



Statement of the U.S. Chamber of Commerce

“Surface Transportation Reauthorization: Public Transportation Stakeholders’ Perspectives”

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Before the Committee on Banking, Housing, and Urban Affairs
United States Senate

February 25, 2020

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The Chamber’s mission is to advance human progress through an economic,
political, and social system based on individual freedom,
incentive, initiative, opportunity, and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Introduction

Chairman Crapo, Ranking Member Brown, and members of the Committee - thank you for the opportunity to provide this testimony on a policy issue of the utmost importance. My name is Ed Mortimer and I serve as the Vice President of Transportation and Infrastructure at the U. S. Chamber of Commerce.

I also serve as the Executive Director of the Chamber-led Americans for Transportation Mobility (ATM) coalition, which includes business, labor, and transportation stakeholders advocating since 2000 for improved and increased federal investment in our aging and overburdened highway and transit system.

The Importance of Public Transportation to America's Transportation Infrastructure

America's transportation network is a vast and complex system that connects people and places, moves goods, boosts our economy, enhances safety, and improves our daily quality of life. This transportation system is comprised of roads, bridges, public transit, airports, railroads, seaports, and interchanges affecting thousands of communities, multiple industries, and virtually all job sectors. Without question, this system serves as the backbone of the economy.

The current assets that make up America's transportation network include:¹

- 4.1 million miles of public highways
- 600,000 bridges
- 11,300 miles of public transit
- 25,000 miles of navigable waterways
- 114,600 miles of rail
- 250 water ports
- 19,500 airports

For almost 100 years, America's infrastructure has been the envy of the world. From the transcontinental railroad to electric streetcars, from subways to the interstate highway system, freight rail connections to the world's most advanced

¹ Source: 2019 Bureau of Transportation Statistics Pocket Guide

aviation system, America's history of providing state-of-the-art transportation infrastructure is impressive and continues to evolve.

The changing travel patterns of Americans today underscore the role of public transportation as a critical component of the new mobility landscape. Even with the availability of new transportation providers, public transit ridership increased by 21 percent from 1997 to 2017, compared to a 19 percent growth in population over the same period. Today, annual vehicle miles surpass 5 billion.²

Public transportation provides very real and tangible benefits to employers, employees, and communities. One half of all trips taken on public transportation are to or from work.

Public transportation not only spurs economic growth, but reduces congestion, improves air quality, saves time and money, and advances an equitable and better quality of life for our communities.

The Need for Action to Reauthorize the FAST Act

The current authorization of surface transportation programs, the Fixing America's Surface Transportation Act (FAST Act) expires September 30. The Chamber believes it is vitally important for Congress to reauthorize these critical programs on a long-term basis to ensure continued investment.

Members of this Committee should recall the uncertainty transit agencies around the country experienced with the many extensions of the two previous authorizations (SAFETEA-LU and MAP-21). Many agencies delayed larger projects, other reduced investment in state-of-good-repair programs.

Efforts Laying the Groundwork for Surface Transportation Reauthorization

The Trump administration has been vocal about the need to rebuild and vastly improve our infrastructure, and Congress, on a bipartisan basis, has also indicated its willingness to work on solutions. We applaud this Committee for taking a leadership role on addressing public transportation issues. That being said, we

² Source: *The Business Case for Investment in Public Transportation THE BACKBONE OF NEW MOBILITY, 2019*

should not confuse activity with accomplishment on this vital policy initiative. The time is now for elected officials in Washington to take charge and tackle the problem with both adequate funding and a long-term plan.

We were pleased to see the Environment and Public Works Committee introduce and approve on a 21-0 vote the America's Transportation Infrastructure Act (S. 2302). This was an important first step in gaining Senate action on surface transportation reauthorization. It is now time for the Senate Banking, Commerce and Finance Committees' to provide their titles of the larger bill to allow full Senate action.

For years, the U.S. Chamber of Commerce has supported meaningful action to maintain and expand our once-unequaled infrastructure, and we've continued to offer a slate of potential solutions to prove it.

