

Summary: “Improving America’s Transportation Infrastructure: The Road Forward.”

Senate Committee on Environment and Public Works

Witnesses:

- The Honorable Elaine Chao, Secretary, U.S. Department of Transportation

Opening Statements:

Chairman Barrasso (R-WY) opened the hearing by calling for increased funding and permit streamlining for infrastructure projects. He advocated for the nation’s highways, roads, and bridges to be central to any final infrastructure bill developed by this Administration and Congress. Chairman Barrasso called for investing in the existing formula and nonformula programs, specifically identifying the freight formula program created by the Fixing America’s Surface Transportation (FAST) Act as an effective approach to deliver funds. He added that public-private partnerships (P3s) are effective in some cases, such as urban areas, but are not as effective for rural projects. The Chairman criticized the Federal government for its current one size fits all stance on project permitting, specifically identifying requirements for combating congestion in urban areas as unnecessary for rural areas.

Ranking Member Carper (D-DE) said that investing in infrastructure helps to connect U.S. citizens and allows for the cost effective shipment of goods. He criticized the lack of change in the federal gas and diesel taxes since 1993 and noted that, even with the FAST Act’s \$70 billion transfer to the Highway Trust Fund (HTF), the HTF will need another cash infusion in the near future. He urged a move to more innovative revenue sources for the HTF, like a road user charge. Ranking Member Carper called on the U.S. to address its backlog in infrastructure funding and to ensure that money is spent in a cost effective way. He also advocated for the full implementation of the streamlining provisions created by the FAST Act and by the Moving Ahead for Progress in the 21st Century (MAP-21) Act.

Secretary Chao applauded the FAST Act as a good first step in highway and bridge investment but acknowledged that more must be done. She said the U.S. Department of Transportation (USDOT) has initiated a complete review of FAST Act implementation. Secretary Chao added that USDOT is looking at the criteria for discretionary loans and grants to ensure that opportunities for infrastructure provided by the FAST Act are maximized. She said a future infrastructure proposal will likely include \$200 billion in direct federal funding as an incentive to get projects underway, which will be leveraged to result in a total of \$1 trillion in investments. The President hopes to incentivize private sector investment in infrastructure but understands that not every project is a candidate for a P3. Secretary Chao recognized the differences between rural and urban infrastructure and reported that any proposal will work to reflect the separate needs.

Question & Answer:

Chairman Barrasso asked if the Administration intended to make highways, roads, and bridges central to any infrastructure proposal. **Secretary Chao** answered that the President's top priorities are restoring, rebuilding, and repairing U.S. infrastructure. She added that such a task involves the entire executive branch and that 16 different federal agencies, from USDOT to the Department of Agriculture, are part of a task force to ensure that any infrastructure proposal is created from a holistic point of view. This means the infrastructure bill will not only include transportation infrastructure but also energy, water, broadband and veterans hospitals, among others. The proposal will have two parts: a part on permitting reform and a part on pay-fors.

Chairman Barrasso criticized the one size fits all approach for permitting requirements, explaining that something that makes sense in New York might not make sense for Wyoming. He asked if USDOT is looking at ways to create common sense regulations for rural America. **Secretary Chao** answered that USDOT is aware of those concerns and is looking to address them.

Chairman Barrasso asked if there is a timeline for the infrastructure proposal. **Secretary Chao** said that a list of principles will be released shortly, in the later part of May, and that the full bill will most likely be released in the third quarter of 2017.

Chairman Barrasso asked if USDOT agrees that the existing formula funding method should be used for distributing money in the new proposal. **Secretary Chao** said formula funding is one funds can be distributed.

Chairman Barrasso asked if USDOT plans to streamline the regulatory process to accelerate project delivery. **Secretary Chao** said USDOT is identifying permitting requirements that might be duplicative and attempting to revise them. They are also exploring concurrent reviews rather than sequential.

Ranking Member Carper noted that states legislators have raised their own user fees for the transportation system and have still been reelected. He cited raising the federal gas tax, tolling, and a vehicle miles traveled (VMT) tax as potential funding options for investment. He said P3s are not the only solution for funding, as they work in some areas but do not work in many others. Ranking Member Carper advocated for an all of the above approach to funding. He asked Secretary Chao to speak about funding in the new infrastructure proposal. **Secretary Chao** agreed with the Ranking Member and said that nothing is off the table in terms of funding but that 100 percent government funding isn't realistic. **Ranking Member Carper** applauded the President's previous support of a user fee but lamented his change in opinion. He called for the President's leadership in this area.

Senator Inhofe (R-OK) asked for a status update on the fiscal year 2017 FASTLANE grants. **Secretary Chao** said she hopes some of the funds will be released soon. She said USDOT is reviewing the grants and their criteria, particularly with an eye towards the needs of rural America.

Senator Inhofe asked if USDOT is reviewing the streamlining provisions developed by both MAP-21 and the FAST Act to ensure they are being implemented according to Congressional intent. **Secretary Chao** said the effort has started.

