February 3, 2021

The Honorable Tom Carper
Chairman
Committee on Environment & Public Works
410 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Shelley Moore Capito
Ranking Member
Committee on Environment & Public Works
456 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Peter Defazio
Chairman
Committee on Transportation & Infrastructure
2314 Rayburn House Office Building
Washington, DC 20515

The Honorable Sam Graves
Ranking Member
Committee on Transportation & Infrastructure
1135 Longworth House Office Building
Washington, DC 20515

Dear Chairmen Carper and DeFazio and Ranking Members Capito and Graves:

We are writing to encourage you to work collaboratively to advance a comprehensive infrastructure package quickly this year, including policies to boost infrastructure funding, expand financing options, and enact key program reforms. As our country continues to combat COVID-19 and lay the groundwork for an economic rebound, we join the chorus of policymakers, business leaders, economists, and other stakeholders eager to finally take on our nation's longstanding infrastructure needs.

There is no shortage of studies documenting the positive impact infrastructure investments have on the economy. In fact, research has shown that for every $1 in infrastructure investment, $3 is added to the nation's GDP. Increasing infrastructure investments by 1 percent of GDP can add 1.5 million jobs to the economy.[1]

While your primary focus is rightly on supplementing the public health response to COVID-19 and helping Americans stay employed, housed, and healthy through this crisis, it is important to anticipate and facilitate a strong economic rebound. There is no greater stimulus than boosting American household spending—it represents 70 percent of the economy. To that end, infrastructure investment is an all-around win in its ability to keep Americans in jobs and create new ones in the short term, while boosting our country's long-term productivity and competitiveness.

Though building infrastructure generates jobs and incomes that have spillover effects to the rest of spending in the economy, we also know that increased investment is most impactful when directed to high-productivity investments—for example, projects that will increase connectivity and reduce congestion. As such, we urge you to carefully consider *how* any additional funding is disbursed. It is imperative that we address high-priority needs quickly, while also ensuring that the infrastructure we pay for today is designed and delivered to last.

The Bipartisan Policy Center has led several initiatives to develop and advocate for consensus-driven, cost-effective, and bipartisan infrastructure policies.[2] We have offered reforms to make federal surface transportation programs more performance-driven, more directly linked to clear national goals, and more accountable for results. BPC has proposed a new model for infrastructure investment that leverages private sector capital and expertise, developed recommendations to address aging water and wastewater infrastructure, and offered a pragmatic roadmap for fixing the federal Highway Trust Fund. We wish to highlight a handful of these proposals for your consideration in a forthcoming infrastructure package:

Reauthorize federal surface transportation programs. President Trump signed into law H.R. 8337, a 72-day stopgap appropriations bill for fiscal year 2021, on October 1, 2020, that incorporated a one-year extension of funding levels under the FAST Act for surface transportation programs. With a new deadline of September 30, 2021 to reauthorize these programs, we urge you to use this time to forge a bipartisan consensus on a robust, long-term reauthorization package. The Senate Environment and Public Works Committee approved a bill, on a bipartisan basis, to do just that back in July 2019. Their 5-year, $287 billion reauthorization bill would increase federal highway spending by around 27 percent. We encourage you to incorporate this or similar legislation into the next COVID-19 response package as a way to provide certainty of funding, help state and local communities plan, and boost infrastructure investment. To offset its cost, Congress should increase gas taxes by at least 15 cents per gallon and index these taxes to inflation. However, to avoid negatively impacting consumers and the economy in this difficult time, Congress could consider scheduling the increase to phase in only when economic growth picks up.

Prepare for the transition to a vehicle miles traveled fee. A BPC effort spearheaded by former Reps. Bill Shuster (R-PA) and Joe Crowley (D-NY) noted that the federal government must do more to prepare for the transition to a user fee based on vehicle miles traveled. With rising ownership of electric and more fuel-efficient vehicles, transitioning from gas taxes to a user charged based on miles traveled for all vehicles will be fundamental to sustaining the user-pay, user-benefit principle embedded in current transportation funding. Moreover, the federal government is on course to dramatically run up the national debt to provide relief through this crisis and recovery. It is critical that we prepare now to more sustainably fund transportation programs given our future fiscal reality.