The Chamber has laid out four pillars the Administration and Congress should consider including in any surface transportation reauthorization:

- A modest increase in the federal motor fuel fee.
- Expand financing options, like public-private partnerships, for local communities to supplement limited federal funds.
- Streamline the permitting process to get projects off the ground.
- Develop a skilled workforce to build these projects.

How to Increase Investment in Surface Transportation

To rebuild and expand our roads, bridges, and transit systems, the Chamber believes it is time for a modest increase in the federal motor vehicle fuel user fee. The user fee was last raised in 1993. Since then, inflation has eroded over 40 percent of the value of the fee. In addition, vehicles are significantly more fuel-efficient than they were 27 years ago. As a result, motorists use less fuel to drive the same number of miles, and there is significantly less revenue to maintain surface transportation programs.

The Chamber is calling for increasing the gas and diesel taxes by 5 cents a year in each of the next 5 years for a total of 25 cents. The proposal would include indexing

the tax for inflation and for future increases in fuel economy, so there would be no need to revisit this issue in the future.

The proposal would raise \$394 billion over the next ten years, which would be invested in our highways, bridges, and transit systems in a fiscally responsible fashion. When combined with state, local, and private sector funds, this would go a long way towards modernizing our once-great surface transportation network.

The critics will tell you that this is politically impossible, but there's plenty of evidence to debunk that. Since 1993, the citizens of 39 states—both red and blue—have voted to raise their own state motor fuel user fees, some of them multiple times.

And yes, in the long run, we know that there is a need to look to other methods to pay for surface transportation investment. The vehicle fleet is becoming more fuel-efficient. Driving patterns are changing. Electric vehicles and alternative-fueled vehicles continue to be added to the system. And multi-modal transportation investment calls for more diversified sources of revenue. We have been closely following pilot programs in Oregon and other states looking at transitioning to vehicles miles traveled. While progress is being made, we believe that national implementation of such a funding mechanism is at least ten years away.

Countless polls show Americans are willing to pay a little more for safer roads and public transportation. And, in the business community, some of the strongest proponents for a federal increase are those who would be most directly affected—the truckers.

Claims that this can't get done are simply false. We believe this is the simplest, most commonsense solution out there. The President himself has previously indicated much the same. But, the Chamber has always said we're open to other ideas—and we're serious about that.

Innovative Financing for Big Projects

The second pillar of the Chamber's proposal is implementing a multi-faceted approach for leveraging more public and private resources to supplement current funding sources.

The Chamber believes we need a multifaceted financial approach that includes leveraging private sector resources. There's **\$100 billion** in private global capital looking for investment opportunities in infrastructure. And there will be a lot more

private money to invest in infrastructure if we make the kinds of policy changes we are calling for.

Here's the kind of potential private funding holds:

Between 2005 and 2015, infrastructure equity bonds raised about \$350 billion. Since equity is about 25% of a typical public-private partnership, that \$350 billion could support projects worth \$1.4 trillion.

To make it easier and more attractive for the private sector to participate in infrastructure projects, we should strengthen and expand federal loan programs—such as TIFIA and RRIF loans, Private Activity Bonds, grants, and other mechanisms to facilitate public-private partnerships, or P3s.

The Chamber believes all levels of government need to stop thinking about infrastructure investment as one big payment made up front and all at once. Investing in public transportation can generate an asset that will produce long-term economic growth.

Permit Streamlining

The third pillar of the Chamber's proposal is having a streamlined permitting process. The Chamber has said this before and will say it again, you can line up all the cash you need, but if the permitting process is slow or broken it will undermine the ability to use P3s, add dramatically to the cost of the project, and ultimately make it harder to build critically needed infrastructure. And while this issue is not in the Banking Committee's jurisdiction, any surface transportation proposal that fails to reform the permitting system won't have the Chamber's support.

It shouldn't take longer to approve a project than to build it. Environmental reviews and public input remain important parts of the process—but they can't go on and on forever. Let's stop holding private investment hostage and unnecessarily adding to the costs while projects are held up by permitting delays.

Many of our global competitors, including Germany, Canada, and Australia, complete environment reviews in under two years—all while providing environmental protections equal to or better than the U.S. There's no reason we can't do the same.

