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THE ADMINISTRATION'S FRAMEWORK FOR REBUILDING INFRASTRUCTURE IN AMERICA

THURSDAY, MARCH 1, 2018

U.S. SENATE

Committee on Environment and Public Works

Washington, D.C.

The committee met, pursuant to notice, at 10:06 a.m. in room 406, Dirksen Senate Building, the Honorable John Barrasso [chairman of the committee] presiding.

Present: Senators Barrasso, Inhofe, Capito, Boozman, Wicker, Fischer, Moran, Ernst, Sullivan, Carper, Cardin, Whitehouse, Merkley, Gillibrand, Booker, Markey, Duckworth and Van Hollen.

STATEMENT OF THE HONORABLE JOHN BARRASSO, A UNITED STATES
SENATOR FROM THE STATE OF WYOMING

Senator Barrasso. Good morning. Today, we will discuss the need to modernize our Nation's infrastructure and President Trump's plan for rebuilding infrastructure in America.

This committee has historically taken the bipartisan lead on infrastructure issues in the Senate. I am very pleased that Secretary Chao and Assistant Secretary James have come to our committee first to discuss the infrastructure principles shared by President Trump on February 12.

Our infrastructure drives the health, well-being, economy, and prosperity of the Nation. We depend upon it to move people and goods, to get to our jobs, to protect our homes from floods and disasters, and to provide our families with clean water.

For too long, we have not prioritized the needs of these infrastructure systems. Funding has not kept pace with our infrastructure needs and burdensome federal regulations have slowed efforts to spend the money efficiently.

The time has come to make a significant investment in our roads, bridges, ports, and water systems. The Administration's plan proposes to spend hundreds of billions of dollars of federal money to generate well over \$1 trillion of infrastructure impact.

Part of this can be accomplished by cutting Washington's

red tape. President Trump's plan prioritizes streamlining. This will allow needed projects to start quicker and finish faster for lower costs.

As States, counties, and towns wait to obtain permits from Washington, costs for projects rise and time is wasted. It should not take a decade to permit a project that takes only months to build. We need to speed up project delivery.

The President's plan calls for a two year or less limit for federal approvals on projects. That is a commonsense approach. Only in Washington is two years considered a quick turnaround. We need regulatory streamlining so we can build these projects faster, smarter, better, and cheaper. The President's plan also makes the infrastructure needs of rural America a priority.

A significant portion of the federal money proposed in the President's plan is designated specifically for rural States. Rural communities need to have an equal seat at the table as we address infrastructure needs. What works in Baltimore or Chicago may not work for smaller communities like Cody, Casper, or Cheyenne, Wyoming. We need an infrastructure plan that includes projects for both.

Better roads and water systems across America help us all. Everyone benefits from safer highways and dams in rural communities. Any plan should have significant and sustained funding levels for rural areas.

On the Environment and Public Works Committee, we are making good bipartisan progress on legislation to address America's water infrastructure. We are working side-by-side on water infrastructure legislation that we plan to pass later this year. We need to expand that bipartisan cooperation to roads and bridges as well.

America prides itself on its ingenuity and commitment to provide infrastructure that meets the needs of its people. I believe we can work in a bipartisan way on legislation that will make our infrastructure even better. That process begins today by hearing more about the President's plan.

I would like to thank both Secretary Chao and Assistant Secretary James for joining us today and for the insights they will provide for the committee.

I would now like to recognize our Ranking Member, Senator Carper, for his remarks.

[The prepared statement of Senator Barrasso follows:]

STATEMENT OF THE HONORABLE TOM CARPER, A UNITED STATES SENATOR
FROM THE STATE OF DELAWARE

Senator Carper. Thanks, Mr. Chairman.

Good morning. It is great to see our Secretary and I want to be among the first to congratulate our new Assistant Secretary with the Army. Thank you for your willingness to serve and we look forward to working with you. It has been a joy to work with both of you through the confirmation process.

Welcome and we are glad to see you.

I am disappointed to learn that Administrator Pruitt is unable to testify before us today despite EPA's important role in the improvement and development of drinking water and wastewater infrastructure. Having said that, we are delighted that the two of you are here. I thank you for joining us.