Prioritize high-impact projects. When the United States implemented the American Recovery and Reconstruction Act to combat the Great Recession, there were natural questions about how much additional growth its spending would generate, above and beyond the construction jobs directly connected to it. That experience has since been well researched and the evidence demonstrates that infrastructure spending has one of the highest potential multiplier effects on employment and output. Still, the greatest economic benefits are derived when funding is targeted to the highest priority needs and high-productivity projects, those that will materially advance national goals like improving safety, reducing congestion, improving freight and passenger connectivity, and mitigating disaster- and climate-related vulnerabilities. While balancing the need to move quickly, Congress should endeavor to prioritize funding across infrastructure sectors—e.g., transportation, water and wastewater, energy, and broadband—to the most impactful projects and those essential to the COVID-19 public health response.

Make critical investments to decarbonize transportation systems and promote resiliency. Transportation is the largest source of greenhouse gases in the country, the vast majority of which come from personal cars and trucks. The scientific consensus is that the United States must rapidly decarbonize to avoid worse climate-related impacts than those already underway. S. 2302, America's Transportation

Infrastructure Act, and H.R. 2, the Moving Forward Act, both rightly recognized this imperative and proposed several creative solutions—from grant programs for investments that reduce emissions to added flexibility to use federal funds for electric vehicle charging infrastructure. Such measures would make emissions reductions and climate resilience key transportation priorities and should be advanced.

Encourage public-private partnerships to engage private capital and transfer risk. Public-private partnerships or P3s can be a key tool for state and local governments to address overwhelming infrastructure needs. While P3s are not the right model for every project, under the right conditions, a P3 can deliver a more cost-effective and better performing project. Applicants for federal funding or financing should be required to demonstrate that they have evaluated all delivery options, including P3s, to determine which would provide the best value for taxpayers over the lifecycle of a project.

Enable TIFIA and WIFIA to support more projects. The TIFIA program offers loans, loan guarantees, and letters of credit to surface transportation projects, and its water counterpart, WIFIA, finances clean water and drinking water projects. TIFIA and WIFIA could support more projects with higher authorization levels, continued efforts to streamline and simplify their application processes, tweaks to help rural communities access financing, and an initiative to better align the programs' budget scoring with actual loan experience.

Provide planning grants and technical assistance. BPC's Infrastructure Council conducted an analysis of the unique challenges faced by rural communities as they attempt to upgrade and modernize their infrastructure assets. One of their biggest challenges we identified was a lack of staff resources to assess, plan, budget for, and manage infrastructure assets. As such, we encourage you to consider providing planning grants and technical assistance to ensure that state and local leaders have the capacity to develop new projects and secure federal assistance.

Permanently authorize FAST-41. Title 41 of the FAST Act created the Federal Permitting Improvement Steering Council, an interagency council empowered with new tools and resources to improve the timeliness, predictability, and transparency of federal project approvals. FAST-41 also requires the use of the online Permitting Dashboard, a website to transparently track project permits and reviews, helping hold agencies accountable to the public. Congress should remove a provision that sunsets FAST-41 in 2022. The looming uncertainty is already causing concern, creating a disincentive for project sponsors to utilize this voluntary, coordinated process.

Codify "One Federal Decision." In Executive Order 13807, the Trump administration outlined best practices for environmental reviews and permits in which a single lead agency is responsible for shepherding projects through multiagency reviews and keeping agencies to one timetable. As part of this initiative, the Office of Management and Budget was directed to set a Cross-Agency Priority goal on modernizing the process, including a new target of two years or less for processing approvals for major infrastructure projects. This includes projects across infrastructure sectors that require an environmental impact statement, need approvals from multiple agencies, and have reasonably identified requisite funding. The order also included provisions to assess process deficiencies at each agency, develop remedial action plans, bring transparency to the costs of reviews and approval delays, and add projects to the online Permitting Dashboard. The Council on Environmental Quality was made responsible for mediating interagency disputes and ensuring that multiagency reviews and authorizations are conducted simultaneously. We encourage you to codify these critical changes in your legislation and urge find common ground in commonsense permitting process reforms and improvements that do not jeopardize longstanding environmental protections.

Launch a pilot program to test innovative practices for environmental reviews. Former Rep. Bill Shuster (R-PA) released draft legislation in July 2018 authorizing a new pilot program that would permit waivers from certain federal rules and regulations for a select number of projects that adopt innovative practices. Examples of such practices include using innovative technologies that enable more effective public participation in decision-making and focusing on environmental and transportation outcomes rather than processes. Such a pilot could test and advance practices that both expedite project delivery and improve results.

