

Inquiring Minds

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Let's Make America Great Again by Improving US Infrastructure

From the 19th century construction of the Transcontinental Railroad through the massive public works projects of the New Deal in the 1930s and the building of the interstate highway system in the 50s and 60s, the federal government has assumed a huge role in developing America's infrastructure. But the American infrastructure, once the envy of the world, is now crumbling, The American Society of Civil Engineers' (ASCE) 2017 report grades it as a "D+" with conditions "mostly below standard. . .exhibiting significant deterioration . . .[with a] strong risk of failure." As infrastructure continued to decline, their estimates of the cost of improvements rose from \$1.3 trillion in 2001 to \$4.59 trillion in 2017.

Both the Obama and Trump administrations have recognized the problem and offered solutions, but numerous obstacles stand in the way. The two articles that follow detail the Trump proposals and their reception in Congress.

Some questions for our discussion:

What happened? How did the US lose its edge in infrastructure?

Where should the responsibility for infrastructure fall? With the federal government? The state governments? The private sector?

How should priorities for infrastructure be determined? Do we need a national strategy or should states take the lead?

How should infrastructure improvements be paid for? Is it time to raise the gas tax? What other alternative should be considered?

Why is it so hard to meet this challenge?

Lydia DePillis, Trump Unveils Infrastructure plan, @CNMoney 2/2/18

The White House says its plan will create \$1.5 trillion for repairing and upgrading America's infrastructure.

Only \$200 billion of that, however, would come from direct federal spending. The rest is supposed to come from state and local governments, which are expected to match any federal allocation by at least a four-to-one ratio. States have gradually assumed more of the responsibility for funding infrastructure in recent years, and the White House says it wants to accelerate that trend.

"What we really want to do is provide opportunities for state and local governments to receive federal funding when they're doing what's politically hard, and increasing investment in infrastructure," DJ Gribbin, Trump's special assistant for infrastructure, said to the United States Conference of Mayors last month.

However, existing funding sources — such as sales taxes that have already been levied to pay for transit projects — may count towards a local jurisdiction's contribution.

"There will be a lookback provision so that states and local governments who have already recently raised revenues aren't penalized for being forward thinking and implementing the types of policies that we're encouraging through this program," a senior administration official said.

In advance of the plan's release, House Democrats announced their own proposal, which calls for five times the amount of federal funding to be made available.

How would the money be split up?

Half of the new federal money, \$100 billion, would be parceled out as incentives to local government entities. An additional \$20 billion would go toward "projects of national significance" that can "lift the American spirit," such as New York's Gateway tunnel under the Hudson River.

Another \$50 billion is earmarked for rural block grants, most of which will be given to states according to a formula based on the miles of rural roads and the rural population they have. States can then spend that money on transportation, broadband, water, waste and power projects.

The rest of the money would support other infrastructure-related undertakings, including existing loan programs like the one operated by the Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act, which White House officials said could leverage up to \$40 in local and private money for every \$1 in federal investment.

What else will the plan do?

The Trump administration says it wants to shorten the time and expense of getting federal permits by consolidating the reviews conducted by different agencies into "one federal decision," with one agency taking the lead on evaluating a project.

The plan proposes to cut federal permitting to two years, down from five to ten. Former President Obama also tried to address the problem through an executive order that instructed agencies to use better technology and work concurrently on their reviews in order to cut down on approval times.

The proposal echoes one made in 2015 by a nonprofit group called Common Good, which recommended limiting litigation around infrastructure permitting — one of the main reasons approvals get delayed — and putting one person in charge of environmental review. Other experts, including the Congressional Research Service, have since cast doubt on the report's claim that trillions of dollars are wasted during the permitting process, pointing out that state regulations, rather than federal ones, are often the cause of delays.

Democrats and progressive groups slammed the permitting provisions in the wake of the plan's release, saying they would erode environmental protections.

"If you want permitting to move faster, you have to invest the resources, the technology, and the expertise in order to speed up the review process," says Christy Goldfuss, senior vice president of energy and environmental policy for the Center for American Progress. "Simply adding new deadlines on nonexistent capacity won't lead to the outcome they're looking for."

How will the plan be paid for?

At the Conference of Mayors in January, Gribbin explained that the Trump administration would not be proposing a specific funding mechanism for the infrastructure plan, saying that will be a conversation with Congress. But that discussion just got a lot harder following the passage of a tax plan that is expected to expand the deficit by over a trillion dollars over ten years.

The U.S. Chamber of Commerce has proposed hiking the federal gas tax, which hasn't gone up since 1993, to raise \$394 billion over 10 years. Gribbin said the White House is open to that idea, but hasn't ruled anything out.

Over the past year, Democrats have accused Trump of seeking to create the \$200 billion infrastructure fund by proposing cuts to other infrastructure-related programs. Gribbin

committed to leaving major pots of money intact, such as the Highway Trust Fund, but said that some existing spending may be "repurposed."

The White House's budget, which was also released on Monday, proposed a 19% cut to the Department of Transportation, including axing grant programs for transit and other competitive projects proposed by local governments.

Mallory Shelbourne, "Less than a month after its release, President Trump's infrastructure plan appears to have crashed and burned in Congress," *The Hill*, March 10, 2019

Republicans are openly questioning whether action on the issue is likely, while their leaders are moving on to other priorities.

