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Transportation Update from Peyser Associates

President's Budget Released with Stable DOT Funding

President Trump's Fiscal Year 2027 Budget was released this morning. The Budget summary shows that topline spending for Defense would increase by 50% from \$1 trillion to \$1.5 trillion. Non-Defense discretionary spending would decrease by 10% to \$660 billion. The Transportation Department overall would get a 1.6% increase in appropriated funds (i.e. not including Trust Funds). The only other cabinet level agencies getting an increase would be Energy and Veterans Affairs. Among agencies experiencing the largest percentage cuts would be: EPA (52%), State (30%), Labor (26%), HUD (13%) and Interior (13%).

Key headlines with regard to transit and rail programs include:

- FTA CIG funding would be cut by \$483 million while other transit programs would see flat funding.
- Future projections reflect ongoing flat funding for transit – perhaps foreshadowing the Administration's surface transportation reauthorization proposal.
- The budget proposes no funding for the Federal State Partnership for Intercity Passenger Rail program going forward. The Budget proposes modest funding for CRISI and Railroad Crossing Elimination.
- The budget proposes a new program for "Safe and Beautiful Transportation in Washington, DC" focused on Metro and Union Station.

Given the expiration of the IIJA Advance Appropriations, overall funding for transit and rail programs will see a sharp decline from the previous five years under this budget.

See below for a chart comparing the proposed FY 2027 Budget with the FY 2026 enacted levels for key rail, transit and highway programs.

Washington, DC

FUNDING FOR SELECTED SURFACE TRANSPORTATION PROGRAMS
FY 2026 Enacted and FY 2027 Proposed
(\$ in millions)

FRA	FY 2026 Enacted	FY 2027 Budget
AMTRAK NEC	850.0	647.0
AMTAK Nat. Network	1,577.0	1,443.0
CRISI - Discretionary Grants	50.0	294.0
CRISI - Earmarks	87.4	
F-S Partnership for ICPR (FSP)	65.0	0.0
Rail Crossing Elimination		98.0
TOTAL	2,629.4	2,482.0
FTA		
FTA Formula Programs and Bus Competitive	15,942.0	15,942.0
CIG	1,700.0	1,215.0
(CIG New Starts)	(1,357.0)	
(CIG Core Capacity)	(200.0)	
(CIG Small Starts)	(25.7)	
(CIG Expedited Project Delivery)	(100.0)	
WMATA	150.0	150.0
Transit Infra. Grants Tech Assistance ZEV Transition		
Transit Infra. Grants - Ferries	25.0	
Transit Infra Grants - Bus Testing	1.5	
Transit Infra Grants - Accelerating Innov. Mobility	2.0	
Transit Infra Grants - Safety Equipment and Facilities	15.0	
Transit Infra Grants - Earmarks	147.9	
Transit Infra Grants - Rural Ferries	20.0	
TOTAL	17,853.4	17,307.0
FHWA		
INFRA	200.0	770.0
Highway Infra Grants - Earmarks	1514.7	

OST		
Local and Regional Project Assistance (BUILD)	145.0	
Safe and Beautiful Transpo. In DC		403.0

Congress Tees-up a Re-Do of Last Week’s Failed Deal on DHS Funding

As you will recall, last Friday the House surprised many in DC when Speaker Mike Johnson (R-LA) refused to take up a bill passed unanimously in the Senate to fund the non-ICE and border patrol elements of DHS (including TSA agents). Johnson called the bill “a joke.”

On Wednesday, apparently with White House encouragement, Johnson and Senate Majority Leader John Thune agreed that the House would indeed pass the bill from last week and then they would work together to develop a reconciliation package later in the Spring that would include, among other things, a three-year appropriation for the entire DHS. Reconciliation bills can pass the Senate with a simple majority, making this a measure the GOP can pass without Democratic votes.

In a *pro forma* session early Thursday morning, the Senate took the required procedural step to ping-pong last week’s bill back to the House. When the House convened for a similar session about an hour later, the bill did NOT come up. Speaker Johnson held a virtual meeting with his caucus yesterday and after some push-back from hard-line conservatives he decided not to bring the bill up. It will now wait for Congress’ return on April 13 to be considered, if then.

