



The February Budget Deal and Community Transportation

February 2018

The news headlines and talking points made it sound so grand: “House Sends Massive Budget Deal to President Trump’s Desk” (Fox News), “Trump Signs 2-year Spending Pact” (National Public Radio), “Congress Passes Budget Deal to Reopen Government” (New York Post), etc. Indeed, on the morning of February 9, 2018, after a nearly unnoticeable but widely reported overnight partial federal government shutdown, the president signed the “Bipartisan Budget Act of 2018” into law. This bill keeps the federal government in business for a few more weeks, provides long-awaited disaster relief for areas affected by some of last year’s wildfires and hurricanes, temporarily suspends the federal debt ceiling, addresses a myriad of healthcare and tax-related legislative provisions, and includes a two-year congressional budget resolution.

In the haste and drama that led up to this latest stopgap federal spending measure, a lot of ideas and a lot of political gossip were in circulation, so it’s pretty easy to be uncertain about what’s in this budget agreement that will affect the work of community transportation providers. After spending hours poring over different versions of the budget bill as it lurched forth through Congress, here’s what CTAA has found that seems worth noting to the community transportation network:

- **Federal spending continues at last year’s levels for a few more weeks.** Congress will need to act again by midnight on March 23, or else there’s the risk of another partial federal government shutdown. To date, the Federal Transit Administration (FTA) has not made partial apportionments of FY 2018 funding to its formula grant recipients.
- **Congress activates FTA emergency grants program.** This spending bill includes nearly \$90 billion of spending related to disaster relief. Part of that is an appropriation to FTA of \$330 million to assist transit agencies affected by Hurricanes Harvey, Irma and Maria. In all likelihood, FTA will be moving as quickly as it can to direct this assistance where it’s needed. Note that these funds can be used only for assistance related to those three hurricanes, and is not available for any other disaster-related transit assistance.

- **HUD gets huge influx of disaster-related CDBG funding.** In recent years, it's been easy to dismiss the Department of Housing and Urban Development's Community Development Block Grant (CDBG) program. Its routine appropriations have reached all-time lows (and the program is targeted for elimination in the White House's FY 2019 budget request), but the "Disaster Recovery" supplements to CDBG funding are growing. Recent years have seen this disaster recovery program receive allotments of as much as \$5 billion, but this latest bill appropriates a record-breaking \$28 billion to HUD for disaster-related community development block grants. Most of these funds are directed to CDBG-eligible disaster recovery in the areas affected by hurricanes Harvey, Irma and Maria, but these funds may be spent on disaster recovery – and mitigation – in other disaster-affected areas of the US, too. As many transit stakeholders already know, the CDBG program has to serve many conflicting and important priorities, but it is a funding resource that affected transit entities may want to explore. And at \$28 billion for this year's projects, this shapes up to be a serious component of federal infrastructure investment.
- **Federal budgeting regains some stability.** While the two-year budgeting aspects of this act won't immediately affect community transportation providers and their colleagues, the remainder of this year's appropriations, as well as the appropriations for FY 2019, may proceed more easily on account of some of what's been enacted. First, there's an increase in the overall dollar amounts that the House and Senate appropriations committees can use for their spending measures this year and next. Second, the temporary suspension of the federal government's public debt limit (commonly known as the "debt ceiling") makes it possible for federal spending to increase, even as tax collections under the recent "Tax Cuts and Jobs Act" are reduced.
- **Medicare and other health programs see changes.** Within the realm of Medicare and other federally supported health programs, this bill makes a lot of adjustments, both large and small. There are extended authorizations for the Children's Health Insurance Program, Community Health Centers, etc., that address the lives and activities of many community transportation users. One thing that may be interesting to watch is a cost-saving provision that reduces the rates paid by Medicare toward non-emergency ambulance transportation for dialysis patients; this might – or might not – affect how these persons are transported to and from their Medicare-covered dialysis treatments.

What's Next?

This continuing resolution and budget accord will lead to further legislative and administrative steps to watch, including the following.

- The Federal Transit Administration will provide information and guidance on the availability of its emergency transit grants for areas affected by Hurricanes Harvey, Irma and Maria.
- If Congress passes an appropriation that covers the remainder of the fiscal year, FTA will issue its apportionment of FY 2018 formula funds. If that doesn't occur in the near future, there may come a point, probably after a future continuing resolution, when FTA finds it appropriate to issue a partial-year apportionment of the FY 2018 formula funds that have been appropriated to date.
- In any case, Congress will have to take up continuing spending again in a few weeks, when the March 23 deadline looms large.
- Although the just-announced White House "infrastructure plan" and the just-released presidential budget request for FY 2019 are largely viewed as non-starters in Congress, these moves nevertheless are kicking off the next season of federal budgeting, as the various committees in the House and Senate begin working on FY 2019 appropriations. As mentioned above, the existence of the overarching budget resolution should make these Congressional deliberations easier than has been the case this year.
- Transit agencies and their partners in areas that were affected by this year's disasters, including the California wildfires and Hurricanes Harvey, Irma and Maria, should keep an eye on HUD, FEMA, the IRS, and related agencies for further disaster-related guidance and assistance.