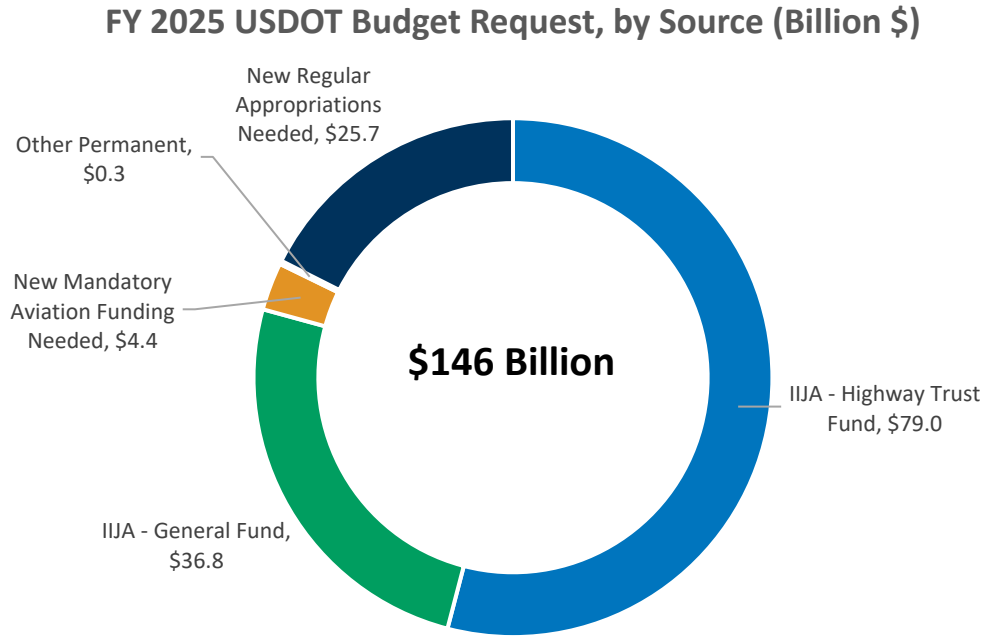
HOW IT COMPARES TO PAST YEARS

Total USDOT Budget Authority, FY 2017-2024 (Actual), FY 2025 (Request)



Excludes non-IIJA emergencies.

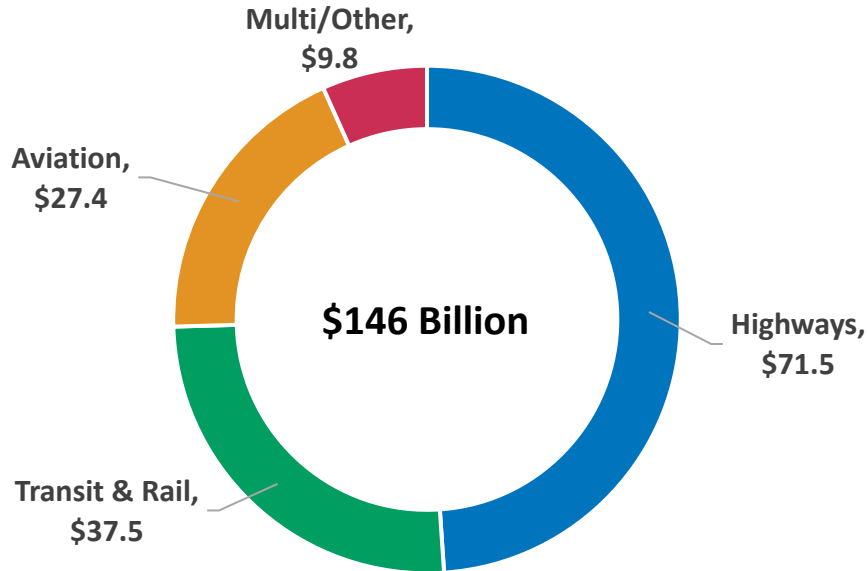
WHERE IT COMES FROM



Fortunately, about 80% of the funding requested for USDOT has already been provided by the IIJA. Congress just has to not interfere with it.

