



## White House Infrastructure Plan May Be Taking Shape

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During the 2016 presidential campaign season, one of the major talking points was Mr. Trump's proposal for a major initiative that would generate \$1 trillion to stimulate new infrastructure investment, across multiple modes and geographies. The idea of this infrastructure program has persisted, although few details have seen the light of day. However, it looks like there may be some kind of White House announcement about infrastructure this month, possibly in conjunction with the January 30 "State of the Union" address to Congress.

Initial signs of the White House's direction on infrastructure first were unveiled in August 2017, and it appears that some details will be rolled out in the coming weeks. The bullet points from an official White House fact sheet (link: <https://www.whitehouse.gov/briefings-statements/fact-sheet-president-donald-j-trump-works-rebuild-americas-infrastructure/>) appear to be reinforced in an anonymous six-page document released by the Axios media site, which since has been circulating among major news media and transportation industry media sources. While the document itself (link: <https://www.axios.com/leaked-trump-infrastructure-plan-1516646008-88cc7381-9e19-4393-adf3-36ea81eb2c72.html>) is of uncertain origin, it nevertheless reinforces some strong, continuing signals about where the infrastructure advocates within the White House are hoping to see things head.

Consistent with last August's announcement, it seems the president's proposed infrastructure initiative will call for \$200 billion in federal funding, spread over several years, which it is believed would leverage \$800 billion in some combination of private sector capital and non-federal funds from state or local governments.

The direction being taken by the White House supports several of the Community Transportation Association's top policy priorities, particularly with respect to supporting leveraged federal investment in buses and other infrastructure, with an emphasis on infrastructure investment in rural America. For a reminder on CTAA's policy positions, view the association's one-page document at [http://web1.ctaa.org/webmodules/webarticles/articlefiles/CTAA\\_Leg\\_Agenda\\_18.pdf](http://web1.ctaa.org/webmodules/webarticles/articlefiles/CTAA_Leg_Agenda_18.pdf).

Realizing that nothing in this infrastructure discussion is real until Congress chooses to advance it through legislation, here are some points we keep hearing about what is likely to be proposed, and which this latest document seems to reinforce:

**Non-federal participation is important.** Although there continue to be mixed messages about the likely extent of public-private partnerships in this infrastructure plan, it seems that anything under a White House initiative would call for using modest amounts of federal spending to leverage non-federal dollars, whether from state or local governments or from private capital. For instance, one possible approach to a \$100 billion program of grants to states, local governments, or their partners would call for the federal share to be only 20 percent of project costs, with non-federal funds used to cover the remaining 80 percent of a project.

**Rural America looms large.** In the framework document leaked to Axios, 25 percent of the initiative's dollars would be for what could be a \$50 billion "rural infrastructure program," with formula-based grants to states and tribes that could be used for improvements in transportation (roads, bridges, transit, ports and/or waterways), broadband internet connectivity, water and waste-water programs or related land use and "brownfields" redevelopment, electric power generation and transmission, or other water-related infrastructure projects.

**Credit mechanisms matter.** Do you recall when private activity bonds and a few other federal tax-favored investment instruments were proposed for elimination in last month's rewrite of the federal tax code? Well, that certainly has become water under the bridge. As with everything in this infrastructure initiative, the details are vague, but it seems to call for increased financing capacity under existing programs such as the Transportation Infrastructure Finance and Innovation Act (TIFIA), the Railroad Rehabilitation and Improvement Financing (RRIF) program, the Water Infrastructure Finance and Innovation Act (WIFIA), and USDA's rural lending programs. It looks like eligible uses of private activity bonds would be expanded to facilitate more financing for various types of infrastructure projects. In addition, it's possible that new programs of national revolving loan programs for public lands infrastructure and for large-scale federal redevelopment of real estate will be part of a White House infrastructure proposal.

**Commerce Dept. gets new seat at the infrastructure table.** Historically, fiscal conservatives in the White House and Congress have not gone out of their ways to support the programs of the federal Department of Commerce that support infrastructure, such as the public works and economic development grants from its Economic Development Administration or the programs of the National Telecommunications and Information Administration. That could change under this administration, as it looks like the White House may propose a \$20 billion program "Transformative Projects Program," led by the Commerce Department, designed to

incubate and support large-scale infrastructure projects whose unique attributes hinder their access to more conventional avenues of federal financial assistance. It probably would focus almost wholly on large-scale construction projects, but they could be for transportation, water, telecommunications, energy, or other infrastructure activities. If this Commerce-led, multiagency program indeed lands in the White House proposal, it may provide 80 percent federal share for its capital grants, 50 percent federal share for pre-construction planning, and 30 percent federal share for infrastructure-related research and development projects.

