Insight

A Recap of “Infrastructure Week”

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Summary

- Trump announced plans to transfer day to day traffic control from the Federal Aviation Administration (FAA) to a non-governmental, non-profit entity.
- Infrastructure week also focused on reducing the permit process time for infrastructure projects.
- The White House posted an infographic that breaks down the $200 billion in federal infrastructure funding as $25 billion for rural infrastructure, $15 billion for “transformative projects,” and $100 billion for local prioritization of infrastructure needs.
- A new work force training initiative was introduced with a goal to have 1 million apprentices in two years.

Introduction

Last week was the White House’s self-proclaimed “infrastructure week.” While the administration has not yet released its infrastructure plan, the week did provide further details on President Trump’s plan to rebuild America’s infrastructure. The administration announced a proposal to privatize air traffic control operations, as well as a plan to reduce the permit process time. New details regarding Trump’s infrastructure plan were announced, including a breakdown of the proposed $200 billion in federal outlays and an initiative focused on skill-based apprenticeship education.

Privatized Air Traffic Control

Trump kicked off the week by announcing the administration’s plan to transfer air traffic control (ATC) operations from the Federal Aviation Association (FAA) to a separate non-governmental, not-for-profit entity. The new ATC entity would be governed by a 13-member Board of Directors. The Board would consist of eight initial board members, a Chief

Executive Officer selected by the initial board members, and four independent board members. The eight initial board members would be compromised of two members representing airlines, two for unions, one for airports, one for general aviation, and two for the Department of Transportation (DOT) selected by the Secretary of Transportation. Aviation safety regulation would remain within the DOT and the FAA would provide oversight over the new ATC entity.

Currently, ATC is operating using antiquated World War II era radar technology. Controllers follow the progress of flights via radar blimps, and track incoming and outgoing flights using paper strips. In 2015, controllers were required to navigate roughly 8.7 million commercial flights using tiny pieces of paper.[i] The technology prevents airplanes from flying efficiently since it requires airplanes to fly indirect paths over a series of ground-based radio beacons. This leads to longer delays for customers and higher fuel costs.

FAA has been struggling for nearly 15 years to roll out a modernized system. In 2006, the FAA identified six "transformational" projects that would support a modernized National Airspace System (NAS), Next Generation Air Transportation System (Next Gen).[ii] Next Gen boasts a GPS tracking system and digital communication technologies for air traffic controllers and pilots. While there is an undeniable need for modernized technology, delayed progress by the FAA has proven costly. Since 2007, the FAA has invested $3 billion in the "transformational" programs and current baseline cost estimates evaluate these programs to cost $5.7 billion and extend beyond 2020. The FAA has still not identified the total costs for implementing the Next Gen technologies fully. Furthermore, the FAA has acknowledged that it will not meet the original date of 2025 to modernize the NAS.[iii] Our current system falls behind technology used by other developed countries, putting the U.S. at a disadvantage.

The FAA is primarily a regulatory body and is responsible for keeping the national airspace safe. Its risk-adverse, bureaucratic operational culture is counterintuitive to achieve a modernized air traffic control (ATC). Removing the ATC operations from the FAA allows the FAA to solely focus on its role as safety regulator. This would allow for faster ATC modernization without compromising safety. Canada, who transferred their civil air navigation service to the privately run, not-for-profit corporation, Nav Canada, in 1996 has modernized their technology while maintaining a safe system. Since its founding, Nav Canada has invested over $2 billion in new technology and facilities, and plans to invest $170 million in FY 2017.[iv] Transferring ATC operations from the FAA to a private entity would free ATC from inconsistent funding and bureaucratic red tape which has delayed modernization of the system.

Reducing Permit Process Time

Another focus of infrastructure week was the current lengthy permit process time. Trump plans for regulatory reforms to reduce permitting time for infrastructure projects from 10 years to two years. The White House will try to achieve its target by creating a new council to streamline regulatory reviews for infrastructure projects. The council would also increase transparency by creating a new online dashboard that allows the public to easily track major projects through each stage of the approval process. But both the council and the dashboard already exist. The Federal Permitting Improvement Steering Council, authorized by Congress in 2015, tracks infrastructure permits and approval across the federal government. Furthermore, the Federal Infrastructure Projects Permitting Dashboard already tracks the permitting of major highway and transit projects.