WHERE IT WOULD GO

FY 2025 USDOT Budget Request, by Mode (Billion \$)



“Multi/Other” includes \$3.3 billion for multimodal grants, \$4.3 billion for safety agencies/SSR4A, \$1.4 billion for maritime, plus misc. OST/OIG.

WHAT FUNDING ARE THEY ASKING CONGRESS TO ENACT FOR 2025?

- **Appropriate \$25.67 billion** in new discretionary appropriations.
- **Provide \$3.35 billion/year** in new contract authority for the Airport Improvement Program (AATF).
- **Provide \$8.0 billion over 5 years** in new mandatory budget authority (AATF), with \$1.0 billion available in 2025, for a new Facilities Replacement & Radar Modernization Program.
- **Transfer \$800 million** of unused TIFIA contract authority (FHWA) to the Office of the Secretary to be repurposed for RAISE/Mega grants.

FIRST YEAR BACK WITH CAPS

- First Biden budget under discretionary spending caps
- FY24 request for new non-defense discretionary (NDD) appropriations was \$809 billion (net)
- Then, Fiscal Responsibility Act caps enacted
- FY25 NDD request: \$734 billion (cap level)
- Of that \$734 billion, \$25.1 billion assigned to USDOT (plus \$378 million defense)
- Gross (before fees/rescissions): **\$25.672 billion total**

PROTECT YOUR PRIORITIES...

Million \$\$	Request Minus FY24 In:			
	<u>FY 2024</u>	<u>Request</u>	<u>Million \$</u>	<u>Pct.</u>
Total, USDOT Discretionary	27,353	25,672	-1,682	-6.1%
<u>1. Protect Core FAA Programs</u>				
FAA Operations	12,741	13,603	+862	+6.8%
FAA Capital (F&E, RE&D)	3,471	3,850	+379	+10.9%
<i>Remaining Discretionary:</i>	11,141	8,219	-2,923	-26.2%
<u>2. Protect Amtrak & New Mass Transit Projects</u>				
FRA Amtrak Northeast Corr.	1,141	1,200	+59	+5.2%
FRA Amtrak Nat. Network	1,286	1,304	+18	+1.4%
FTA Cap. Invest. Grants	2,205	2,366	+161	+7.3%
<i>Remaining Discretionary:</i>	6,509	3,349	-3,161	-48.6%

...THEN FUDGE A LITTLE

Million \$\$			Request Minus FY24 In:	
	<u>FY 2024</u>	<u>Request</u>	<u>Million \$</u>	<u>Pct.</u>
<i>Remaining Discretionary:</i>	6,509	3,349	-3,161	-48.6%
<u>3. Propose Cuts You Know Congress Will Restore:</u>				
OST RAISE-Mega Grants	345	0	-345	-100.0%
Earmarked Projects	2,801	0	-2,801	-100.0%
Remainder for Rest of DOT	3,363	3,349	-14	-0.4%
<u>4. Color Outside the Lines</u>				
Transfer FHWA mandatory funds to OST RAISE-Mega	0	800	+800	inf,
New mandatory funding for FAA radar replacement	0	1,000	+1,000	inf.
Total, USDOT Disc. + OTL	27,353	27,472	+118	+0.4%

MOSTLY BIG TICKET ITEMS

(Millions of dollars of gross discretionary budget authority.)