Accordingly, the Chamber believes that all federal infrastructure approvals should be completed within two years. State and local projects benefiting from federal funding or financing should also adhere to a two-year timeline, which should run concurrent to the federal process.

As an additional method to help streamline permitting and eliminate duplicative reviews, we would like to see a provision to require a single lead agency should

shepherd a project through the process from start to finish.

The Administration has recognized the need for reform from day one and has implemented several of these reforms by Executive Order (EO). Now it's up to Congress to codify the provisions of this EO into law so that we have long-term certainty that projects can be completed in a timely and efficient manner.

We were also pleased with the Council of Environmental Quality's notice of proposed rulemaking making common sense changes to federal agencies in the implementation of the National Environmental Protection Act.

Furthermore, many of these issues were addressed in the Senate Environment and Public Works' Committee approved FAST Act reauthorization (America's Transportation Infrastructure Act of 2019, S. 2302).

Expanding the Construction Workforce

The Chamber's fourth pillar of modernizing America's infrastructure, again while not in this Committee's jurisdiction but critical to any surface transportation bill, highlights the issue of how we will find the men and woman ready and able to do the work.

But today we face a growing shortage of qualified construction workers.

A recent USG-U.S. Chamber Commercial Construction Index consistently found that a majority of builders have a difficult time finding skilled employees. In October of 2018, the number of unfilled construction jobs hit 323,000—the highest number of open positions in the sector since the Bureau of Labor Statistics began keeping track.

Let me state it more simply, we are out of workers. We must act to expand our labor force, including the construction workers.

One alarming trend is that workers in the sector tend to be older—and less than 10% of construction workers are under 25. Meanwhile, Baby Boomers are migrating out and fewer workers of younger generations are backfilling those jobs ... in part because of the stigma often attached to trade jobs.

The Chamber has been saying for years that a four-year degree is not the only pathway to success. In fact, construction jobs—many of which don't require a

degree or even a diploma to start—surpass the median wage for all industries.

Greater emphasis on technical education and work-based learning, such as apprenticeships, can help more young people pursue promising construction careers—and help address worker shortages.

Immigration is another important factor. Studies show that immigrants make up 30% of labor in the construction trades. Moreover, nearly 100,000 immigrants who are protected under the DACA or TPS programs are construction workers. We need a permanent solution for Dreamers and TPS beneficiaries so they can stay in their homes and jobs and continue to contribute to our economy.

There is a lot of discussion these days around border security. We need more border security. But there is a difference—and it is one I think the Administration understands—between border security and our immigration needs.

This is one of many reasons we're fighting for commonsense immigration reforms. The U.S. must always attract and retain workers of all skills from around the world.

Issues To Consider in Reauthorization

State-of-Good Repair

The backlog of transit state-of-good-repair needs is more than \$90 billion and growing. Ensuring safe, efficient and modern public transportation should be a top priority for any surface transportation bill. Many transit systems nationwide have engaged in state-of-good-repair programs, but much more work needs to be completed. We encourage this committee to continued focus and investment in state-of-good-repair as you reauthorize surface transportation programs.

Capital Investment Grants

Capital Investment Grants (CIG) are a vital public transportation investment for many communities nationwide. The CIG program provides grants for fixed-guideway investments, such as new and expanded subways, light rail, commuter rail, streetcars, bus rapid transit (BRT), and ferries.

The Chamber is grateful for Congress' continued recognition of the importance of the CIG program by providing appropriations higher than the \$2.3 billion provided in the FAST Act in each of the past four fiscal years (Fiscal Years 2017- 2020).

The importance of this public transportation capital program cannot be overemphasized. Unfortunately, the CIG program has shifted from an efficient public transportation capital program that can build good projects while protecting taxpayer dollars to a grant program that has requirements above and beyond that of comparable modes—such as highway grant programs.

We believe Congress must change the program to make it more efficient. Currently, CIG project sponsors must navigate a bureaucratic maze over multiple years to receive a grant agreement. Beginning with enactment of the Transportation Equity Act for the 21st Century (TEA 21) in 1998, both Congress and the Federal Transit Administration (FTA) have repeatedly layered additional requirements on the CIG program.

