As Prepared for Delivery

Infrastructure Summit
America's Infrastructure: Time to Invest

Address by
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Introduction

Good morning, ladies and gentlemen. We're glad you could join us today for this timely summit on the urgent need to invest in our nation's infrastructure.

We decided to hold this event first thing in the morning so everyone would be fresh off the daily commute … good and mad about it … and fired up for action.

You don't have to be a transportation policy expert or a civil engineer to know that our infrastructure system is in bad shape. All you have to do is leave your house. The evidence is everywhere.

The average American loses 42 hours stuck in traffic congestion each year. Think of what you could do with an extra 42 hours. You could drive from Washington, D.C. to San Francisco. You could do a full week's worth of work. You could attend 28 of your kid's soccer games.

The costs are economic as well as personal.

Failing infrastructure impacts the bottom line of American businesses of every size, region, and industry.

We hear from farmers who can't transport their heavy equipment across rickety rural bridges—costing them precious time during make-or-break planting and harvesting seasons.

A successful regional plumbing business recently told us how they're hit with a one-two punch. Congestion limits the number of service calls they can take a day, eating away at their productivity and profits. Meanwhile, wear and tear on their fleet drives up costs because their service vehicles are battered by poor roads all day, every day.

The American Society of Civil Engineers projects that failing infrastructure will cost businesses $7 trillion by 2025 and destroy 2.5 million U.S. jobs.

Because the state of our infrastructure is so obviously inadequate, and so personally and economically costly, everyone agrees we need to do something about it. That's the good news. The bad news is there's no urgency. There's a lot of talk, and very little action.

This year, we aim to change that. We can't afford to kick the can down the road, year after year, while the physical platform of our economy crumbles under our feet.

When we met last year, we outlined a plan to fix crumbling infrastructure. This year, we are calling on our lawmakers to take bipartisan action on a meaningful infrastructure package *now*.

Today we're going to discuss the problems … debate the solutions … and together urge our nation's leaders to finally deliver results. We can and must come together to build the next generation of U.S. infrastructure—a modern, safe, and efficient system that befits a great nation.

A Call for Bipartisan Action

First things first—we've got to put an end to the gridlock in Washington before we can end the gridlock gripping our nation. We've got to build bridges across the political divide before we can build bridges around the country.

I happen to be an optimist—but I'm also a realist—and I think infrastructure is a prime opportunity for our leaders to get *back* to the nation's business.

In the aftermath of the longest government shutdown in history, Republicans and Democrats alike would be smart to show the American people that they can still get things done … and that they are willing to reach across the aisle to do what's right for our country. Why not start with something that everyone agrees needs to be done?

Rallying around a plan to modernize our infrastructure system would go a long way toward restoring public trust, business confidence, and political good will. And it could build momentum for other priorities.

By-the-way, if lawmakers aren't able to get together and do something about infrastructure, what prayer do we have for highly sensitive and complex challenges like immigration and health care? There's no excuse for continued inaction on this national priority.

President Trump is sure to raise this topic in his State of the Union address tonight. We're looking for a strong statement on the importance of getting an infrastructure deal done this year—followed by the necessary resources to get the job started in the forthcoming White House budget.

Likewise, the House and Senate should signal their commitment by also prioritizing infrastructure investment in their budget blueprints, and moving good legislation forward.

We're pleased the Chairman of the House Committee on Transportation and Infrastructure, Peter DeFazio, will be speaking a little later in our program. He's already announced his first committee hearing will be on "The Cost of Doing Nothing" to fix our nation's infrastructure. The business community will be well-represented. Testifying on the Chamber's behalf will be President of UPS Freight, Rich McArdle—who, by-the-way, is also on today's lineup.

We're ready to work with our partners on the Hill, and we are open to ideas on how to do this—I'll share some of ours in minute.

But let me say up front and unequivocally what *won't* work. Any proposal to pay for infrastructure by reversing the tax reforms that helped kick-start our economy is a non-starter for the business community and for many in Congress.

We need tax reform *and* infrastructure investment to support growth and compete globally. Pulling back from tax reform to fund infrastructure is a one-step-forward, one-step-back dance. We're not going to do it!

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

<u>Chamber Priorities for Infrastructure</u>

The Chamber has been pushing a four-part infrastructure plan that we believe could help guide the process.

Our ideas address the essentials: how we pay for it … how we get projects approved in a timely fashion … and who does the work. I'll say a few words on each.

Updating the Federal User Fee

First, the Chamber has long believed that a modest increase to the federal vehicle fuel user fee is an obvious starting point.

The federal gas tax hasn't been raised since 1993—and, in the meantime, inflation has eroded the value of the user fee by 40% and vehicles have become significantly more fuel-efficient. Because of Washington's failure to make reasonable adjustments along the way, the highway trust fund faces a shortfall of $138 billion over the next decade.

