



Summary: “The Administration’s Framework for Rebuilding Infrastructure in America”

Senate Committee on Environment and Public Works

March 1, 2018

Participants:

- The Honorable Elaine Chao, Secretary, United States Department of Transportation
- The Honorable R.D. James, Assistant Secretary of the Army Civil Works

Opening Statements

Chairman Barrasso (R-WY) opened the hearing by noting that a strong infrastructure system drives the wellbeing of the U.S. However, infrastructure’s needs have not been prioritized and federal regulations have slowed efforts to invest. He said the Administration’s infrastructure plan proposed to spend \$200 billion to generate over \$1 trillion in investments. In part, this can be accomplished by cutting existing red tape and allowing projects to get to construction quicker. He said the plan calls for a two year limit on permitting time and takes a common sense approach to changes. He praised the plan for prioritizing rural America’s needs and called on any final law to include significant and sustained funding for rural areas. He applauded Congress for working on a bipartisan basis to pass a water infrastructure bill this year and called for an extension of that bipartisanship to this infrastructure plan.

Ranking Member Carper (D-DE) was pleased that the White House released their infrastructure plan. He noted that he and the Chairman agree there is a need for the Federal government to be a strong partner with States and localities in infrastructure investment. He criticized the infrastructure plan for its reliance on non-Federal funding and said that governors are concerned and would be reluctant to take such a deal. He also expressed concern with the plan’s ability to leverage \$1.5 trillion in total investment, citing a study completed by the University of Pennsylvania that found that, at most, the proposal would spur an additional \$30 billion in non-Federal spending. He criticized the criteria of the programs for focusing too much on non-Federal funding and not enough on the quality and benefits of projects. Ranking Member Carper said there is a way to speed the permitting process without harming the environment. He said the Administration is calling for increased permitting speeds while also cutting funding to permitting agencies and lacking an executive director at the Federal Permitting Improvement Steering Council (FPISC). He added that some rulemakings required by Moving Ahead for Progress in the 21st Century (MAP-21) and the Fixing America’s Surface Transportation (FAST) Act have not been completed. He called for long term funding certainty for infrastructure, noting that inadequate funding is the most common factor for delaying projects. He said the Administration is calling for increased infrastructure investments while also cutting existing spending by \$240 billion, \$40 billion more than it is proposing. He noted that the infrastructure plan does not include payfors and called for an expansion of vehicle miles traveled (VMT) user fee studies. He praised President Trump for supporting a gas tax increase and noted that there is bipartisan support for such a move. He concluded by saying Congress should make infrastructure a priority and that he believed they do have time to tackle a bill this year.

Secretary Chao said that infrastructure is the backbone of a world class economy and is essential for growth. She noted that the poor current state of infrastructure is hurting Americans. Secretary Chao

said that 12 agencies have been working with the White House to develop this infrastructure plan, which is designed to change how infrastructure is built, financed, and maintained in the U.S. The plan is based on four guiding principles: 1) using Federal money as seed money to incentivize investment for other sources; 2) addressing rural infrastructure needs; 3) streamlining the permitting process; and 4) reducing overly burdensome regulations. She said it is also intended to empower decision making at the State and local level.

Assistant Secretary James said the Administration's plan contains innovative approaches and streamlined processes to address infrastructure needs. He said the Army Corps of Engineers plays a significant role in investing in water resources to prevent flooding and facilitate the movement of commerce. He noted there are six general areas the plan looks to address: 1) removing barriers and providing new authorities to expedite the delivery of water resources infrastructure projects; 2) using new and existing revenue streams combined with non-Federal funding to fund inland waterways; 3) creating incentives for non-Federal investment to encourage innovation; 4) expanding and accelerating delivery under the Water Infrastructure Finance and Innovation Act (WIFIA) program; 5) reforming the permitting process to support timely decisions; and 6) authorizing Federal divestiture of assets to State, local and private entities. He promised to also explore internal Army Corps processes to further streamline the permitting and approval timeline in order to focus on project outcomes.

Question and Answer

Chairman Barrasso asked if Secretary Chao would agree that the extra \$10 billion per year for infrastructure provided through the Congressional budget deal would make a substantial difference to states. **Secretary Chao** said there is approximately \$4 trillion in need, so every extra dollar counts.

Chairman Barrasso said highway projects take on average 6.5 years to complete their environmental impact statements. He asked if streamlining is critical to speeding up project approvals. **Secretary Chao** said many private entities are interested in investing in projects. However, delays in permitting decisions mean there is a lack of projects ready for construction financing. Speeding up the permitting process will make more projects available for private investment. She also encouraged states to change policies that disallow private participation in infrastructure financing.

