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Summit Strategies Team Report – May 2023

From: Summit Strategies Team

To: Andrew B. Fremier, Executive Director

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Subject: May Federal Policy Monthly Report

- **Deal Reached to Raise the Debt Ceiling**
 - **Supporting MTC Priorities in Congress**
 - **Agency Actions and Competitive Grant Update**
 - **National Transportation News Roundup**
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Below is a status update on issues of interest to MTC and the actions that we have taken to date.

Deal Reached to Raise the Debt Ceiling

With two days to spare before the United States was predicted to default on its debts, President Joe Biden signed a deal (HR 3746, the "Fiscal Responsibility Act of 2023") to raise the debt ceiling until January 2025. The deal culminated weeks of negotiations between House Speaker Kevin McCarthy (R-CA) and the Biden Administration. The deal includes several provisions that House Republicans had fought for. This upcoming year (federal fiscal year (FY) 2024) caps non-defense, non-veteran healthcare spending at FY 2022 levels. In FY 2025, the cap allows for a 1 percent increase from FY 2024 funding levels. Defense spending will increase by 3 percent in the deal, which aligns with President Biden's original budget request. A breach of these spending caps would trigger automatic, across-the-board spending cuts (i.e., sequestration).

As it relates to the impact of the bill on transportation, it's good news that the debt ceiling deal largely protected the transportation commitments from the 2021 Infrastructure Investment and Jobs Act (IIJA). Specifically, the IIJA's "guaranteed funds" – Highway Trust Fund-funded resources and advanced appropriations – are protected from cuts. As a user-fee-funded trust fund, the Highway Trust Fund (HTF) has a unique budgetary status that exempts the HTF from discretionary spending caps. The debt ceiling bill also includes a provision that prevents cuts from IIJA advanced appropriations from being used to count towards budgetary "savings" that would help Congress comply with the spending caps. This helps protect the IIJA advanced appropriations by removing the "potential savings" incentive.

However, the spending caps will impact the other General Fund-funded programs under the jurisdiction of the Transportation-Housing and Urban Development (THUD) spending bill, including housing vouchers, community development program funding, and IIJA discretionary transportation programs, many of which Congress has funded above "guaranteed" levels for several years. The annual appropriations bills will determine specific program-level impacts.

The debt ceiling package also rescinded an estimated \$30 billion in unobligated COVID relief funding, including unobligated Federal Highway Administration (FHWA) funding. When the deal was struck, \$1.7 billion in FHWA COVID relief was unobligated. Of that, approximately \$295 million of the unobligated balance was in California, and \$43 million was for Bay Area projects. MTC worked with state and federal partners to expedite fund obligation, and by the

time the bill was enacted, California's balance shrunk to \$5 million, and all but \$500,000 had been obligated in the Bay Area.

The debt ceiling package also includes elements of the House of Representatives BUILDER Act, which amends the National Environmental Policy Act by imposing time limits on how long it takes to complete Environmental Impact Statements, among other measures. The debt ceiling package also imposes new work requirements for people receiving Supplemental Nutrition Assistance Program benefits by increasing the upper age limit of childless, able-bodied adults who need to work to receive benefits to 55.

Supporting MTC Priorities in Congress

In May 2023, the DC advocacy team held ongoing conversations to preserve IJJA accounts and maintain current funding levels at a minimum. House Appropriations Committee Chairwoman Kay Granger (R-TX) recently sent a letter to committee members outlining a preliminary schedule (subject to change) for considering FY 2024 appropriations bills. As of this writing, the House of Representatives has marked up bills for the Legislative Branch and Military Construction, Veterans Affairs, and Related Agencies subcommittees.

Agency Actions and Competitive Grant Update

Funding Boost Announced for Regional Accelerators

Applications for the US Department of Transportation (USDOT) Regional Infrastructure Accelerator (RIA) Program were due May 30, 2023. During this RIA cycle, USDOT made \$24 million available. The program aims to determine the effectiveness of regional accelerators in speeding up the development and execution of transportation projects. In 2022, USDOT selected California's Resilient SR 37 Program as one of its ten regional accelerators. The Bureau plans to select six to ten of the regional accelerators for awards in this round of funding. Funding will be used to assist in project planning, evaluation, financing, and technical assistance. [More information on the Notice of Funding Opportunity \(NOFO\) can be found here.](#)

US Department of House and Urban Development (HUD) Announces More than \$800 Million to Reduce Energy Costs

On Thursday, May 11, 2023, the HUD announced \$837 million in funding through the Green and Resilient Retrofit Program (GRRP) to reduce the greenhouse gas emissions of HUD-assistant multifamily properties serving low-income residents. This new program will allow buildings to invest in solar panels, heat pumps, roofing, insulation, and other measures to reduce carbon emissions. The program aims to reduce energy and water use in HUD-assisted facilities and make multifamily properties more resistant to extreme weather events. [More information on the announcement can be found here.](#)

Ferry Grant Funding Competition Announced

On May 18, 2023, the Federal Transit Administration announced the availability of \$220 million to modernize passenger ferry service in rural and urban communities across the United States. The funding comes from the Bipartisan Infrastructure Law (BIL) and will support the Passenger Ferry Program and the Ferry Service for Rural Communities Program. The Passenger Ferry program supports projects for buying, replacing, and modernizing passenger ferries and related equipment. The Ferry Service for Rural Communities program provides funding to ensure ferry services for rural communities. [More information on the announcement can be found here.](#)

National Transportation News Roundup (links to articles)

- [California's struggling transit agencies approaching a financial cliff \(KTVU\)](#)
- [Ex-contractor's computer in Russia breached DC Metrorail transit system, watchdog finds \(CBS\)](#)
- [Taylor Swift Fans Give Public Transit a Well-Timed Boost \(Governing\)](#)
- [Commuters Ditched Public Transit for Work From Home. Now There's a Crisis \(Bloomberg\)](#)