



BIPARTISAN POLICY CENTER

May 21, 2020

The Honorable John Barrasso  
Chairman  
Committee on Environment and Public Works  
U.S. Senate  
Washington, D.C. 20510

The Honorable Peter Defazio  
Chairman  
Committee on Transportation & Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Tom Carper  
Ranking Member  
Committee on Environment and Public Works  
U.S. Senate  
Washington, DC 20510

The Honorable Sam Graves  
Ranking Member  
Committee on Transportation & Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

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

We are writing to encourage you to boost infrastructure funding, expand financing options, and enact key program reforms in the next COVID-19 legislative response. As the U.S. economy contracts, 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% of GDP can add 1.5 million jobs to the economy.<sup>1</sup>

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.

Over the past few years, BPC has worked to develop bipartisan recommendations on how to better fund, finance, and develop critical infrastructure.<sup>2</sup> We wish to highlight a handful of these proposals for your consideration:

[Reauthorize federal surface transportation programs.](#) Current federal funding for surface transportation projects will lapse at the end of this fiscal year, unless Congress acts to extend or reauthorize that funding. 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 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 recent 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 (ARRA) 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.

[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, tweaks to help rural communities access financing, and an effort to better align the programs' budget scoring with actual loan experience.

[Improve project delivery and asset management.](#) The infrastructure crisis we face today stems from a collective and chronic failure to adequately fund, manage, and operate critical infrastructure assets, including roads, bridges, transit systems, water utilities, and other systems. Spreading best practices in

project delivery and asset management could change that, generate savings, and lead to better infrastructure projects. As such, we encourage you to provide funding so states and local governments can conduct comprehensive [asset inventories and](#) fully account for project [life-cycle costs](#), coupled with funding for [technical assistance](#) for smaller communities.

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.

Build capacity and improve coordination to accelerate project approvals. There is a long history of bipartisan support for technical changes to the federal environmental review and permitting process, including the creation of the Federal Permitting Improvement Steering Committee (FPISC) in the FAST Act. We encourage you to reauthorize FPISC to provide much-needed certainty to project sponsors. Given the need to get projects moving quickly and spur economic growth, it is imperative that state and local governments have clear guidance on regulatory waivers that have been offered, that you invest in boosting staff capacity at all levels of government to speed up and coordinate approvals, and new and available streamlining procedures are advertised and utilized.

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

Sincerely,

Michele Nellenbach  
Director  
Infrastructure and Housing

Andy Winkler  
Associate Director  
Infrastructure and Housing

## Endnotes

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<sup>1</sup> 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](https://www.supplychain247.com/images/pdfs/NAM_Infrastructure_Full_Report_2014.pdf).

<sup>2</sup> 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-climate-change/>. Bipartisan Policy Center, “Increasing Innovation in America’s Water Systems,” August 2017. Available at: <https://bipartisanpolicy.org/report/increasing-innovation-in-americas-water-systems/>. Bipartisan Policy Center, “Safeguarding Water Affordability,” September 2017. Available at: <https://bipartisanpolicy.org/report/safeguarding-water-affordability/>.