As we consider a potential infrastructure bill, it is helpful to hear from you and we were glad to finally receive the Administration's proposal last month. My statement says it will largely be up to the Congress. I will be honest with you. It is up to you, the two of you, as well. It is up to the Administration. It is up to a lot of people. This is a shared responsibility.

A big part of it is on us. We have a pretty good working relationship here. Hopefully, that will help us along the way.

The Chairman and I agree on a lot of things. We disagree

on one or two. However, we agreed on the need for the Federal Government to be a good partner to States when it comes to investing in our infrastructure.

As a former Governor and State Treasurer, I know it is hard to ask a State to go from an 80-20 funding formula, for example, for roads, 80 percent federal to 20 percent States; it is hard to flip that and go from 80-20, where the Federal Government plays the major role, to 20-80 where the States are expected to put up the 80 percent. It is hard to make up that slack.

Some of us in the Senate met with a bunch of governors on Capitol Hill this week. We had a good conversation about this. They are concerned and you might imagine why. They are not anxious to accept that view. I think folks in Wyoming and people, governors and so forth would all be reluctant to take that deal.

It is one of a number of places where I think the math of the Administration's plan does not add up. Last week, some economists up the road from us in Philadelphia at the University of Pennsylvania modeled the Administration's proposal, and have been modeling it for a while.

They found out that at most it would spur an additional \$30 billion in State, local and private infrastructure spending. Think about that, an additional \$30 billion in infrastructure spending. That is a far cry from what the Administration is

promising.

On the campaign trail, I think the President basically is saying we are going to put \$1 trillion into infrastructure. The folks at the University of Pennsylvania at the Wharton School of Business are saying, I don't think so.

I am also concerned about the Administration's proposal to give projects incentive awards based almost entirely on the percentage of non-federal money they would raise, regardless of project quality and benefits. I think we might want to rethink that. I think there is something to be said for more money for the leveraging of non-federal money with the federal money but project quality has to be among the considerations.

Does this make it safer? Does this reduce pollution? Does this make easier for us to get from place to place and that kind of thing? Particularly, I am disappointed though by the degree to which the Administration is focusing on sweeping rollbacks to our Nation's bedrock environmental protections.

I am committed to delivering projects quickly. I know you are too, but safely guarding environmental projections does not always achieve time savings. In fact, I think it rarely does. Doing so would potentially put our communities at risk and can deprive the residents who would be most affected by these projects from making their voices heard.

There are a number of ways to speed up projects. Putting

on my old governor hat, we were able to do those without environmental harm, including many this committee helped enact into law and that this Administration is choosing, at least thus far, not to implement. For example, we could ensure that permitting agencies have enough funding to quickly complete reviews. We could enhance coordination tools and implement new authorities in 2020 that Congress already passed.

Unfortunately, the Administration has done the opposite by proposing to cut permitting agencies' budgets and slashing funding for the Department of Transportation's Infrastructure Permitting Improvement Center by two-thirds. That does not really speed us up. That does not give us the expedited process we all want.

Congress, thanks to the efforts of this committee, created the Federal Permitting Improvement Steering Council in 2015 to coordinate and expedite permitting. That was in 2015. I am told that no executive director of the Federal Permitting Improvement Steering Council has been appointed. It has been three years.

Major rulemakings at DOT would implement streamlining provisions in the FAST Act and the MAP-21 Act, that I and many of our colleagues have supported, has not been finalized. It has been three years and in some cases, five or six years. Frankly, one of the best ways to speed up projects is to provide

long term funding, program certainty, and make grant awards in a timely manner.

Listen to this. Time and again, research has shown that inadequate funding is the most common factor delaying water and transportation projects. Unfortunately, so far this Administration is holding up grants and delaying funding decisions. DOT released a funding notice for the INFRA Grant Program eight months ago but still has not awarded the \$1.5 billion Congress provided for that program. It has been eight months.

In the first three-quarters of 2017, EPA awarded only a third as much grant funding as the agency did over the same period of time in 2016. The Department of Transportation's 2019 budget proposes cutting funding for all new transit capital projects, all new transit capital projects, to cut Amtrak funding and to just end the TIGER Program, which I think most of us think is a pretty good program.

