Still Searching for a Path Forward on Infrastructure

By Michael Thomas

> The White House infrastructure proposal describes how resources will be used to rehabilitate America's deteriorating roads and bridges.

In February 2018, the White House released two much-anticipated proposals to outline major priorities of the Trump Administration, the "Legislative Outline for Rebuilding Infrastructure in America" and the 2019 budget proposal, "Efficient, Effective, Accountable: An American Budget." Although the issuance of proposals like these often kick off of the legislative process, they also offer insight as to how the Trump administration would prefer Congress to steer its efforts. The infrastructure proposal describes how resources will be used to rehabilitate America's deteriorating roads and bridges. The president's infrastructure proposal listed concrete figures for how much money should be allocated to each section of the plan but did not offer any information on how funding would be secured. The 2019 budget, like the one the year before, describes where the needed funds will come from. The White House made clear that it would not be pursuing any new revenue streams to secure funding on its own. This gave Congress plenty to think about as it worked toward its own spending package to finish the fiscal year.

Congressional lawmakers spent six weeks working to reconcile the president's budget, which aspired to reduce spending by more than $3 trillion over the next 10 years, with an infrastructure proposal that hoped to generate $1.5 trillion in spending over the same time frame. But much like previous presidential budget proposals, there was little expectation that Congress would sign the president's budget blueprint into law. Federal lawmakers generally relish the authority they have over the nation's purse strings, and after consideration, lawmakers produced a spending bill that the president was reluctant to sign since it increased discretionary spending levels and avoided cuts proposed by the White House.

THE ADMINISTRATION'S PROPOSAL FOR MOVING MONEY

Before the administration released its 2019 budget, anticipation was already building for the infrastructure proposal that began to materialize shortly after Trump entered the Oval Office. The proposal that was released relied heavily on attracting private investors and participation from state and local governments. It depended on an injection of $200 billion from federal programs to stimulate $1.5 trillion in overall investment toward the national infrastructure system. After the administration declared that no new revenue streams would be pursued to fund the new infrastructure initiatives, repurposing existing funds became the obvious choice. Although the president's past two budget proposals have aimed to cut more than $3 trillion in spending from multiple agencies and programs, Congress went in a different direction. Following is a brief overview of the cuts aimed directly at existing programs designed to promote infrastructure development.

TIGER Grants. Transportation Investment Generating Economic Recovery (TIGER) grants were an early target for elimination by the White House. An Obama-era grant that was established as part of the greater stimulus package in 2009, TIGER grants have averaged roughly $500 million in awarded grants annually since the program started. TIGER grants are used for many types of transit projects all over the country and are awarded through an application process administered by the Federal Transit Administration. Over the years, the TIGER program has become popular on Capitol Hill. The administration's proposal planned to eliminate it altogether, carving out roughly $5 billion over the next 10 years in savings.

GIGs. Capital Investment Grants (CIGs) have been the primary method the federal government uses to award grants for medium- and large-scale transit projects for years. Prospective projects must have a total cost of more than $300 million to qualify for funding. The White House advised winding down sections that would initiate new projects so that only applicants with existing funding guarantees would continue to receive support. Taking away the "new starts" program would amount to roughly $2.4 billion in annual savings.

CONGRESS RESPONDS

The 2019 budget proposal represents the second consecutive year in which the administration encouraged significant cuts to both grant programs. Citing the programs' popularity, some lawmakers had misgivings over removing funding that has gone toward state and local infrastructure projects all over the country. The Omnibus bill that Congress drafted in the following weeks reflected how popular these programs are.

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By the third week of March, Congress had come to an agreement over what the rest of the 2018 fiscal year would look like. Lawmakers on the Hill decided not to take many of the suggestions offered by the White House. A total elimination of the TIGER (now referred to as "Better Utilizing Investments to Leverage Development," or BUILD grants) program turned into a tripling of funding, to $1.5 billion annually. And instead of winding down the "new starts" CIG program, funding was boosted by 10 percent, from $2.4 billion to $2.6 billion.

The Omnibus Bill passed in March and covered funding for many departments and agencies. Aside from the programs already mentioned, spending levels for other programs differed from the president's past two budget proposals in varying ways:

- Instead of eliminating the Community Development Block Grant (CDBG) from the budget, Congress nearly doubled funding for the program, from $2.8 billion to $5.2 billion.
- Funding for the Environmental Protection Agency will remain at 2017 funding levels instead of enduring a steep 34 percent cut.
- The Federal Highway Administration budget will be increased by $2.5 billion from the 2017 fiscal year.

The administration tried to mitigate some of the spending increases it opposed by pursuing a rescission bill. Although not often utilized by recent administrations, a rescission bill generally clears out or rescinds previously appropriated funds that have not been spent. The rescission bill that Trump pursued narrowly passed the House in early June but failed to garner enough support to pass in the Senate.

After examining the funding doled out by Congress, it is easy to think that the president's infrastructure proposal was altogether ignored — but that would not be accurate. Members of the House and Senate often speak about the importance that infrastructure plays in the lives of U.S. citizens and in politics. Funding increases to the TIGER and CIG programs could indeed signal that Congress received the message from the president that infrastructure investment must be made a premier issue. Members of Congress simply decided to direct funds to already-existing programs instead of creating the brand new ones being promulgated by the president. But even with these budget increases, Congress and the White House have a considerable gap to bridge in order to secure the amount of funding that some think is required to make a real impact.

The American Society of Civil Engineers estimates that $4.6 trillion will be needed to bring the nation's infrastructure up to acceptable levels, and that is considered a liberal estimate by some. But it is clear that nationwide infrastructure improvement will likely be a multitrillion-dollar undertaking executed over several years.

UNANSWERED QUESTIONS

The increase in spending for transportation project grants satisfied some, but there is still a pervasive sense of uncertainty over how lawmakers can increase the amount of resources being directed toward U.S. infrastructure. Despite the uptick in the availability of funds, more infrastructure spending bills are likely to come. Legislation that authorizes funding for the Federal Aviation Administration and the U.S. Army Corps of Engineers, which handles operation and maintenance of water infrastructure, are both currently moving toward a floor vote in the House and Senate. Some lawmakers have already stated that there is interest in continuing to pursue major spending legislation for infrastructure, but it may have to wait until after this year's midterm elections, the outcomes of which could go a long way toward shaping the future policy landscape.

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Proponents of increased investment into America's communities may take note of the message Congress delivered by choosing to increase funding for grant programs when there was clear pressure to do just the opposite. But with the scope of infrastructure investment being so large, the noted increases in grant funding may appear to be minor wins. Congressional leaders on both sides of the aisle have expressed a desire to tackle an infrastructure issue that they clearly acknowledge exists, yet a solution to address the challenge remains elusive. Moving into summer, legislative priorities are shifting to accommodate a nearing election season, and the landscape does not show much promise.

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