Senator Inhofe said the overall agreement during the May 16 EPW Subcommittee hearing was that the federal government must remain the lead on any infrastructure investment and asked in Secretary Chao agreed. **Secretary Chao** said the federal government is taking a leadership role.

Senator Fischer (R-NE) said states know their transportation needs better than the federal government does and applauded the freight formula funding method created by the FAST Act. She called for its expansion in a future infrastructure bill. Senator Fischer also advised against a stimulus style spending package and urged both the Administration and Congress to instead think of infrastructure investments as investments in the future of the country. She also called for regulatory streamlining.

Senator Fischer said the FAST Act requires a National Freight Strategic Plan to assess the National Freight Network and plan for the movement of freight. She asked the Secretary to elaborate on the importance of a strategy to address freight. **Secretary Chao** answered that freight is very important to keeping the U.S. economy vibrant and the workforce prosperous. USDOT wants to do everything it can to facilitate commerce and understands the importance of freight to economic vitality. **Senator Fischer** added that it is important to look at the connection between different modes and said she looks forward to ensuring that intermodal issues are addressed in the future bill.

Senator Merkley asked how USDOT plans to complete projects in the most cost effective way, especially in regard to the total investment by citizens. He emphasized that sometimes P3s, such as toll roads, can cost citizens more over the long-term than public funding does. **Secretary Chao** said USDOT is consulting all involved stakeholders to ensure U.S. citizens will get the “best bang for their buck.”

Senator Rounds (R-SD) expressed concern that the President’s “Skinny Budget” cut funding for the Transportation Investments Generating Economic Recover (TIGER) grants. He said many states have benefited from the program and asked Secretary Chao about its future. **Secretary Chao** acknowledged the popularity of the grants. She said going forward, the Administration is looking for a more holistic approach to infrastructure and said that TIGER grants could be recast within that framework. **Senator Rounds** said the TIGER grants have provided many benefits for rural states and **Senator Carper** added they are effective in leveraging other monies, including private sector money, to fund projects.

Senator Duckworth (D-IL) encouraged the full implementation of the FAST Act's provisions and also applauded it for its long term funding which helped to provide certainty to states and municipalities in their transportation planning. She spoke about the importance of FASTLANE grants, specifically using the CREATE project as an example of a critical project that could receive funds. She asked Secretary Chao if USDOT expects to move quickly in finalizing the fiscal year 2017 FASTLANE grants. **Secretary Chao** said USDOT is working to understand the grant criteria and to release the funds.

Senator Duckworth applauded the TIGER grants and expressed concerns that they could be cut. She asked if the full fiscal year 2018 budget will have more cuts for transportation infrastructure. **Secretary Chao** was unaware of what will be included in the budget proposal but expressed a hope that the popular TIGER program will be worked holistically into a larger infrastructure bill. She asserted that money taken out of any existing programs will be put back into the full infrastructure proposal.

Senator Ernst (R-IA) said many states in the middle of the country serve as pass throughs for traffic traveling cross-country. The traffic from drivers coming from outside the state increases maintenance costs for roads in these central states. She urged the Administration to take this into account when considering funding. **Secretary Chao** said the interagency workforce has discussed this but that no conclusions have been made. **Senator Ernst** encouraged the Secretary to ensure funding mechanisms are reflective of situations on the grounds.

Referring to [remarks](#) the Secretary made while at the U.S. Chamber of Commerce, **Senator Ernst** asked Secretary Chao to expand upon the list of projects that could be included in the infrastructure proposal. **Secretary Chao** answered that there will be no specific list of projects in the proposal. She clarified her previous remarks, saying they were meant to reassure rural America that USDOT is taking their needs into account.

Senator Gillibrand (D-NY) asked for an update on positive train control (PTC) implementation, specifically requesting that USDOT ensure deadlines are enforced. **Secretary Chao** said USDOT is monitoring the implementation of PTC. **Senator Gillibrand** emphasized that while it is true that P3s do not always work for rural areas, they also do not always work for urban areas. She used New York as an example, as the state has laws preventing the usage of such agreements.

Senator Shelby (R-AL) said that if the U.S. is going to grow its economy and create jobs, it must address infrastructure inadequacy. He asked Secretary Chao how the U.S. can best leverage the available private sector funds for infrastructure projects. **Secretary Chao** said P3s are one way of getting money to projects but then acknowledged that some states have laws against their usage. She urged state and local entities to engage more with the private sector.

Senator Whitehouse (D-RI) said private investments in infrastructure must see a return on their investment through a revenue stream, which is not always possible. He urged a strong core of federal funding, beyond financing methods and regulatory reforms.

Ranking Member Carper said that repatriation could raise a large, one-time sum of money. This money could be used to immediately fund projects of national importance but are not a long-term solution to the lack of funding. He approved of the Administration's acknowledgement that P3s do not always work in rural communities but added they do not always work in urban areas either. The Ranking Member said that important rules establishing performance targets for infrastructure projects have been delayed and asked whether USDOT can commit to allowing the rules to go forward. **Secretary Chao** answered that she is aware of the rules but not aware of the delays and promised to look into it.

Chairman Barrasso adjourned the hearing.