<u>Mode</u>	<u>Account</u>	FY 2017 <u>Enacted</u>	FY 2018 <u>Enacted</u>	FY 2019 <u>Enacted</u>	FY 2020 <u>Enacted</u>	FY 2021 <u>Enacted</u>	FY 2022 <u>Enacted</u>	FY 2023 <u>Enacted</u>	FY 2024 <u>Enacted</u>	FY 2025 <u>Request</u>	<i>Final vs FY 2023</i>
OST	Nat'l Infra. Invest. Grants	500	1,500	900	1,000	1,000	775	800	345	0	-345
FAA	Operations	10,026	10,212	10,411	10,630	11,002	11,414	11,915	12,730	13,603	+874
FAA	Facilities & Equipment	2,855	3,250	3,000	3,045	3,015	2,893	2,945	3,191	3,600	+409
FAA	Airport Grants (Additional GF)	0	1,000	500	400	400	554	559	532	0	-532
FHWA	Federal-aid Highways (GF)	0	2,525	3,250	2,166	2,000	2,445	3,418	2,225	0	-2,225
FRA	Amtrak - Northeast Corridor	328	650	650	700	700	875	1,260	1,141	1,200	59
FRA	Amtrak - National Network	1,167	1,292	1,292	1,300	1,300	1,457	1,193	1,286	1,304	+18
FRA	Consolidated (CRISI) Grants	68	593	255	325	375	625	560	199	250	51
FRA	Fed.-State Partnership Grants	25	250	400	200	200	100	100	75	100	25
FTA	Transit Infra. Grants (GF)	0	834	700	510	516	504	542	252	0	-252
FTA	Capital Investment Grants	2,413	2,645	2,553	1,978	2,014	2,248	2,635	2,205	2,366	161
MARAD	Ops. & Train. + SMAs	176	514	495	495	588	596	334	394	372	-22
Total, USDOT Accounts Over \$500m		17,557	25,264	24,405	22,749	23,110	24,485	26,260	24,576	22,795	-1,780
All Other Discretionary at USDOT		1,923	2,151	2,277	2,229	2,391	2,637	2,707	2,793	2,876	+83
Total USDOT Discretionary (Gross)		19,480	27,415	26,682	24,978	25,501	27,122	28,967	27,368	25,672	-1,697
<i>Over \$500Ms as % of Total USDOT Discr.</i>		<i>90%</i>	<i>92%</i>	<i>91%</i>	<i>91%</i>	<i>91%</i>	<i>90%</i>	<i>91%</i>	<i>90%</i>	<i>89%</i>	

HIGHWAYS

- Boost obligation limitation \$800m above IIJA-recommended level, then transfer that \$800m (with matching \$800m in TIFIA contract authority) to OST for RAISE-Mega grants (no specific division of \$\$ between)
- Exempt \$6.1 billion in new FY25 allocated FHWA contract authority from August Redistribution – it will have its own special multi-year ob limit instead.
- Zero other new FHWA appropriations – no earmarks, no other “Highway Infrastructure Programs”

TRANSIT

- Maintain IIJA-provided funding levels
- Numerous proposed policy changes:
 - Allow providers in over-200K UZAs to use §5307 capital formula grants for operating subsidies (at reduced fed. share)
 - Increase max. fed. share of §5310 elderly/disabled and §5311 rural formula grants to 100%
 - Increase max. fed. share for bus grants to Indian tribes to 100%
 - Make bicycle and scooter projects eligible for transit funding
 - Disincentivize excessive bus customization by allowing FTA to reduce fed. share to 50% at will
 - Get rid of category set-asides in IIJA \$1.6 billion CIG advance

TRANSIT: 6 NEW STARTS TO BE SIGNED

	Funded FY23 & Prior	FY24 Approp.	FY25 Request	Needed After FY25	Total CIG Cost
<u>Existing New Start FFGAs</u>					
CA Los Angeles Westside Section 3	822.0	???	315.7	???	1,300.0
MN Minneapolis Southwest LRT	637.0	???	129.5	???	927.8
NY Second Avenue Subway Phase 2	450.0	???	496.8	???	3,404.9
WA Seattle Lynnwood Link Extension	922.0	???	88.4	???	1,172.7
Subtotal, Existing FFGAs	2,831.0	???	1,030.4	???	6,805.4
<u>Proposed New Start FFGAs Later in 2025</u>					
CA Inglewood Transit Connector	0.0	???	200.0	???	1,009.4
CA Transbay Downtown Rail Extension	0.0	???	500.0	???	4,077.9
FL Miami Northeast Corridor Rapid Transit	0.0	???	263.7	???	263.7
IL Chicago Red Line Extension	0.0	???	350.0	???	1,974.0
NJ-NY Hudson River Tunnel	100.0	???	700.0	???	6,880.0
TX San Antonio ART North-South Corridor	158.0	???	109.7	???	267.8
Other New Starts That May Become Ready			60.0		
Subtotal, Proposed 2025 FFGAs	258.0	???	2,183.4	???	14,472.7