We urge Congress to adopt provisions that would strengthen the CIG program and ensure that these critical public transportation projects across the country are delivered in a timely manner.

To do so, we join APTA and others in the following recommendations:

First, the Chamber recommends that FTA establish a CIG Pipeline Dashboard. The Dashboard would allow for the public to track the status of each project in the CIG pipeline. The Dashboard would provide a level of transparency and oversight that enhances good governance and can be a valuable tool for current and future project sponsors, Congress, interested stakeholders, and many others.

Second, providing funding certainty is essential for any multi-year transportation project. To that end, we believe Congress should codify a fixed federal CIG share for New Start, Core Capacity, and Small Start projects while allowing project sponsors to ask for less would provide certainty for project sponsors contemplating entry into the CIG program and would expedite FTA decision-making.

Third, the Chamber joins APTA and others in advocating for the continued use of TIFIA loans to be considered as a local match. Many CIG project sponsors have utilized TIFIA loans to help offset upfront costs associated with capital projects. While the federal government does provide money to fund these critical public

transportation capital projects, the TIFIA loan is repaid with local funds. The Chamber urges your support in gaining a technical clarification in surface transportation authorization stipulating that such TIFIA loans shall be counted as the non-federal share of project costs.

Finally, we call on Congress to move the Risk Assessment to the Engineering phase of the CIG process and reverse the changes to the Probability Threshold. Specifically, we urge Congress to require FTA to conduct the Risk Assessment and establish the federal CIG share no earlier than 180 days after entering the Engineering phase (for New Starts and Core Capacity projects) or earlier at the project sponsor's request.

Expedited Project Delivery for Capital Investment Grants Pilot Program

The Expedited Project Delivery for Capital Investment Grants Pilot Program was originally established in MAP-21. This pilot program allows for up to eight New Starts, Core Capacity, or Small Starts projects to expedite the evaluation process normally required for CIG. FTA has only issued an expression of interest for projects and has not begun implementation of the pilot program.

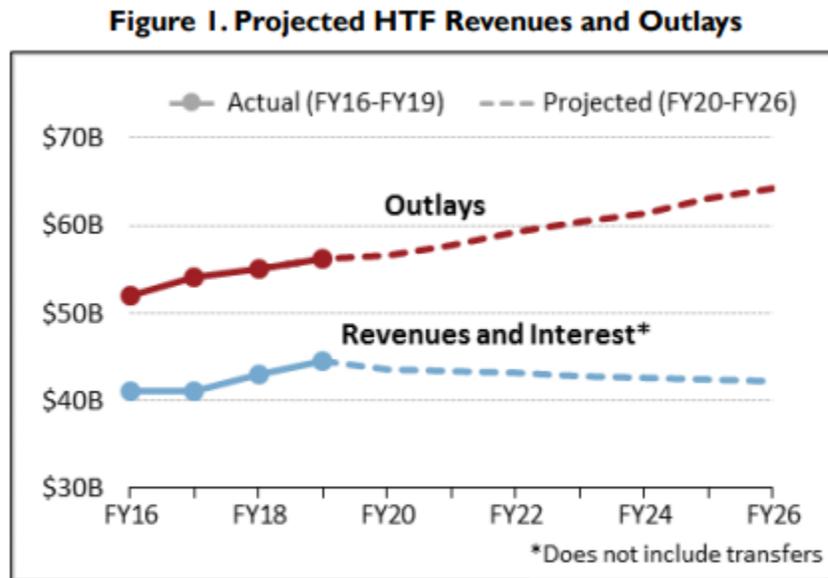
The Chamber joins APTA and other stakeholders in urging the Committee to make the following changes in the surface transportation authorization to address the following issues:

- Increase the maximum federal CIG share from 25 percent to 50 percent;
- Reduce the required period of notification to Congress from 30 days to 10 days;
- Increase the maximum federal and total estimated net capital costs for Small Starts projects, and;
- Strike the requirement for project sponsors to complete a Before and After Study which is time consuming and not the best use of limited public transportation dollars.

