

# Holland & Knight

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## FY 2017 PRESIDENT'S BUDGET REQUEST OVERVIEW

### Overview

On February 9, President Obama submitted his budget request to Congress for fiscal year (FY) 2017. A full summary from the White House can be found [here](#), and more detailed numbers and information are available [here](#).

The President's entire budget calls for an estimated \$4.1 trillion in total spending. This is the Administration's last budget request, and much of the spending within the budget seeks to strengthen the President's legacy on a variety of issues, such as environment, education, and transportation.

The White House projects the 2017 budget, if passed, would produce GDP growth of 2.6 percent this year and next while the deficit would gradually shrink, going from 3.3 percent of GDP in FY 2016 to an average of 2.6 percent over the next decade. Cuts included in the 2017 budget include: a \$1.2 billion or 30 percent decrease in Corps funding to \$4.62 billion; a \$460 million decrease from FEMA Preparedness Grants; a \$390 million decrease of the Low Income Home Energy Assistance Program; and a \$257 million decrease of the Environmental Protection Agency's (EPA) Clean Water and Drinking Water State Revolving Loan Funds.

However, the President also used his last budget to announce a variety of initiatives such as a \$12 billion initiative to end child hunger by providing electronic cash benefits for food to low-income children during the summer, \$1 billion for the "moonshot" to cure cancer, and a proposed \$10-per-barrel tax on oil. Other large spending requests included \$2 billion for the federal Pell Grant program aimed at helping students accelerate their progress toward to degree by attending school year-round, \$19 billion for cybersecurity spending, and a \$1.8 billion request for emergency funding to combat the Zika virus.

Below are budget summaries for the agencies and federal programs important to local governments.

## U.S. Army Corps of Engineers (Corps):

Total Funding: \$4.62 billion – a 23% cut from FY 2016 enacted funding - for the Army Corps of Engineers Civil Works program. Wants to cut \$808 million, or about 40 percent, from the Corps spending on what the administration calls “Low Priority Studies and Construction.” This is nearly 65 percent larger than a cut it proposed in its budget plan last year.

- **\$1.09 billion for Construction** – a decrease of approximately \$800 million in funding over FY 2016 enacted levels: Allocates funds on a performance basis to high-performing projects. The Budget funds those investments within the three main mission areas of the Corps civil works program — commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration — as well as related efforts (such as hydropower at multi-purpose dams) that provide the best economic, environmental, and public safety returns to the Nation. The Corps gives priority to the projects with the greatest net economic and environmental returns per dollar invested, as well as to projects that address a significant risk to human safety
- **Continuing Authorities Program (CAP)** - The Corps can plan, design, and implement certain types of water resources projects without additional project specific congressional authorization. The Corps can plan and implement projects of limited size, cost, scope and complexity.
  - \$1 million for Aquatic Ecosystem Restoration, Section 206 (projects at \$10 million)
  - \$500,000 for Flood Control Projects, Section 205 (projects at \$10 million)
  - \$1 million for Project Modifications for Improvement of the Environment, Section 1135 (projects at \$10 million)
- **\$2.705 billion for Operation and Maintenance** or \$432 million less than FY 2016 enacted level: Funds inspection, operation, maintenance, and related activities for water resources projects operated and maintained by the Corps. These projects include navigation channels, navigation locks and dams, structures to reduce the risk of flood and storm damage (e.g., levees)
  - Includes \$950 million for the Harbor Maintenance Trust Fund (HMTF) – 23 percent decrease from FY 2016 enacted level
- **\$85 million for Investigations** – a \$36 million decrease or 30 percent less than FY 2016 enacted levels – which funds studies to determine the need, engineering feasibility, and economic and environmental return to the federal government; preconstruction engineering

## Department of Transportation

Total Funding: FY 2017 budget requested \$98.076 billion – a 29% increase over FY 2016 enacted funding

In the President's FY 2017 budget, he announced his new initiative, the 21<sup>st</sup> Century Clean Transportation Plan. The budget requests \$32 billion per year over 10 years to help replace the nation's aging transportation and infrastructure system. The programs proposed build upon the base established by the Grow America initiative. Below is a list of major programs with their requested FY 2017 funding levels:

- **Transportation Investment Generating Economic Recovery (TIGER)** grant program: \$1.25 billion – a \$750 million increase over FY 2016 enacted funding
  - Federal-aid highways obligation limit: \$43,266,100,000 – same funding level as authorized in the FAST Act and 2.1% increase over FY 2016 enacted
    - Includes additional \$7.5 billion for 21<sup>st</sup> Century Clean Transportation Plan Investments
  - **\$19.883 billion for Federal Transit Administration (FTA) formula grants**, 69% increase over FY 2016 enacted funding
    - \$9.733 billion for transit formula grants: 4% increase over FY 2016 enacted levels
    - Includes additional \$6.385 billion for 21<sup>st</sup> Century Clean Transportation Plan Investments. Including \$525 million for a new Bus Rapid Transit (BRT) discretionary grant program to help communities with fast-growing populations
    - **Capital Investment Grants (New Starts): \$3.5 billion**, 60% increase over FY 2016 enacted funding (\$2.302 authorized in FAST Act): Supporting 31 total projects
      - \$1.383 for existing New Starts Full Funding Grant Agreements (FFGA)
      - \$950 million for New Starts Not Yet Under Construction Grants
      - \$458 million for Core Capacity Not Yet Under Construction Grant
      - \$599 million for Small Starts Not Yet Under Construction Grants
      - \$76 million for the Expedited Delivery Pilot Program, new program authorized in the FAST Act--\$5 million in FY 2016 enacted
  - **\$6.267 billion for Federal Railroad Administration (FRA)**, 273% increase over FY 2016 enacted levels
    - \$1.9 billion for Amtrak, 36.7% increase over FY 2016 enacted funding
    - \$3.7 billion for Consolidated Rail Infrastructure and Safety Improvements – a \$2.72 billion increase over FY 2016 enacted funding – for rail safety/infrastructure grants including PTC, rail relocation
- \$1.3 billion for Positive Train Control (PTC)— (\$199 million authorized in FAST Act)