For an Administration allegedly interested in efficiency in infrastructure, we are too, it is frustrating to see so many critical programs being canceled, mismanaged or underfunded. It is particularly hard to take this Administration's proposal to spend \$200 billion on infrastructure seriously when that proposal is paired with a budget that would cut \$240 billion from existing infrastructure programs.

Instead of funding our Nation's aging water infrastructure, the President's fiscal year 2019 budget proposal for the Corps of Engineers provided by Secretary James is down approximately 4 percent below the fiscal year 2018 request. For the first time in 20 years, the President's budget for construction for this important entity is below \$1 billion.

In addition to these budget cuts, the Administration authorized no new starts in investigations to fund project studies and no new starts in construction. That is cutting off the pipeline for new Corps of Engineers projects.

These cuts are disturbing given the Corps' backlog. I mentioned this two weeks ago, Madam Secretary, in our meeting with the President at the White House.

The Corps' backlog is \$96 billion and growing. My understanding is we are looking at a budget proposal around \$6 billion. We have a backlog of \$96 billion and we have a budget proposal for the Army Corps of \$6 billion. It will be a while before we get through that backlog, Mr. James.

Worse, the proposal would shift the burden for financing these projects almost entirely onto local stakeholders. Can some of them do more? You bet they can. Should they do more? You bet they can but we have to be realistic too.

Our Country depends on water infrastructure investments in part because such infrastructure helps expand our GDP. We need

to do that. Each federal dollar spent on civil works programs generates \$5 in revenue to the U.S. Treasury, and, listen to this: \$16 in economic benefit.

The current budget proposal ignores the inherent federal role the Corps plays in stabilizing our economy, the important role. These proposals are placed on the Corps and the sectors of our economy it supports through what could be a death spiral if we are not careful. The Administration appears to ignore these clear benefits in developing their budget proposal while selectively using a benefit to cost ratio to kill nationally significant projects.

In closing, let me briefly discuss revenues. Secretary Chao, when you testified before us last May, you told us that the Administration's Infrastructure Task Force was looking at two issues, permitting and pay-fors. To be honest with you, I was surprised when I finally saw the Administration's plan devoted 15 pages to permitting while the word pay-for failed to appear even once. Maybe I missed it, but I do not think so.

My colleagues have heard me say more than a few times that if things are worth having, they are worth paying for. For decades we have relied in this Country on a user fee approach to pay for much of our infrastructure, especially our transportation infrastructure, roads, highways and bridges. In years to come, we will see an ever growing number of electric

and fuel cell-powered vehicles on our roads that do not use gasoline or diesel fuel.

In anticipation of that growing trend, three years ago we adopted right here in this committee legislation that called for a multistate pilot alternative revenue mechanism to fund roads in America. We call it Vehicle Miles Traveled or words to that effect, the road user charge. Over the next several years, we should grow the number of States in that pilot and eventually run a national pilot of that funding approach.

Eventually, we are going to morph away from taxing gas and diesel. We will have all these hydrogen projects on the road eventually and all these electric projects on the road. They are not going to buy any diesel fuel or gasoline but we need to make sure they are going to be paying their fair share.

Unfortunately, that proposal is still a few years away. Meanwhile, we have a growing shortfall in the Highway Trust Fund to address.

Fortunately, several of us were in a meeting I alluded to earlier with the President and our Secretary last month when he repeatedly declared his strong support for a 25 cent per gallon increase in the federal gas tax on gasoline and diesel fuel. That could become one important additional source of funds to help us pay for the improvements we need.

At first, I thought he was kidding, Madam Secretary, but he

was not. When I talked to him later, he indicated he had been talking about this for weeks.

Bo Simpson had something like roughly four cents increase in gas and diesel tax over four years, going forward. I presented that to the President two weeks ago, as you recall, and he said, that is not enough, Tom. We need to do more. Twenty-five cents, we should do it now.

He said he would give us air cover, political cover and I thought, God bless you, Mr. President. If he is serious about that, if he is serious about something along this line, we can do a deal here. We can get this show on the road.

Finally, let me say I believe there are others as well that would find that bipartisan support. With the Administration's support and the President's promised leadership, I hope we will be able to find agreement for a much needed source of new revenues to fund our critical infrastructure needs while we also pursue other promising ways to get better results for the transportation dollars we spent.

In those 15 pages I talked about of permitting reform, there are some good ideas. There are some that are not, but there are some good ideas there too.