Decreasing the time infrastructure projects spend jumping through regulatory hurdles would help to decrease costs and speed up the completion of necessary projects that are often backlogged due to the lengthy review process. However, the creation of an additional council is unnecessary to achieve such means. Reducing the statute of limitations on judicial review of the National Environmental Policy Act (NEPA) process for infrastructure projects, which is currently two years, would allow infrastructure projects that have already been approved to continue construction without interference. The Purple Line in Maryland, for example, is currently stalled due to a pending NEPA lawsuit, with state officials saying that every month of delays cost the project more than $13 million.[v]

$200 Billion in Federal Funding

The White House FY 2018 budget includes $200 billion in outlays related to an infrastructure initiative. This $200 billion is intended to spur private investment to total $1 trillion in infrastructure investment. While the question of where the $200 billion will be paid for is still unanswered, the administration has outlined what the $200 billion will be spent on. In an infographic, the $200 billion is broken down as: $25 billion for rural infrastructure, $15 billion for “transformative projects,” and $100 billion for local prioritization of infrastructure needs. There are currently no details regarding what the remaining $60 billion would go towards. The breakdown prioritizes rural and local infrastructure which has been a concern for both Democrats and Republicans. Opponents of Trump’s private investment initiative fear a focus on private-public partnerships will neglect rural areas where there is less profit to be made by private investment.

The infographic also highlighted a new workforce training initiative. The initiative would focus on skill-based apprenticeship education and calls for 1 million apprentices in two years. Vocational training advocates have pointed to persistently high youth joblessness and the need for skills-based apprenticeships. In 2016, the number of unemployed youth was 2. 2 million, or 28.9 percent of those unemployed.[vi] In July of that same year, the youth unemployment rate was 11.5 percent,[vii] compared to the total unemployment rate of only 4.9 percent.[viii] Apprenticeship programs have been useful in reducing youth unemployment in Germany by comparison. A detailed description of how a million apprenticeships will be created remains to be seen.

Conclusion

While this week was likely an effort to rally policymakers behind Trump's infrastructure vision, the week still leaves many unanswered questions about specifics. The proposals revealed thus far emphasize the privatization of infrastructure. While privatization can be the answer to some areas of infrastructure, it won't completely address some infrastructure concerns. While a bipartisan infrastructure deal may yet be struck, it will certainly not come easily. With infrastructure week over, the real work begins. The first step? A detailed infrastructure proposal.

[i] FAA, 2017, https://www.faa.gov/air_traffic/by_the_numbers/.

[ii] The six programs are: Automatic Dependent Surveillance-Broadcast (ADS-B), System Wide Information Management (SWIM), Data Communications (DataComm), NAS Voice System (NVS), Common Support Services-Weather (CSS-Wx), and Collaborative Air-Traffic Management Technologies (CATM-T).

[iii] "Total Costs, Schedules, and Benefits of FAA's NextGen," Office of Inspector General, 2016, https://www.oig.dot.gov/sites/default/files/FAA%27s%20Transformational%20Programs%20Report_issued%20Nov%2010_508.pdf.

[iv] "On its 20th anniversary NAV CANADA announces a $170 million investment in infrastructure," Nav Canada, 2016, http://www.navcanada.ca/EN/media/Pages/NR-34-2016.aspx.

[v] Katherine Shaver, "Maryland Official: Purple Line on schedule despite lawsuit delays, but questions remain," Washington Post, March 30, 2017, https://www.washingtonpost.com/news/dr-gridlock/wp/2017/05/03/private-companies-set-to-build-purple-line-arent-backing-out/?utm_term=.7be4cdc5d36d.

[vi] BLS, 2016, https://www.bls.gov/cps/cpsaat31.pdf.

[vii] BLS, 2016, https://www.bls.gov/news.release/youth.nr0.htm.

[viii] BLS, 2017, https://www.bls.gov/web/empsit/cpseea01.pdf.