It is important to note that step 2 of the GOP leadership plan – three years of appropriations for DHS in a reconciliation bill is by no means a “slam dunk.” Using that procedure to approve a regular annual appropriation bill would be offensive to appropriators on both sides in the Senate. It has not been done before. Reconciliation bills have included supplemental appropriations, as did last year’s reconciliation measure. But using the process to avoid the filibuster on a regular annual spending bill would be walking right up to the line of abolishing the filibuster on appropriations bills altogether. Because of concerns over these difficulties, GOP leadership announced they would be pursuing a dual-track approach this year and trying to also advance a DHS spending bill for FY 2027 through the regular process.

While there is no direct link to transportation funding or the surface transportation authorization bill, an effort to pass a reconciliation bill along the lines now under discussion would consume a lot of floor time in the Senate. In a short election year session, that will create a logjam that will make it difficult to pass even “must-pass” things like appropriations bills before the election.

The multi-year surface transportation reauthorization is not viewed as a “must-pass” item. The potential for such a bill to be enacted this year continues to diminish. An extension of highway, transit and rail programs and the Highway Trust Fund would be considered essential.

April 10, 2025

Transportation Update from Peyser Associates

Congress Set to Return to Address DHS Funding

After congressional Republicans last week failed to pass a DHS appropriations bill that did NOT include ICE and border patrol funding, Congress will return from its Spring recess next week with uncertainty over next steps to re-open DHS.

After taking static from a significant portion of his caucus last week for his flip-flop on the plan for a partial restoration of DHS funding, House Speaker Mike Johnson (R-LA) has not committed to bring the Senate-passed DHS funding bill to the House floor. If he were to do so, it would certainly pass. But Johnson's main concern is how many of his own caucus would support the bill. If he cannot get a solid majority of GOP Members to support it, his Speakership might be in jeopardy if he lets it pass with strong Democratic support and weak support on his side.

Meanwhile, President Trump has urged Congress to pass a bill to fund all elements of DHS by June 1. He is pushing for them to make that a partisan effort in the Senate, which would require the Budget Reconciliation process to serve as the vehicle for the legislation. Before recess, GOP Senators were floating the idea of including three years of DHS appropriations in a reconciliation bill. This would fund the Department for the remainder of Trump's term in office. In the past, reconciliation bills have been used to enact supplemental appropriations but never has it been used for the regular annual appropriations bill for a department.

Appropriators on both sides of the aisle are likely to object to using reconciliation this way. It would be viewed as tantamount to eliminating the filibuster on appropriations bills. GOP appropriators – facing the potential they could lose the Senate as early as this year -- may be concerned that they could see retribution for this move in the FY 2028 cycle.

As noted in last week's report, this DHS funding battle – particularly if it includes a reconciliation fight – will take up valuable floor time in a short election-year congressional session. This will delay action on fiscal year 2027 appropriations bills and could push the surface transportation reauthorization bill to the sidelines for this year.

Return of Congress Next Week May Shed Light on Reauthorization Process

When Congress returns next week, congressional leaders on transportation funding and their staffs will descend on the APTA legislative conference to give updates on the potential for action on surface transportation reauthorization. Advocates will be looking for a signal from House T&I Committee Chair Sam Graves (R-MO) about his plans for committee action. Before recess he said he would like to have a mark-up this month.

April 17, 2025

Transportation Update from Peyser Associates

House Sets Schedule for Appropriations Committee Action

House Appropriations Committee Chair Tom Cole (R-OK) this week announced the schedule for committee consideration of Fiscal Year 2027 spending bills. For the Transportation-HUD (THUD) bill, the plan is for subcommittee mark-up on May 21 and full committee on June 4. The schedule calls for all 12 spending bills to be through the committee by June 24. The date for the committee hearing on the President's FY 2027 budget request for DOT has not been set.

Based on this schedule, the full House would be able to begin considering spending bills before the July 4th recess and continue through the month of July in hopes of getting them all approved by the House before the August recess.

On the Senate side, no schedule for spending bill markups has been announced. Several hearings on departmental budget requests are on the calendar, but the DOT hearing is not among them. Senate staff is saying that committee action on spending bills may not take place until July. Given that schedule, it is unlikely they would be able to pass more than a few of their bills before September. Therefore, a short-term continuing resolution to keep the government running until after the election is certain to be on the agenda in September.

