



## **Summary: “America’s Infrastructure: Today’s Gaps, Tomorrow’s Opportunities, and the Need for Federal Investment”**

**House Committee on the Budget**

*September 25, 2019*

### **Witnesses:**

- Carol Ellinger Haddock, P.E., M.ASCE, Director, Houston Public Works, on behalf of the American Society of Civil Engineers
- Christopher A. Coes, Vice President of Land Use and Development, Smart Growth America
- Adie Tomer, Fellow, Metropolitan Policy Program, The Brookings Institution
- R. Richard Geddes, Ph.D., Professor and Director of the Cornell Program in Infrastructure Policy, Cornell University; and Visiting Scholar, American Enterprise Institute

### **Opening Statements**

**Chairman Yarmuth (D-KY)** opened the hearing by addressing the correlation between our nation’s economy and our infrastructure. He highlighted the need for bipartisanship in providing our transportation and infrastructure network with reliable funding for necessary investments. Due to a loss in productivity, he notes that current infrastructure gaps are expected to cost the U.S. \$3.9 trillion in lost GDP and 2.5 million in lost jobs by 2025. Chairman Yarmuth expressed that sufficient funding for transportation, transit and utilities will bolster our economy for years to come. He stated that our nation can remain competitive in the global market by modernizing infrastructure and incorporating greater resilience when planning for future challenges.

**Ranking Member Womack (R-AR)** emphasized that infrastructure is at the core of American life and has an overwhelming effect on the vitality of business, family, and our economy. He reaffirmed that infrastructure must keep up with the pace of advancing technology in order to incentivize economic growth. Ranking Member Womack said that members of the Committee must recognize the diverse nature of infrastructure needs across the country, and consider the different challenges rural and urban areas face.

### **Witness Panel**

**Ms. Carol Ellinger Haddock**, Director of Houston Public Works and on behalf of the American Society of Civil Engineers, said that Congress needs to focus on closing the infrastructure investment gap, citing that the gap is projected to be just over \$2 trillion between 2016 and 2025. To close this gap, she recommended increasing investment from all levels of government and the private sector from 2.5 percent to 3.5 percent of GDP by 2025. To increase available funding for infrastructure projects through the Highway Trust Fund, she suggested raising the federal motor fuel tax by at least 25 cents per gallon. She recommended Congress require the use of Life-Cycle Cost Analysis, to ensure the long-term maintenance and operations costs are considered rather than only construction and design costs. Ms. Haddock also urged Congress to repeal the \$7.6 billion rescission of funds mandated by the FAST Act and allow full use of the balance collected within the Harbor Maintenance Trust Fund.

**Mr. Christopher A. Coes**, Vice President of Land Use and Development of Smart Growth America, expressed his concern in the disproportion of infrastructure development between urban and rural areas. He stated that federal investment is necessary to improve our economy, environment, and overall quality of life.

**Mr. Adie Tomer**, Fellow with the Brookings Institution's Metropolitan Policy Program, emphasized that Congress should establish clear objectives for national infrastructure policy reform, and enact changes reflective of 21<sup>st</sup> century technological advancements. Mr. Tomer recommended infrastructure and transportation policies address industrial competitiveness, equitable opportunity, and climate security.

**Dr. R. Richard Geddes**, Professor and Director of the Cornell University Program in Infrastructure Policy and Visiting Scholar with the American Enterprise Institute, said that the U.S. faces severe challenges in the funding, financing, and permitting of infrastructure projects. He recommended significantly increasing federal gas and diesel taxes, encouraging greater private sector involvement through public-private partnerships, and streamlining the permitting process. Dr. Geddes also noted that the use of value capture or asset recycling could increase available funding for state and local governments by using existing assets as efficiently as possible. As an example, Dr. Geddes cited that state departments of transportation can capture value by moving salt sheds on large properties to lower-value locations and using revenue from the newly unoccupied land to fund new or existing infrastructure projects.

### **Question & Answer**

**Congressman Moulton (D-MA)** spoke about the need to ensure the costs and impacts of infrastructure projects are clear and measurable. He added that investments should be based not on the status quo, but on factual cost-benefit analyses.

**Congressman Smith (R-MO)** discussed the inequality of resource access between rural and urban communities. He also called for reforms to streamline and expedite the environmental permitting process.

**Congressman Johnson (R-OH)** asked about the possible options for providing permanent funding for the Highway Trust Fund. **Dr. Geddes** called for a user-based revenue system and noted that the current gas tax structure does not consider the increased use of electronic vehicles, and therefore creates disparity between those making use of the roads and those paying the gas tax. He noted that fairness would also need to be considered when establishing a user-based fee, to prevent disproportional impacts on rural communities.

**Congressman Roy (R-TX)** emphasized that although the majority of infrastructure funding is distributed to states by formula programs, they face many restrictions on how they can use those funds. He recommended removing some of these limitations to allow states the flexibility to utilize their funding more efficiently.

**Congressman Burchett (R-TN)** asked for long-term funding recommendations for infrastructure investments. **Ms. Haddock** advised that Congress should prioritize investing in the maintenance of current infrastructure over replacement and expansion. She said that planning for an annual routine budget that funds the support of operations and maintenance will benefit our economy more and

decrease costs over time. **Dr. Geddes** suggested a vehicle miles traveled fee. As this system has raised privacy concerns in the past, he mentioned several possible options with varying degrees of privacy protections. Proposed possibilities included a quarterly unlimited miles fee, a speedometer reader, or phone app.

**Congressman Woodall (R-GA)** asked how Congress can deliver its promise to fix American infrastructure. **Dr. Geddes** referenced President Trump's One Federal Decision policy, which would expedite environmental permitting for infrastructure projects by allowing one agency to take the lead on environmental reviews. It also encourages the permitting process to be completed within a two-year timeframe. He recommended codifying this policy into the next surface transportation authorization bill.

**Congressman Norman (R-SC)** asked how Congress can prioritize major projects across various infrastructure sectors. **Ms. Haddock** said different types of infrastructure needs should not have to compete against each other. Appropriate funding should be designated beforehand by generating revenue sources specifically for its intended use. **Dr. Geddes** noted that public-private partnerships could provide insight to the viability of certain projects through the project selection and bidding process.

**Ranking Member Womack (R-AR)** asked what the balance should be between funding distributed by formula and competitive grant funding. **Mr. Coes** said that both are essential but should serve different purposes. He suggested formula funding should mainly be dedicated to repairs, after those maintenance projects have been funded remaining formula dollars can be used for expansion projects. Competitive grant funding allows for greater investment by state and local governments as well as public-private partnerships, these funds should be used for a wider variety of projects.

**Ranking Member Womack** also addressed the rescission in the FAST act and asked witnesses to elaborate on its impact on American infrastructure and transportation funding. **Ms. Haddock** stated that if no action is taken to remove the rescission there will be an annual loss of \$7.6 billion over 10 years, the effects of which will be felt in every state.