Highway Trust Fund Issues

The federal Highway Trust Fund (HTF) will run out of money shortly after the Fixing America's Surface Transportation Act (FAST Act) expires. The primary reason we

are underfunding our highways and transit systems is that the HTF is experiencing an annual deficit of \$11.8 billion in 2018 – spending \$55.2 billion while only taking in \$43.4 billion. According to the Congressional Budget Office, this annual deficit increases each year and will reach \$25 billion by 2029.³



Source: Congressional Budget Office, Projections of Highway Trust Fund Accounts: January 2020 Baseline.

The most current estimates from CBO for the HTF are that the Highway Account shortfall projection is \$45.8 billion, and the Mass Transit Account \$21.5 billion.

To date, Congress has made up for this funding shortfall in two ways. First, it has transferred \$144 billion into the trust fund since 2008 to prevent insolvency. Second, it has delayed and underfunded the maintenance of the country’s roads, bridges, and mass transit systems.

The Congressional Budget Office further estimates the trust fund will need an additional \$72 billion infusion to enact a 5-year reauthorization that merely maintains spending levels. Enacting the EPW bill with corresponding increases in transit spending would require a \$110 billion infusion over the 5-year period.

³ Source: Congressional Budget Office *The Budget and Economic Outlook: 2019 to 2029*

With a growing federal deficit, the ability for Congress to continue to inject General Fund revenue into the HTF is limited. This is one major reason the Chamber supports the budget-neutral mechanism of adjusting the federal motor fuels user fees to address this issue and provide long-term stability for our highway and transit programs. This adjustment much also maintain the 80-20 split between highways and public transportation that has been effective since then President Ronald Reagan signed the change into law in 1982.

The Chamber strongly believes Congress must address the long-term solvency of the HTF this year or the long-term viability of federal highway and public transportation programs will be put at risk.

How Not to Invest In Infrastructure

The Chamber believes unequivocally what **won't** work to increase investment in infrastructure: Any proposal to pay for the surface transportation authorization by reversing the tax reforms that helped kick-start our economy is a non-starter for the business community and for many in Congress.

The Chamber believes we need to build upon tax reform by significantly increasing infrastructure investment to support long-term economic growth and to compete globally. Pulling back from tax reform to fund infrastructure would eliminate any opportunity for bipartisan support, thus guaranteeing no infrastructure package will become law, potentially turning this and future reauthorizations into a partisan issue, and would lead to failure to address the nation's urgent need to modernize its infrastructure.

We have ***better*** options to choose from. What we need is a greater sense of urgency, some innovative thinking, and, frankly, a lot more political courage.

Conclusion

The bottom line is that the time to make important infrastructure investments is NOW. Delaying action only makes the decisions more difficult and projects costlier. From the business community's perspective, the question is not *if* we need to make these decisions, but *when*.

The Chamber strongly supports an adequately funded, long term authorization of surface transportation programs. America needs a fluid, efficient multimodal national transportation network that will support the transportation needs of businesses from origin to destination across the globe, and from the factory to the corporate headquarters, to main street retailers to medical centers, to everywhere

in between.

There is no single funding solution that will solve all of our highway, bridge, and transit infrastructure investment challenges. The Chamber believes communities should have a large toolkit of funding and financing options available that can be utilized to provide the infrastructure needed, not just to succeed, but to lead the world in providing economic and social mobility. Improving our current infrastructure is a necessary component of economic development.

Infrastructure investment is an issue that traditionally has brought Democrats and Republicans together and we believe the time is now for the Administration, House, and Senate to address this important issue.

Congress must come to grips with the fact that most of this system was built 60-150 years ago. The Chamber believes the time has come to enact a federal infrastructure modernization plan to provide every American a 21st Century system. This starts with a timely surface transportation authorization.

It is imperative that a continued federal partnership with a dedicated source of funding derived from users of the system remains a core principle of the next surface transportation authorization act.

Thank you for the opportunity to testify today regarding this timely and important issue.