Speaker Paul Ryan (R-Wis.) on Wednesday night added another nail in the coffin by declaring a gas tax increase off the table, removing what many lawmakers saw as the most viable funding stream for a rebuilding overhaul.

In a bid to regain momentum, the Trump administration is sending five Cabinet members to testify to a Senate panel Wednesday about the infrastructure plan.

But whether the show of force will be enough to jolt Congress into action remains to be seen, with the dispute over the gas tax looming as a major obstacle.

Both Republican and Democratic lawmakers on the House Transportation and Infrastructure Committee, led by Chairman Bill Shuster (R-Pa.) and ranking member Peter DeFazio (D-Ore.), have long argued that an increase to the federal gasoline tax would be the quickest way to generate funding for rebuilding projects.

"Right now the simplest and fastest answer is a user fee and the gas tax," Rep. Lou Barletta (R-Pa.), a member of the committee, told *The Hill* this week. "This would be a fix for right now which is what we need. We need some money now."

Money from the 18.4-cent gas tax goes into the Highway Trust Fund to pay for road projects. But that levy hasn't been raised since 1993, eroding the fund's purchasing power.

Shuster, who for months maintained that all options were on the table to pay for infrastructure, on Wednesday said "it's time" to increase the gas tax.

"The easiest one for us to all understand, not that it's easy to pass or increase, is what we pay at the pump," Shuster said during a Subcommittee on Highways and Transit hearing.

Hours later, Ryan dismissed the possibility of hiking the tax, arguing it would "undo" the recently passed Republican tax cuts.

"Well, we're not going to raise gas taxes so I don't foresee that as a problem. We're just not going to do that here," the Speaker told a telephone town hall.

"There are some people who are talking about that, but the last thing we want to do is pass historic tax relief in December and then undo that, so we are not going to raise gas taxes."

While the administration's infrastructure blueprint does not specifically call for upping the levy, lawmakers who participated in a bipartisan meeting at the White House last month said the president suggested a 25-cent increase.

"The president supports a gas tax, I will stand next to the president," DeFazio said this week, arguing a plan would be bipartisan if Trump threw his support behind the tax hike.

"Well if you don't increase taxes, we're not having an infrastructure bill, and we're doing nothing," he added.

But DeFazio also noted that the House Ways and Means Committee has yet to hold a hearing to consider funding streams for a potential rebuilding initiative.

"Until they hold a hearing and we see some progress, we would just be wasting our time over here to move forward or say we're going to move forward with some legislation that isn't going to be paid for or financed," DeFazio said.

Despite Trump's push for infrastructure during his State of the Union address, GOP leaders have appeared reluctant to embrace it.

During a conference meeting this week, House Republican leaders presented their members a list of priorities for the year's legislative calendar. While a bill to reauthorize the Federal Aviation Administration (FAA) made the cut, infrastructure did not.

Ryan appeared to deal a further blow to those pressing for a sweeping infrastructure bill on Thursday by stating that the House plans to tackle rebuilding "in about five or six different bills."

In his remarks, Ryan referenced both the FAA reauthorization and the upcoming omnibus spending package, another must-pass bill lawmakers are negotiating ahead of the March 23 deadline. He described the omnibus as a "down payment on the infrastructure plan" and also pointed to the Water Resources Development Act, a waterways bill Congress re-ups every two years.

But lawmakers like Shuster, who is retiring at the end of his current term, had been clamoring for a larger package to address the nation's crumbling roads, bridges, transit systems, airports and other public works.

"My intent is and hopefully working with the Democrats on the committee to put together a big, broad bipartisan infrastructure bill," Shuster said Wednesday before Ryan's outright rejection of the gas tax.

"I think that it takes presidential leadership to do the things we need to do," the chairman added.

Despite Ryan's opposition to increasing the gas fee, Shuster said he isn't frustrated with the Speaker after conversing with him on the House floor Thursday morning.

While the prospects for the Trump administration's proposal remain dim, Transportation Secretary Elaine Chao will continue to make her rounds in front of the relevant congressional committees with jurisdiction over any infrastructure legislation.

Chao is slated to testify next week in front of the Senate Commerce, Science and Transportation Committee on the administration's proposal, which calls for the use of public-private partnerships and funding from state and local governments to generate a \$1.5 trillion rebuilding package using \$200 billion of federal seed money.

Sen. John Thune (R-S.D.), the No. 3 Republican in the upper chamber, who also chairs the Commerce, Science and Transportation Committee, conceded that Ryan's stance on the gas tax makes it difficult for Congress to press forward on a larger proposal.

"Well it probably means that a big robust infrastructure plan is going to be hard to do if there's not the money to do it. But I think there are things we can do in the context of an infrastructure bill with some amount of funding," Thune said Thursday.

"But absent a funding mechanism, something along the size and scale of what the president is proposing will be challenging."

You might also want to consider the CFR Backgrounder by [James McBride](#)

On The State of U.S. Infrastructure, *January 12, 2018* <https://www.cfr.org/backgrounder/state-us-infrastructure> and *Jordan Golson*,

"It's Time to Fix America's Infrastructure. Here's Where to Start," *Wired*, January 23, 2015
<<https://www.wired.com/2015/01/time-fix-americas-infrastructure-heres-start/>>