Expand NEPA assignment programs. We encourage you to work with the new administration to identify opportunities to delegate NEPA responsibilities and further harmonize state and federal permitting processes. The resource demands on federal permitting review are going to increase considerably as we modernize our nation's infrastructure with massive new energy production technologies and distribution networks. States will have a major role to play in effectively advancing more localized projects and infrastructure maintenance programs. The "assignment" of certain NEPA authorities to states has proven successful in permitting highway projects. In fact, the Federal Highway Administration has agreements currently in place for Alaska, Arizona, California, Florida, Ohio, Texas, and Utah to assume NEPA responsibilities. According to the California Department of Transportation, NEPA assignment resulted in significant time savings, reducing the time for document processing (from notice of intent to final EIS approval) by a staggering 124 months. Similarly, the Texas Department of Transportation estimated an average time savings of 25 percent. With NEPA assignment and its attendant benefits increasingly well documented, Congress should consider how to expand these types of programs.

Improve asset management. Infrastructure providers often accumulate various assets such as land, rights of way, and buildings over the course of decades of building and operating infrastructure. Yet too often, governments do not have a full and in-depth accounting of all these assets. Before billions of public dollars are spent rebuilding infrastructure, a clearer understanding of baseline conditions and infrastructure needs, as well as climate-related vulnerabilities, is needed. Preparing such an inventory is not without cost, but that expenditure would be dwarfed by the benefits that can be achieved in improved efficiency, transparency, new revenue generation, and disaster avoidance. Further, a comprehensive inventory can help mitigate the parochial political risks associated with project selection and prioritization, as it would provide an independent, technical basis for reviewing the state of public assets. While state DOTs are still required to develop a risk-based transportation asset management plan and are encouraged to address resilience as part of that process, more could be done. Congress should incentivize state and local governments to complete comprehensive asset inventories as a condition for receiving federal assistance. Recipients of federal funding would then need to compile a centralized registry of all assets, including data on current condition, expected maintenance and operations costs through the asset's remaining useful life, the cost of replacement, and the potential impact of a failure. Congress should support these efforts through the provision of supplemental technical assistance, planning grants, and other resources to help with compliance.

Incentivize life-cycle cost analyses. In construction, forecasting upfront costs and long-term maintenance costs for an infrastructure project is called "life-cycle cost analysis." While it may seem intuitively obvious that project developers would want to know how much it will cost to build and keep a project in a state of good repair, existing incentives often encourage undue focus on low-cost construction over longer-term operating costs and project durability. Effective life-cycle cost analysis becomes all the more important as we face the need to adapt to extreme weather and recover from deadly, damaging natural disasters. In distributing federal funding, state and local applicants should demonstrate that they have fully accounted for the long-term risks of planned projects and selected the project delivery model that provides the best value over the life of the project.

It is critically important that your committees come together to debate and negotiate a package of significant policy agreements that together address the profound, immediate need to restore economic growth, modernize our nation's outmoded and decaying surface transportation infrastructure, and lay the foundation for an effective response to climate change.

Thank you for your important work and please let us know how we can be helpful.

Sincerely,

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Endnotes

[1] McKinsey & Company, "Bridging global infrastructure gaps," June 2016. Available at: https://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/bridging-global-infrastructure-gaps. Jeffrey Werling and Ronald Horst, "Catching Up: Greater Focus Needed to Achieve a More Competitive Infrastructure," September 2014. Available at: https://www.supplychain247.com/images/pdfs/NAM_Infrastructure_Full_Report_2014.pdf.

[2] Bipartisan Policy Center, "A Roadmap for the Last Gas Tax Increase," January 2020. Available at: https://bipartisanpolicy.org/report/a-roadmap-for-the-last-gas-tax-increase/. Bipartisan Policy Center, "Bridging the Gap Together: A New Model to Modernize U.S. Infrastructure," May 2016. Available at: https://bipartisanpolicy.org/report/modernize-infrastructure/. Bipartisan Policy Center, "Putting Private Capital to Work in Rural Infrastructure," September 2017. Available at: https://bipartisanpolicy.org/report/putting-private-capital-to-work-in-rural-infrastructure/. Bipartisan Policy Center, "Performance Driven: Achieving Wiser Investment in Transportation," June 2011. Bipartisan Policy Center, "Transportation Adaptation to Global Climate Change," December 2009. Available at: https://bipartisanpolicy.org/report/transportation-adaptation-global-

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