House Action on Reauthorization Still Not Scheduled

Another week has passed with no signal from the House Transportation and Infrastructure Committee that they are close to a markup on a multi-year surface transportation reauthorization bill. Based on conversations with congressional staff and statements made by House Members at the APTA legislative conference this week, it appears that bipartisan agreement on critical top-line issues has not been reached. In his remarks to the conference, Ranking Member Rick Larsen (D-WA) noted that he is still fighting for overall funding levels that would use the IIJA levels as a baseline for transit and rail and to preserve the Mass Transit Account in the Highway Trust Fund. He said he still hopes the committee will mark-up a bill "at some point" but his previously expressed optimism about early action was not evident.

With the end of April in sight, more and more Members and staffers on Capitol Hill are talking openly about the need for an extension. There is still time for the House to try to advance a multi-year bill through committee but given the lack of action in the Senate, its prospects for ultimate enactment appear bleak.

Senate Is Poised to Advance Three-Year DHS Funding With GOP Votes Only

The Senate GOP leadership and caucus came to an agreement this week on advancing a Budget Reconciliation package that would fund the Department of Homeland Security for Fiscal Years 2026, 2027 and 2028. As readers of this report know, a reconciliation measure requires just 51 votes for passage in the Senate instead of the usual 60 required to avoid a filibuster.

The process they will begin next week will seek to advance a package that is limited only to DHS funding. Senators would not be allowed to attach any other programs or policy issues to it. Step one next week will be consideration of a Budget Resolution that will instruct the committees with jurisdiction of homeland security agencies to approve legislation providing the three years' worth of funding. Senators will be allowed to offer amendments that could expand the scope of the package, but leaders will be seeking to quash those amendments out of fear that they will cause a loss of support.

Even if the proposal remains amendment-free, there is no assurance it will pass. Members of the Appropriations committee may balk at using reconciliation in an unprecedented way to bypass the annual appropriations process. But if the Budget Resolution does pass the Senate next week, the House would pass it the following week. Both Houses are out the week of May 4th, so the expectation is that the reconciliation bill with the detailed spending plan would come to the Senate floor the week of May 11 and go to the House the following week for final approval.

If Congress keeps to this schedule, they will satisfy President Trump's demand that this action be taken by June 1.

DOT Pivots on Issuing New Guidance Placing Limits on TOD Loan Sizes

In a "now you see it, now you don't" moment, the Build America Bureau at DOT yesterday signaled its plan to issue new guidance on the methodology for sizing Transit Oriented Development loans in the TIFIA and RRIF programs but then pulled down its posting.

The National Archives and Records Administration, which publishes the Federal Register, publishes advance notification each day of items to appear in the Federal Register the following day. This "public inspection" release gives interested parties a heads-up about imminent actions.

Yesterday morning, a public inspection notice was issued concerning the new guidance on TOD loans. The release included a notice from the Bureau with the broad outlines of the new guidance but indicated the details would be included today on the Bureau's website FAQ page on TOD. By early afternoon, the posting was updated to say the Bureau had withdrawn the filing. Your reporter has been monitoring these public inspection releases for many years and never seen this happen.

Although we don't have the details of the new methodology for loan sizing yet, the notice that was briefly available yesterday indicated that going forward, the Bureau plans to peg the size of TIFIA and RRIF loans to the level of transportation infrastructure benefits included in a proposed TOD project.

The statutory provisions on TIFIA and RRIF TOD authority currently peg the maximum loan size to a fixed percentage of the total project cost. The RRIF statute includes no requirement for transportation infrastructure to be part of a TOD project. The TIFIA statute requires projects to have public infrastructure benefits but does not specify a minimum level of such benefits for each project.

This new requirement would create another barrier to TOD lending from the TIFIA and RRIF programs. In the 10-year history of TOD authority in TIFIA and RRIF only one project has been approved – a TIFIA loan for a library in Mt. Vernon, WA.

It is not clear why the notice was pulled. If it was for substantive reasons, we may not see it again. But if it was merely an administrative issue it may be return at a later date. If it does, there will be a public comment period. Congress is also likely to take note of the change and may respond with legislation.