I understand figuring out how to pay for things is always the hard part but we were not sent here to just attack all the easy things. We were sent here to do some tough things, to have

difficult conversations, and make tough choices to achieve better outcomes.

I heard yesterday from our colleague and friend, John Cornyn, with whom I was in the gym this morning. He told us he does not know if Congress will have time to do something on infrastructure in this session. I gasped when I heard that, shared with me by a reporter the other day.

I talked with Senator Cornyn about that today. He did not think he had said that. That is great. I hope he didn't because we have plenty of time and we ought to have plenty of time to do infrastructure and transportation. That is what people sent us here to do. They want us to do the hard things.

If we do, with apologies to Mark Twain, we will amaze our friends and confound our enemies. Let us do both.

Thank you so much. Thank you for letting me go on.

[The prepared statement of Senator Carper follows:]

Senator Barrasso. Thank you, Senator Carper.

I would like to now welcome our guests: the Honorable Elaine Chao, Secretary, United States Department of Transportation and the Honorable R.D. James, Assistant Secretary of the Army for Civil Works.

I would like to remind the witnesses that your full written testimony will be made a part of the official hearing record. We ask that you please keep your statements to five minutes so we may have time for questions.

I look forward to hearing your testimony beginning with Secretary Chao. Madam Secretary?

STATEMENT OF THE HONORABLE ELAINE CHAO, SECRETARY, UNITED STATES
DEPARTMENT OF TRANSPORTATION

Secretary Chao. Chairman Barrasso, Ranking Member Carper and members of the committee, thank you for the opportunity to be here today.

Infrastructure is the backbone of our world-class economy. It is the most productive, flexible, and dynamic in the world. It is a key factor in productivity and economic growth. Yet, the challenges are everywhere.

With respect to surface transportation infrastructure, traffic congestion and delays cost drivers nearly \$160 billion annually. About one-quarter of our Nation's bridges are structurally deficient or in need of improvement. More than 20 percent of our Nation's roads are in poor condition and the transportation needs of rural America, which account for a disproportionately high percentage of our Nation's highway fatalities, have been ignored for too long.

That is why 12 government agencies have been supporting the President on a comprehensive Infrastructure Initiative, which the President announced as a priority in the 2018 State of the Union address. Transportation is just one component. The Initiative includes, but is not limited to, drinking and wastewater, energy, broadband and veterans' hospitals as well. It is designed to change how infrastructure is designed, built,

financed and maintained in communities across the Country.

The goal of the President's proposal is to stimulate at least \$1.5 trillion in infrastructure investment, which includes a minimum of \$200 billion in direct federal funding. The guiding principles are to: one, use Federal dollars as seed money to incentivize infrastructure investment; two, provide for the needs of rural America; three, streamline permitting to speed up project delivery; and four, reduce unnecessary and overly burdensome regulations.

In addition, a key element of the proposal is to empower decision making at the State and local level. They know best the infrastructure needs of their communities.

Half of the new infrastructure funds would go towards incentivizing new State and local investments in infrastructure. A quarter of the federal funds will be dedicated to addressing rural infrastructure needs, as prioritized by State and local leaders. As a former Secretary of Labor, I am pleased to note this plan also has a workforce component to help workers access the skills needed to build these new projects.

The department is also implementing the President's One Federal Decision mandate announced in August of 2017 to help speed up the delivery of new infrastructure and reduce costs. In fact, the Department is working on a new process to handle the permitting of complicated, multi-agency projects to meet the

President's new expedited time line.

In addition to permitting reform, the department is doing its part to help grow the economy and create jobs through regulatory reform. Costs associated with new DOT regulations decreased by \$312 million in 2017 and the department is on track to decrease these costs by at least \$500 million in 2018.

By incentivizing new investment in infrastructure, eliminating overly burdensome regulations, providing support for rural America, and streamlining the permitting process, the department is helping to improve our quality of life and build a brighter future for all Americans. This Administration looks forward to working with all of you on these very important issues affecting our Country's economy, vitality, productivity and also quality of life.

Thank you again for inviting me and I will be happy to answer any questions you may have.

[The prepared statement of Secretary Chao follows:]

Senator Barrasso. Thank you so very much for your testimony.

Mr. James, please proceed.

