Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Full Committee Hearing: 21st Century Communities: Local Leaders on the Infrastructure Needs Facing America's States, Cities, and Towns
June 15, 2021 at 10:00 AM

Thank you, Mr. Chairman. And thank you to our witnesses, especially my fellow Pennsylvanian, Josh Parsons from Lancaster County.

Our last hearing about infrastructure was almost a month ago. At that time, I noted that a group of my Republican colleagues and I had a constructive discussion with President Biden about a potential bipartisan infrastructure package. I also noted three features of an infrastructure package that should have broad, bipartisan support.

First, it should responsibly support real physical infrastructure. That is, the platforms and systems we share and use to move people, goods, and services. That means things like roads, bridges, ports, and airports.

Second, a package cannot undo the 2017 tax reforms that helped create the best economy of my lifetime. Before COVID, we were experiencing an economic boom. We had the lowest unemployment rate in 50 years, more jobs than people looking for work, a record low poverty rate, and wage growth across the board with wages growing fastest for the lowest income earners. That's the economy we should work to get back to.

Third, we should not pay for infrastructure by borrowing billions of more dollars. The good news is we have hundreds of billions of unspent COVID funds that Congress can repurpose. According to CBO, over $700 billion of the Democrats' March spending bill won't be spent until after 2021.

Unfortunately, the Biden administration would not agree to these sensible features and walked away from negotiations with us. I understand there are bipartisan discussions under way and my hope is that an agreement can be reached that's consistent with these features.

The scope and size of the administration's infrastructure plan is particularly untenable. Take the scope of the plan. The administration wants to redefine what infrastructure means in order to spend taxpayer dollars on their Green New Deal agenda and other liberal policies.

Let's consider some examples. The administration proposed almost a quarter-of-a trillion dollars for housing. Setting aside the issue of whether it's the responsibility of federal taxpayers to buy and build everyone a home, housing is not infrastructure. Housing is housing. The administration also proposed $100 billion in consumer rebates to purchase electric vehicles, and $10 billion for a Civilian Climate Corps.

In addition, the $2.2 trillion size of the Biden administration's plan is wildly excessive. Even the plan's spending on real physical infrastructure, does not comport with economic reality, given how much money Congress has spent over the past year.

Take transit spending, for example. The administration wants $85 billion dollars for transit. This figure fails to account for the billions of dollars the federal government has recently provided for transit.

In March, Democrats spent $30 billion dollars on transit. Democrats did that after Congress provided more than $40 billion dollars for transit in response to COVID in 2020. CBO estimates that of this $70 billion, $22 billion—almost one-third of COVID transit dollars—won't be spent until after 2021. And this $70 billion was on top of the $13 billion we annually spend. That's a total of $83 billion dollars that Congress spent on transit over the course of one year. Amazingly, that number exceeds both the annual operating and capital costs of all the transit agencies in the U.S combined.

The Biden administration seems to have lost sight of the fact that the federal role in infrastructure spending has historically been limited. States and local governments are primarily responsible for funding infrastructure projects—for the obvious reason that infrastructure projects are generally local or regional in nature. For example, bus and rail stations built in San Francisco don't do a lot for people in Pittsburgh.

And states and local governments are currently awash with cash. In the aggregate, state and local tax collections set a new record in 2020. In addition to record revenues, over the course of 12 months, Congress sent more than $850 billion to states and local governments.

States are now looking for ways to spend this windfall. For example, California has a budget surplus of over $75 billion that it may use to send out “free” money to Californians. And my home state of Pennsylvania is sitting on a $3 billion revenue surplus, plus $7 billion in unused federal aid.

More wasteful spending by Congress is not what our economy needs. It’s already contributed to the harmful inflation Americans are experiencing now. Inflation is at 5 percent—the highest it’s been in 13 years.

None of this should come as a surprise. Earlier this year President Clinton’s Treasury Secretary Larry Summers was warning us of the significant inflationary risks of excess spending. And that warning was before the Democrats’ March $1.9 trillion spending bill. But Democrats ignored his warning. And now Democrats want to spend hundreds of billions more.

Congress still has an opportunity to enact a sensible, bipartisan infrastructure package. But that’s only possible if we support real physical infrastructure that we pay for with existing funds—without raising taxes or borrowing billions. We can meet our country’s infrastructure needs without jeopardizing our economic recovery and putting future generations of Americans further into debt.