New appropriation of **\$2.366 billion** requested

AVIATION

- Handsome increases for ATC, safety
- Controller new hire goal from 1,800/yr to 2,000/yr

		<u>FY 2023</u>	<u>FY 2024</u>	<u>Request</u>	<u>Increase</u>	
<u>Operations</u>						
	Air Traffic Organization	8.813	9.439	10.106	+0.667	+7.1%
	Aviation Safety	1.631	1.746	1.832	+0.086	+4.9%
	Everything else	1.471	1.545	1.665	+0.120	+7.8%
	Total, Ops	11.915	12.730	13.603	+0.873	+6.9%
<u>Facilities & Equipment</u>						
	ATC F&E	1.755	1.957	2.236	+0.279	+14.3%
	IJA Advance	1.000	1.000	1.000	0.000	0.0%
	Everything Else	1.190	1.234	1.364	+0.130	+10.5%
	Total, F&E	3.945	4.191	4.600	+0.409	+9.8%

AVIATION: NEW \$8 BILLION CAPITAL PROGRAM

Facility Replacement and Radar Modernization Proposal (\$M)						
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
ARTCC Recapitalization	96.0	560.9	651.1	339.0	854.0	2,501.0
ATCT/TRACON Replace	756.0	252.0	978.0	408.0	105.0	2,499.0
Facilities Replace Subtotal	852.0	812.9	1,629.1	747.0	959.0	5,000.0
Radar Replace	98.0	87.1	170.9	953.0	691.0	2,000.0
Personnel Related Expenses	50.0	100.0	200.0	300.0	350.0	1,000.0
Total	1,000.0	1,000.0	2,000.0	2,000.0	2,000.0	8,000.0

REVENUES – INCREASE JET FUEL TAX FOR PRIVATE JETS ONLY

- Biden mentioned in State of the Union
 - Current tax rate: 21.8 cpg. Proposed new tax rate: \$1.06/gallon.
 - Gulfstream V holds 6,164 gallons. Current tax per fill-up: \$1,344. Proposed new tax per fill-up: \$6.534.
 - Raises \$2.5 billion over 10 years for the AATF.

Increase jet fuel (kerosene) tax for private/corporate jets

	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>	<u>FY31</u>	<u>FY32</u>	<u>FY33</u>	<u>FY34</u>
Tax rate (cpg)	21.80	38.64	55.48	72.32	89.16	106.00	106.00	106.00	106.00	106.00	106.00
Increase (cpg)		+16.84	+16.84	+16.84	+16.84	+16.84					
Million \$\$ Raised		44	106	169	235	300	322	325	329	332	336
	Total Revenue Raised, 10-Year (Million \$)										2,498

RAILROADS

- Nothing ambitious in the FY25 FRA budget request (but it is dwarfed by FRA's \$7.2 billion/year in IIJA money)

	FY 2023	FY 2024	Request	Change	
Safety & Operations	250.4	267.8	294.0	+26.2	+9.8%
Railroad R&D	44.0	54.0	52.0	-2.0	-3.7%
Amtrak -NEC	1,260.0	1,141.4	1,200.0	+58.6	+5.1%
Amtrak - NN	1,193.0	1,246.3	1,304.5	+58.2	+4.7%
CRISI Grants	529.6	100.0	250.0	+150.0	+150.0%
Fed-State IPR Grants	100.0	75.0	100.0	+25.0	+33.3%
Earmarks	30.4	139.0	0.0	-139.0	-100.0%
Total, FRA (Regular)	3,407.4	3,023.5	3,200.4	+176.9	+5.9%

OFFICE OF THE SECRETARY

- \$800m for RAISE/Mega, to be transferred from FHWA TIFIA, with no indication of how much for RAISE and how much for Mega
- 52% increase for cyber security (+\$25.6m)
- \$25m request for “Thriving Communities” (FY24 Act replaced w/ \$25m for “Rural and Tribal”)
- \$12.9m increase in OST-R for ARPA-I
- EAS discretionary jumps from \$349m in FY24 to \$423m (+21.4%)

Thank you!

Any questions?

You can find me at:

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