STATEMENT OF THE HONORABLE R.D. JAMES, ASSISTANT SECRETARY OF
THE ARMY FOR CIVIL WORKS

Mr. James. Good morning, Mr. Chairman, members of the committee and Ranking Member Carper.

I am honored to testify before you today on the Administration's recently released infrastructure plan and the water resources needs and challenges of our Nation. I look forward to working with you to advance the delivery of our Nation's water resources infrastructure through innovative approaches and streamlined processes.

The Army has played a significant role in the development of the Nation's water resources in the past. The Army maintains our Nation's coastal navigation channels, inland waterways, dams, navigation locks, flood control levees and hydropower plants.

These projects help prevent flooding in our river valleys and along our coasts and facilitate the movement of approximately 2 billion tons of waterborne commerce. They also provide 24 percent of the Nation's hydropower.

Much of our Nation's infrastructure is aging, as you know, and require significant amounts of resources to maintain. The traditional approach to constructing and maintaining these projects is not sustainable.

The Administration's infrastructure legislative principles

released on February 12, 2018 provide a commonsense approach to addressing these issues. The legislative principles directly applicable to the Civil Works mission fall within six general areas.

The first is water resource infrastructure. The Administration's principles would remove barriers and provide new authorities to expedite the delivery of infrastructure projects through a variety of mechanisms focused on revenue generation, streamlining project delivery and innovative acquisition approaches.

The second area is inland waterways. For this area, the combination of new and existing revenue streams combined with non-federal partnerships would enable greater efficiencies and innovations for our Nation's inland waterways.

The third area is associated with incentives in the form of grants to non-federal entities. These are intended to encourage innovation, accelerate project delivery and increase State, local and private participation.

The fourth area pertains to the Water Infrastructure Finance and Innovation Act. This Act provides for incentives in the form of low cost loans which are intended to encourage innovation, accelerate project delivery and increase State, local and private participation.

The fifth area involves environmental reviews and

permitting. In addition to broad environmental and permitting reforms, the principles would further streamline the Civil Works Section 404, Section 10 of the Rivers and Harbors Act, and Section 408 programs to timely support decisions while maintaining the environmental protection provided by the law.

Finally, the last area applicable to Civil Works' responsibility is divestiture. The infrastructure legislative principles authorize federal divestiture of assets that would be better managed by State, local or private entities. The Administration's infrastructure proposal is an opportunity for the Army to apply new financing approaches and streamline the processes to meet current and future needs of the Nation.

I recognize the importance of streamlining environmental reviews with the goal of shortening timelines to an average of two years while still protecting the environment. In particular, I am looking to eliminate redundant and unnecessary reviews, concurrences and approvals.

In addition to the Administration's legislative proposal, I will look internally at the Civil Works organization's authorities, policies, regulations and procedures to identify opportunities for increased efficiency and effectiveness. I want to stop focusing on the process and focus on the results.

Simply put, the Army must ensure that we put the federal funds we are entrusted with into the ground effectively and

efficiently. To me, let's move the dirt is the goal.

In closing, the time has come for us to focus on outcomes as we rebuild America. The way we use our water resources significantly impacts the economic advantage afforded to us by our river systems. It will determine if we protect and restore the capital assets afforded healthy ecosystems and it will determine how we protect life and property from the coast to coast threat of flooding.

I look forward to working with this committee in the future to improve the ways that we can invest in our water resources.

Thank you, Mr. Chairman and members of the committee. This concludes my statement. I look forward to taking any of your questions.

[The prepared statement of Mr. James follows:]

Senator Barrasso. Thank you very much to both of you. We appreciate you being here today.

Many of the members of the committee are here looking forward to asking questions. Before we do that, we have two pieces of housekeeping.

One is, in order to assist Chairman McCain in his absence, Senator Inhofe is going to be chairing the Senate Armed Services Committee hearing today. I ask permission of my Republican counterparts that as he arrives, he be allowed to be recognized for questions at that time.

The second is that we have a series of three roll call votes beginning at 11:45 a.m. It is my intention to complete our hearing by noon in order for all of us to fully participate in the voting on the Floor.

With that, Madam Secretary, thank you again for being here.

