

Rebuilding America's Infrastructure

2019
BUDGET
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Rebuilding America's Infrastructure: An American Budget

America's Infrastructure Deficit

As President Donald J. Trump has consistently emphasized, we need to permanently fix the Nation's infrastructure deficit to improve our quality of life and strengthen our economic competitiveness. America no longer has the best infrastructure in the world. For example, the World Economic Forum ranks the United States 10th internationally in quality of overall infrastructure. Our infrastructure problems are increasingly evident: America's urban drivers spent an estimated 6.9 billion hours stuck in traffic in 2014, costing an estimated \$160 billion in wasted time and fuel; there are an estimated 240,000 water main breaks every year in the United States; and nearly one in five domestic flights are delayed or canceled.

Root Causes of Our Infrastructure Deficit

The Federal Government inefficiently invests in infrastructure. In part, our lack of sustained progress in addressing our infrastructure deficit is due to confusion about the proper Federal role. For example, during the construction of the Interstate Highway System, the Federal Government played a key role—collecting and distributing tax revenue to fund a project with a national purpose. As we neared the completion of that system, those tax receipts were redirected to projects with substantially weaker nexus to Federal interests. The flexibility to use Federal dollars to pay for essentially local projects has created an unhealthy dynamic in which State and local governments delay projects in the hope of receiving Federal funds. Overreliance on Federal grants, whose non-Federal matching requirements have decreased over the years, has created a disincentive for non-Federal revenue generation. Further, while Federal funding represents a small share of overall spending, that investment results in Federal requirements being applied far beyond what the Federal financial and ownership share would suggest.

In addition, bureaucratic red tape causes infrastructure projects that can significantly improve our quality of life, safety, environmental quality, and economic competitiveness to languish for years. The overly complex, time-consuming, and uncertain environmental review process deters infrastructure investment, wastes resources, and delays important project benefits. For example, the median time to complete an environmental review process of complex highway projects was at least 7 years according to a 2014 report by the Government Accountability Office. This is why the President set an ambitious but achievable goal to complete environmental reviews in two years, while continuing to safeguard the environment.

The Administration's Plan: Address the Infrastructure Deficit's Root Causes

Through the following programs, the Budget provides necessary resources to close America's infrastructure gap by generating at least \$1.5 trillion in overall public and private investment during the next decade:

- Incentive Grants -- \$100 billion in competitive grants to applicants that demonstrate innovative approaches to generating new revenue streams, prioritizing maintenance, and modernizing procurement practices.
- Rural Formula Funds – \$50 billion in formula grants to address rural infrastructure needs, including broadband internet service. A bonus competition would also occur based on State performance in achieving goals outlined in State-developed rural infrastructure plans.

- Transformative Projects – \$20 billion in competitive funding for commercially viable transformative projects that are capable of generating revenue, provide net public benefits, and would have a significant positive impact on the Nation, a region, State, or metropolitan area.
- Expand Federal Leveraging Programs – \$14 billion in additional subsidy funding for key Federal credit programs that finance infrastructure projects, along with expanded eligibility to other sectors such as airports and ports. Private Activity Bonds (PABs), which often support regionally- and nationally-significant projects, would have broadened eligibility and flexibilities. The Budget estimates the cost of these policy expansions at \$6 billion.
- Federal Capital Revolving Fund – \$10 billion to establish a mandatory revolving fund to finance purchases, construction, or renovation of Federally-owned civilian real property. This fund would provide upfront funding needed for large Federal real property projects, and then require agencies to repay the Fund using discretionary appropriations.
- Real Property Reforms – The Administration supports proposals to increase opportunities to sell off Federal real property that is no longer needed, which will generate revenue to improve other Federal facilities and return sites to private use, helping spur local economic development. The Budget also supports flexibilities for Department of Veterans Affairs (VA) to right-size its real property inventory and construct new facilities to serve veterans.
- Reduce Deferred Maintenance on Public Lands – The Budget also proposes a new Department of the Interior Public Lands Infrastructure Fund to support infrastructure investments in public lands. The Fund would be supported by half of the incremental receipts from expanded energy development that exceed previous projections and are not allocated for other purposes.
- Streamline Permits – In addition to providing additional Federal funding, the infrastructure initiative includes several proposals to streamline permitting decisions to accelerate project delivery while maintaining environmental safeguards.

Seeking an Infrastructure Down-Payment in 2018 and 2019 Appropriations

The Administration looks forward to working with Congress to enact comprehensive legislation that: 1) provides \$200 billion over ten years to meet the President’s goal of generating at least \$1.5 trillion in total infrastructure investment; 2) enacts needed agency policy reforms to support state and local investment and decision-making; 3) speeds the Federal permitting process; and 4) invests in rural America. Given the high priority of this effort and the recently announced two-year budget deal, however, the Administration is seeking \$21 billion in additional funding for infrastructure. This includes \$11 billion to kick-start the incentives proposal and \$5 billion for the rural grant proposal, to allow communities to compete for funds and begin needed improvements now in 2018. Additionally, the Administration is seeking approximately \$5 billion in funding increases in a number of high priority programs in FY 2018 and FY 2019 that are further emphasized in the President’s infrastructure initiative.

Investing in Our Country's Most Important Asset – Its People

The President is proposing reforms so Americans secure good-paying jobs and meet the needs of our industries. The President's plan would reform Federal education and workforce development programs to better prepare Americans to perform the in-demand jobs of today and the future. This includes:

- Making high-quality, short-term programs that provide students with a certification or credential in an in-demand field eligible for Pell Grants.
- Reforming the Perkins Career and Technical Education Program to ensure more students have access to high-quality technical education to develop the skills required in today's economy.
- Better targeting Federal Work-Study funds to help more students obtain important workplace experience, including through apprenticeships.