### Is any of this real? What happens next?

Mr. Trump has been talking about infrastructure ever since the early days of his candidacy. It sounds like the White House is closer than ever to the actual announcement of its intentions, but all details remain to be seen.

Regardless of your politics, you probably acknowledge that this is an unconventional presidency. It's wholly possible that the infrastructure initiative could be unveiled via Twitter. A more conventional approach would be to have some degree of detailed proposal that is mentioned as part of the president's "State of the Union" address to Congress on January 30, 2018, and then to see those details included in the transmission of the president's FY 2019 budget request in February.

Assuming some details of an infrastructure initiative indeed are announced in the coming weeks, what happens next is even more uncertain than the specific contents of the White House's proposal. Historically, Congress almost never accepts presidential proposals as presented, even when the same political party is in power at both ends of Pennsylvania Ave. Frequently, many presidential initiatives vanish quickly into the woodwork, even when warmly received by Congress. That may well happen in this case, but it's also possible that the cause of infrastructure will be taken up by Congress, either as stand-alone legislation or as part of the FY 2019 cycle of federal appropriations.

This time, things may be different. During the presidential campaign season, and ever since the current administration assumed office, infrastructure has been viewed as a unifying, necessary concern by the public (as indicated by much polling, both before and after last year's elections), and has been recognized as an important matter for the federal government to address in a meaningful way. Interestingly, this is one policy area where it seems Congress may be unusually deferential to the White House, so if the administration keeps the subject matter alive, whether through public appearances, Twitter posts, or messages to Congress, it's quite possible that much of what is formally proposed in the coming weeks will indeed become legislated reality.

## The Infrastructure Spotlight Shines on Rural America

Given the White House attention to rural America as this infrastructure scheme unfolds, one area to watch closely is the work of the White House and Congress in this year's upcoming renewal of what historically has been called the "Farm Bill." The last such authorization, officially known as the Agriculture Act of 2014, is due for renewal by September 30, 2018.

On January 24, USDA Secretary Sonny Perdue released a statement and fact sheet on the administration's priorities for the Agriculture Act reauthorization (link: <https://www.usda.gov/media/press-releases/2018/01/24/perdue-announces-usdas-farm-bill-and-legislative-principles-2018>). While the news media mainly have seized on the administration's proposal to expand participants' work requirements under the Supplemental Nutrition Assistance Program (still commonly known as "food stamps," despite a programmatic name change in 2008), the administration also seeks inclusion of its rural infrastructure priorities in Congress's renewal and revision of USDA's rural development programs as part of this legislative agenda.

This emphasis on rural infrastructure – including not just railroads, waterways, roads and goods movement, but also recognizing the importance of rural public transit as essential to the health and economic vitality of rural communities – most prominently came to light earlier this month, when Sec. Perdue released the report of a special Interagency Task Force on Agriculture and Rural Prosperity, whose work was mandated by a presidential executive order earlier in 2017.

This "rural prosperity" report (link: <https://www.usda.gov/sites/default/files/documents/rural-prosperity-report.pdf>) addressed topics of electronic connectivity, quality of life in rural America, the needs of the rural workforce, technological innovation, and rural economic development. While some of the 100 policy recommendations from this task force were rather predictable, many of them cite the importance of public transportation in rural communities, such as to assure access to health care and social services, and to assure that the rural businesses can sustain their workforce. In addition, many of the report's recommendations call for infrastructure improvements....all of which appear slated to be reflected in both the White House infrastructure plan and the administration's recommendations for the next Agriculture Act authorization.

Since the FAST Act, which is the government's fundamental authorization of federal highway and transit programs, remains in place through FY 2020, it probably will be more important than ever for rural transportation and infrastructure advocates to pay attention to Congress's deliberations on rural development and infrastructure in this year's Agriculture Act renewal, as well as watching what action, if any, takes place in response to a White House announcement of its infrastructure initiative.