LEGISLATIVE UPDATE

June 2017

The release of President Donald Trump's $4.1 trillion Fiscal Year 2018 budget late last month proposed the underfunding of several important programs and projects for seaports and the maritime industry.

Though the M.E.B.A. and industry partners have worked hard to get a more reasonable authorization level for the Maritime Security Program (which resulted in a $300 million appropriation for MSP in FY '17), the budget only recommends $210 million for FY '18. However, the President's budget is only a starting point for program funding and will be vigorously debated by lawmakers before final funding figures are put in place. M.E.B.A.'s legislative team will be working hard to ensure that MSP receives the higher (authorized) level of funding in FY '18.

In addition, the President's budget does no favors for food aid. It zeroes out the PL-480 Food for Peace program which has provided another source of cargoes for U.S.-flag ships. The Export-Import Bank is another important element for the U.S.-flag industry and shipping interests were recently heartened when the President nominated two new members to the Bank Board that, if confirmed, would allow the Bank to field a quorum and restore Ex-Im to full operational status. However, in his budget, the President recommends $10 million in administrative cuts for the Bank and would cancel $165 million of the Bank's Tied Aid Fund which provides financing of public-sector capital projects in developing countries.

Though the budget recommends a $6.5 billion funding jump for the U.S. Navy over last year's numbers, naval shipbuilding didn't receive the major boost that some expected. The funding is a boon for maintenance of the existing air and sea fleet but reduces newbuild money over last year's budget.

Ports were unenthused that the budget eliminates the Transportation Department's TIGER grants program which aids infrastructure projects. Big cuts to the Homeland Security Department's Port security grant program were also questioned by seaport interests. The new budget follows through on the President's pledge to sap funding from the Environmental Protection Agency. The American Association of Port Authorities pointed out that EPA cuts will hinder port efforts to invest in clean diesel equipment and reduction strategies. However, AAPA pointed out that they are fully onboard with the President's recently announced initiative to support $1 trillion in infrastructure. Over the next decade, AAPA is calling for $66 billion in federal funds for port-related infrastructure to ensure U.S. job creation, economic growth, safe and secure ports and tax fairness. On the waterside, AAPA recommends the investment of about $34 billion to maintain and modernize deep-draft shipping channels, and $32 billion to build vital road and rail connections to ports and improve port facility infrastructure.

Transportation Trades Department, AFL-CIO (TTD) President Ed Wytkind was critical of the cuts the budget proposals for transportation programs. He said the budget "would idle major infrastructure upgrades, saddle businesses with an aging and ineffective freight and passenger network and ignore the needs of weary commuters and travelers." He called for the President to work with Congress "to fully fund a major expansion in infrastructure spending that puts millions to work."