Raising the gas tax by just 25 cents would generate $394 billion over the next 10 years to invest in our roads, bridges, and transit systems. When combined with state, local, and private sector funds, this would go a long way toward reviving our nation's once-great interstate highway system.

The critics will tell you that this is politically impossible, but there's plenty of evidence to debunk that.

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. By a 22-point margin—50 to 28—registered voters support implementing a federal vehicle fuel user fee, provided the money will go toward modernizing our infrastructure. People are willing to pay a little more for safer roads, lighter traffic, and less wear and tear on their vehicles.

And, in the business community, some of the strongest proponents for a federal increase are those who would be most directly affected—the truckers. Tell me when else in Washington people raise their hand and say, "I'll pay more to improve the resource I use" … and lawmakers respond, "No, thanks."

Claims that this can't get done are simply false.

We believe this is the simplest, most commonsense solution out there. Last year the president himself indicated much the same.

But, I've always said we're open to other ideas—and we're serious about that. So serious, in fact, that we're holding a competition for the best, most viable ideas for long-term sustainable funding for infrastructure … and we're going to award $25,000 in cash prizes.

We invited everyone to submit their ideas—students, academics, business leaders, the people out there doing the building—everyone. And I'm excited to announce that as of yesterday, when the competition closed, we have received more than 80 ideas. Our Chief Policy Officer, Neil Bradley, will talk a little more about the competition later in the program.

We look forward to carefully reading the submissions and will announce the winners on April 30th.

The bottom line is that we'll work with *anyone* to advance *any idea* that we believe will actually move things forward.

Innovative Financing for Big Projects and Critical Infrastructure

The second priority is coming up with ways to pay for all of the big stuff … our airports, seaports, water ways, electrical grids, dams, levees, short lines, and more.

Existing funding mechanisms should be used where possible and for things like modernizing airport runways and terminals, ports, and inland waterways. Money that is collected specifically to improve infrastructure should only be spent on that infrastructure.

But when you add up the costs of maintaining and modernizing all core infrastructure, we need to come up with a cool $2 trillion dollars over a 10-year period. Of course, it will take longer than 10 years to get all of this done and there will be significant additional costs.

That's a burden that neither the public nor the private sector can shoulder alone. 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 talking about today.

Let's go sell some bridges—and not the kind to nowhere!

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.

And, by-the-way, we need to stop thinking about infrastructure investment as one big payment made up front and all at once. Look at what the city of Los Angeles is doing with its 30-10 initiative. This year it will complete work on a sweeping 30-year infrastructure plan that it started just 10 years ago.

How were they able to accelerate major projects *and* pay for them? By creatively using every available tool in the financing toolkit—including a mix of federal, state, local, and private funding—and coming up with a *long-term* payment structure.

One of those tools was a federally-backed TIFIA loan to cover most of the costs up front and paid back over time. Residents have some skin in the game too. LA County voters approved a one penny sales tax increase that will enable the city to pay back the TIFIA loan over 30 years—in much the same way that many Americans finance their homes.

That's the kind of innovative, ambitious, and *pragmatic* approach we need to be taking on major projects from coast to coast.

Permit Streamlining

The third priority is having a streamlined permitting process.

I've said this before and I'll say it again, you can line up all the cash you need, but if the permitting process is slow or broken—there's no point in doing an infrastructure deal. And any 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 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 either.

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. And to help streamline permitting and eliminate duplicative reviews, a single lead agency should shepherd a project through the process from start to finish.

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

Expanding the Construction Workforce

Finally, rebuilding our infrastructure will require people ready and able to do the work.

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

Last year, the 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 striking 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 construction trades labor. 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 lots 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. Our nation must always attract and retain workers of all skills from around the world.

Conclusion

Ladies and gentlemen, the need for bold and ambitious infrastructure investment has never been clearer.

We need people to do the building. We need a streamlined permitting system that provides certainty and allows projects to be built safely and quickly. We need long-term, sustainable sources of funding and an innovative approach to financing projects. We need public-private engagement and collaboration at every level—not just in Washington, but in all the states and cities that so many of you represent. And we need big talk to translate into real action.

Most of all, we need a sense of urgency.

Now is the time to invest in our nation's infrastructure.

It's not something that's going to bring instant gratification. This will be a massive undertaking that will take years, perhaps decades to complete. That doesn't give us to the excuse to put it off for another time, or leave it to another Congress.

The longer we wait to make this investment, the worse our infrastructure will get, and the more it will cost us—not only in money to fix it, but in lost time, lost productivity, lost opportunity, and lost lives … things we can never get back.

But, if our lawmakers set aside their differences, act with urgency, work in partnership with the private sector, and do what's in the best interest of our country, they won't just be making an investment in our infrastructure.

They will be investing in our competitiveness and prosperity. They will be investing in our future. And they will be able to say that they came together and helped build the next generation of U.S. infrastructure—a modern, safe, and efficient system that will once again be the envy of the world.

I think we can do it—and we must.

Let's get started.

Thank you very much.

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