Chairman Barrasso asked what tools would be useful to ensure projects are delivered efficiently, effectively and cheaply. **Assistant Secretary James** answered that having multiple agencies oversee the environmental impact statement slows the process down. He applauded the one agency, one decision method and said the deadlines will ensure reviews are efficiently completed.

Ranking Member Carper again referenced the University of Pennsylvania study of the infrastructure plan and noted that other sources, such as the Heritage Foundation, agreed with the study. He asked Secretary Chao to explain how the \$200 billion will leverage \$1.5 trillion. **Secretary Chao** said the Build America Bureau sees this kind of leverage every day and that TIFIA currently leverages \$14 for every \$1.

Ranking Member Carper expressed hope that EPW will examine streamlining provisions called for in MAP-21 and the FAST Act and determine which have been implemented. He asked why the

Administration has failed to name an executive director of the FPISC and why all streamlining rules have not been implemented. **Secretary Chao** will submit an answer for the record.

Senator Inhofe (R-OK) said he is encouraged by the release of the President's proposal and that this is a bipartisan issue on which all Americans can agree. He applauded the plan's focus on permitting reform and asked if project delivery can both be timely and environmentally sound. **Secretary Chao** said that of the 30 different regulations required by the FAST Act, all but two have been completed and those two should be coming out this year. She said the reforms they are proposing address additional needs.

Senator Merkley (D-OR) expressed concern that the President's budget request would take \$280 billion out of current infrastructure spending, while this plan only calls for \$200 billion, resulting in a net loss in overall investment. **Secretary Chao** noted the numbers Senator Merkley mentioned focus on FY18 levels but that if one was to compare the budget request to FY17 levels, there is not actually a cut. The U.S. Department of Transportation (USDOT) budget remains relatively the same.

Senator Cardin (D-MD) expressed concern over the plan's ability to leverage non-Federal dollars. He noted that currently a backlog exists in maintenance and lamented that this plan seems to only address new roads and bridges. He asked how the plan will address maintenance needs. **Secretary Chao** said that 84 percent of funding in those instances is from State and local entities. She agreed that maintenance is important and should be included.

Senator Gillibrand (D-NY) asked about funding for the Gateway Program. **Secretary Chao** said that New York and New Jersey should not consider debt, such as TIFIA and RRIF loans, as a State or local match.

Senator Capito (R-WV) asked how the plan will address States and localities that have already raised their own funds for infrastructure, specifically asking how the look back provision in the Infrastructure Incentives Program will work. **Secretary Chao** said the look back covers activities that happened three years prior to the bill's passage but that she hopes to continue to work with Congress on it. She noted that the Rural Investment Program is meant to provide funding for locations that will have more difficulty bringing non-Federal money to the table.

Senator Van Hollen (D-MD) expressed concern over the leveraging ratios proposed in the plan. While he agreed that public-private partnerships are a good tool, he said there needs to be Federal investment. He asked what the Administration plans to do to address Highway Trust Fund (HTF) insolvency. **Secretary Chao** said the Administration will work with Congress to address that issue.

Senator Van Hollen asked if President Trump really does support a gas tax increase. **Secretary Chao** directed him to the White House for that answer.

Senator Fischer (R-NE) expressed support for the plan's increased delegation of review and permitting authorities to the states. She asked what the benefits of such delegations are. **Secretary Chao** said they hasten the process.

Senator Fischer asked if the proposed \$200 billion is in addition to existing funding. **Secretary Chao** said yes, the new programs are not intended to replace existing funding measures.

Senator Fischer asked what rural will be defined as in the Rural Investment Program. **Secretary Chao** said she would submit the answer for the record.

Senator Sullivan (R-AK) called on Congress to prioritize the passage of an infrastructure bill. He said reforming the permitting process can lead to increased funds available for the construction of projects. **Secretary Chao** agreed and said project costs increase every year the project permitting process is delayed. The Administration aims to reduce duplicative aspects in the process, not decrease environmental protections. She noted that the length of the permitting process can deter private investment.

Senator Markey (D-MA) expressed concern over the plan's dependence on non-Federal funding and said that the permitting provisions go too far. **Secretary Chao** said the Administration will work with Congress to create a final bill.

Senator Booker (D-NJ) asked Secretary Chao to clarify if Federal loans count as State commitment. **Secretary Chao** said they do not. **Senator Booker** said that stance contradicts what the USDOT website says. **Secretary Chao** said she would look in to it.

Senator Duckworth (D-IL) asked when the Administration plans to announce INFRA grant awards. **Secretary Chao** said USDOT will first announce TIGER awards, most likely in the next two or three weeks, and then will turn to INFRA. She anticipated they would be released by summertime, if not sooner.

Ranking Member Carper concluded by saying that Federal highways are funded with 28 percent Federal money and that a Government Accountability Office report found that 99 percent of highway projects are not held up by complex NEPA reviews.