



U.S. HOUSE OF REPRESENTATIVES

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Trump Budget Features Deceptive Infrastructure Plan

The highest-profile new initiative in the President's budget is a proposal to increase federal investment in infrastructure. The plan is billed as incentivizing at least \$1.5 trillion in new infrastructure investment.

There is a clear need for new infrastructure investment on this scale. However, the initiative is less than meets the eye and is likely to fall far short of meeting this need. It only provides \$200 billion in new federal funding, while cutting far more than that from other transportation programs, and it is unlikely to yield \$1.5 trillion in new investment.

Further, the budget takes away infrastructure funds with one hand even as it proposes an increase with the other. It includes significant cuts in transportation funding, the primary area of federal infrastructure investment. If the budget were fully implemented, the end result would likely be a reduction in federal support for transportation infrastructure.

Trump "Rebuilding Infrastructure in America" Plan

The Trump infrastructure plan would rely heavily on the private sector. It contemplates an increased private-sector role in financing infrastructure, as well as the privatization of existing infrastructure. In contrast to the existing highway, mass transit, and airport improvement programs, it would require state and local governments to put up a significantly larger share of the funds for infrastructure projects, or attract substantial amounts of private support for projects. This will likely mean that drivers, passengers, and other users would have to pay new tolls and fees to produce a return for private investors.

The proposal would provide \$200 billion in mandatory spending for infrastructure. The primary focus is on transportation infrastructure, but funds would also be available to the Army Corps of Engineers for water projects, and the Environmental Protection Agency for drinking and wastewater projects. Broadband and power facilities could also receive support. The plan features several components:

- \$100 billion for a new Infrastructure Incentives Program;
- \$50 billion for a new Rural Infrastructure Program;
- \$20 billion for a new Transformative Projects Program;
- \$14 billion to expand existing federal infrastructure financing programs;

- \$6 billion to expand use of Private Activity Bonds; and
- \$10 billion for a new Federal Capital Revolving Fund.

In addition to these funding components, the President's plan would allow for increased use of tolling on interstate highways and commercialization of rest stops on interstates. It would relax environmental and other permitting safeguards for infrastructure projects, as well as encourage the sale of various federal property to the private sector, specifically suggesting the sale of: Department of Veterans Affairs properties; federally owned regional power transmission facilities; and federally owned infrastructure in the Washington, DC region, including National and Dulles Airports, the George Washington and Baltimore-Washington Parkways, and the Washington Aqueduct.

The plan is likely to fall far short of generating \$1.5 trillion in new infrastructure investment, despite Administration claims of reaching "at least" this level. Currently, the federal government finances about 80 percent of highway bill infrastructure projects. The Trump plan's \$1.5 trillion figure implies an overall federal share of about 13 percent. But the matching requirements included in the plan assume federal contributions ranging from 20 to 80 percent, with some programs unlikely to have any match at all. The details of the plan are not consistent with the plan's big picture, making it highly unlikely the plan will reach its \$1.5 trillion goal.

Budget Cuts Other Infrastructure Spending

The budget includes a number of significant cuts in federal infrastructure programs. It assumes the next highway bill will cut \$122 billion from the current spending levels. Other transportation programs would face similar cuts. Overall discretionary transportation spending would be cut nearly in half (46 percent), or more than \$176 billion over ten years (in addition to the proposed highway bill cuts). The budget's cuts in transportation spending are larger than the entire infrastructure package.

Non-transportation infrastructure also faces cuts. The budget cuts overall non-defense discretionary spending by more than \$2.2 trillion over the next decade (more than 34 percent). Federal support for water projects, broadband, power, and other areas of infrastructure are likely to share in these cuts.

The budget's specific cuts eliminate funding for TIGER grants that fund innovative multi-modal transportation projects. It cuts \$1.4 billion in grants for mass transit and commuter rail capital projects, as well as funding for both Amtrak's long-distance trains and the Northeast Corridor. It also cuts funding for rural air service and Army Corps of Engineers construction projects.