

NARC

Building Regional Communities

National Association of Regional Councils

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NARC's Preliminary Budget Analysis

February 3, 2015

UPDATED 9:30 AM Eastern

UPDATE: U.S. Department of Homeland Security (DHS)

Please note that NARC inaccurately reported that the Budget consolidated the National Preparedness Grant program at the U.S. Department of Homeland Security. Just over \$1 billion is proposed for the National Preparedness Grant program in the budget request. DHS was appropriated funds through February 27, 2015, so full year FY15 numbers are not available for comparison.

U.S. Department of Transportation (USDOT)

The transportation budget provides \$94.7 billion for the USDOT for FY16, which represents the first year of a \$478 billion, six-year transportation reauthorization bill to provide long-funding for highway and transit projects. The existing Highway Trust Fund would be replaced with a Transportation Trust Fund, which would be funded with \$240 billion from gas tax revenue and \$238 billion from a new tax on the foreign profits of US corporations. As part of the transition to international business tax reform, the plan would impose a one-time transition charge of 14 percent on the untaxed foreign earnings that US companies have accumulated overseas (the rate on future foreign earnings would be 19%; under both scenarios, the credit for taxes paid overseas is maintained). These proceeds would be funneled to transportation. No increase in the federal 18.4 cent gas tax is proposed. Metro planning is increased to \$320 million from \$314 million in FY15.

The reworked GROW America proposal – which expands from \$302 billion over four years to \$478 billion over six years – has \$317 billion for highways, including \$18 billion for a national freight program, and \$115 billion for transit. The Administration also proposes to shift a number of items to be paid for from the trust fund instead of from general funds, including TIGER grants, Amtrak, high-speed rail, transit New Starts, and other items.

Some additional highlights from the reauthorization proposal include: increased transit and passenger rail investments; a TIGER program funded at \$1.25 billion annually and shifted to mandatory funding (New Starts would also be shifted to mandatory spending); new performance measures that would prioritize “fix it first” projects; a \$6 billion competitive grant surface transportation innovative solutions program; creation of a National Infrastructure Bank; American Fast Forward Bonds program and Qualified Infrastructure Bonds program; and creation of the Infrastructure Permitting Center, intended to further cut red tape in the infrastructure permitting process.

Aviation-related items of importance include increased funding for the Essential Air Service program and an increase in the passenger facility charge at larger airports under specific



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conditions. The Budget also recommends a cut of \$450 million from the Grants-in-Aid for Airports program, although the Administration argues that the proposed higher PFC will make up the difference.

U.S. Department of Commerce (Commerce)

The President's FY2016 budget provides \$9.8 billion in funding for Commerce, a \$1.3 billion increase over FY15 levels, to create conditions for economic growth. The budget invests \$273 million for the Economic Development Administration (EDA), a \$23 million increase over FY15, to support innovative economic development planning, regional capacity building and capital projects. Included in this amount is \$25 million for Regional Innovation Strategies Program to promote economic development projects that spur entrepreneurship and innovation at the regional level. The EDA budget also includes \$39 million for Partnership Planning to support local organizations with their long-term economic development planning and outreach; \$53 million for Economic Adjustment Assistance; and \$8 million to bolster EDA's role in coordinating federal economic development programs and expand their on the ground presence to local communities through planning and technical assistance.

U.S. Environmental Protection Administration (EPA)

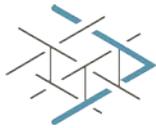
The budget provides \$8.6 billion for the EPA, a \$500 million increase over FY15 levels. A new initiative called the Clean Power State Incentive Fund will begin this summer to support the efforts of states that want to go beyond minimum pollution cuts required under EPA climate change rules. This fund would eventually build to \$4 billion and would be available to states aiming for deeper, more rapid greenhouse gas reductions from their utilities. The budget would also put \$239 million toward EPA efforts to write climate-focus rules and guidelines and to coordinate voluntary programs for carbon reduction. That would include \$25 million to help states write their Clean Power plan implementation plans. EPA will provide \$110 million in Brownfields Project grants to local communities for increased technical assistance and community grants for assessment and cleanup. The budget includes \$2.3 billion for EPA Clean Water and Drinking Water State Revolving funds and \$50 million in technical assistance and training for communities to plan and finance drinking water and wastewater infrastructure improvements.

U.S. Department of Housing and Urban Development (HUD)

The budget provides HUD with \$49.3 billion, \$4 billion above the FY15 enacted level. This includes \$2.8 billion for the Community Development Block Grant program, a \$200 million cut; \$1.06 billion for the HOME program; \$2.5 billion for Homeless Assistance Grants; \$250 million for the Choice Neighborhoods program; \$50 million for the Rental Assistance Demonstration program; \$21.1 billion for the Housing Choice Voucher program; and \$300 million for the Local Housing Policy Grants Program.

U.S. Department of Justice (DOJ)

The FY15 budget provides \$28.7 billion for Justice, \$1.3 billion above FY15 levels, to fund core law enforcement needs, safe and secure prisons, and other federal state and local programs. The



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budget includes \$146 million to expand reentry and recidivism reducing programs and \$97 million for Community Policing to expand training and oversight of local law enforcement, equipment, police reform, and technical assistance and training.

U.S. Department of Agriculture (USDA)

The White House is proposing \$23.5 billion for the U.S. Department of Agriculture, a slight drop from the \$23.8 billion enacted for fiscal 2015. Funding includes \$6 billion in direct loans to support clean and renewable energy generation, transmission and distribution activities across rural America; \$2.2 billion for community facility direct loans; \$200 million for Watershed and Flood Prevention Operations; \$1.1 billion for Rural Business Service; \$1.7 billion for the Water and Waste Disposal program; and \$64 million for broadband loans and grants. The budget proposal also establishes a new food safety agency in the U.S. Department of Health and Human Services and consolidates the USDA's food safety division into this new agency, which receives \$1 billion under the proposal.

In another restructuring effort, the USDA's rural business programs would be included in a massive consolidation of several agencies' business and trade programs, including the U.S. Department of Treasury's Community Development Financial Institution program. The merger would form one department dedicated to promoting competitiveness, exports, and jobs.