Earlier this year, Congress passed a budget that designated an extra \$10 billion a year for infrastructure. As the head of the governmental department that spends the most federal dollars on infrastructure, would you agree, Madam Secretary, that an extra \$10 billion per year would make a substantial difference to States, including Wyoming, Delaware and others, and is a good start in our efforts?

Secretary Chao. There is approximately \$4 trillion in infrastructure needs in this Country, so every dollar counts.

Thank you.

Senator Barrasso. I am showing you a chart, Madam Secretary. As you can see from the chart, on average, highway projects take the longest time to complete the environmental impact statements, longer than rail, longer than public transit, longer than electricity transmission. It is the highway projects, on average, that run six and a half years.

Do you agree that streamlining is critical in terms of speeding up the needed investment in our Nation's highways?

Secretary Chao. Absolutely. There are many private pension funds that are very interested in investing in public infrastructure. Yet, in a number of States, the private sector is disallowed from participating in the financing of public infrastructure. That is one issue.

Two, while I see a great deal of enthusiasm from the private sector, pension funds and others to participate, one of the hurdles they face is the lack of ready projects to be financed. If the permitting process can be speeded up and also from a commonsense, less bureaucratic way of doing things, they can be streamlined and it will actually make more projects available for the private sector to invest.

Senator Barrasso. Mr. James, the committee has already held two hearings this year related to enacting the Water Resources Development Act legislation. In light of those

hearings, it is clear that the Corps needs to have the right tools and flexibilities to carry out water infrastructure projects.

If implemented, how would the Administration's infrastructure framework ensure the Corps has the proper means at its disposal for important water infrastructure projects? I can think of one in Wyoming, the Jackson Hole ecosystem restoration. How do we make sure those are delivered efficiently, effectively and at the lowest cost for the American taxpayer?

Mr. James. Mr. Chairman, you just discussed with the Secretary the situation I feel has held up our way of doing business in the Corps for a long time. That is the fact of multiple agencies overseeing the environmental impact statements as we go through developing those.

Under President Trump's plan, there would be one agency in charge of that, one decision, one agency and the agencies will work together with the understanding that they do not have six years to complete an environmental impact statement.

As far as the other things the Corps does, part of it is planning, designing, engineering and finally getting to contracts and construction. We are trying. The Corps has already internally made great steps and strides toward improving their process.

I am working with General Semonite and his key staff. We will further dig into that and try our best to address it so that those processes do not take as long and what money we are afforded can then be put in the ground rather than in the process.

Senator Barrasso. We appreciate General Semonite being here. You have testified a number of times before the committee. Thank you for being here with us today to join in the discussion.

Mr. James, current authorities allow the Corps to receive funding from other entities such as natural gas companies and railroads to augment existing regulatory resources. It is done so that permit evaluations can be expedited under Section 404 of the Clean Water Act and Section 10 of the Rivers and Harbors Act.

What benefits or drawbacks do you foresee if this authority were to be expanded to allow the Corps to receive funding from any non-federal entity to augment existing regulatory resources?

Mr. James. Sir, I would like for you to give me the opportunity to let my staff get back with you immediately on that. I have thoughts but I do not want to give you the wrong information on that, if you will, sir.

Senator Barrasso. I would also ask that they look into if there are any additional considerations that would help the

committee understand what additional authorities would help the Corps further expedite the processing of evaluating the regulatory permits.

Mr. James. Absolutely. We will work on that and get back to you. I appreciate that.

Senator Barrasso. Thank you very much.

Senator Carper.

Senator Carper. Secretary, you have only been on the job for a short while and you have shown great wisdom in your response to that last question. When you do not know the answer, say so. Tell us you will get back to us and make sure you do. That would be great.

Secretary Chao, I mentioned in my opening statement that the folks at the University of Pennsylvania's Wharton School of Business, including an economist who I think was a former Bush Treasury official, evaluated the Administration's claim that \$200 billion in spending will somehow produce \$1.5 trillion overall.

The folks at the Wharton School of Business stated that the Administration is off by 98 percent. In other words, for every \$100 it has claimed, the amount of money being generated, funds being generated from this proposed spending, 98 percent of that will never materialize. Other experts, including the Heritage Foundation, of all people, have looked at Wharton's report and

say it is spot on, which kind of surprised me.

Let me give you a chance to respond to these experts and briefly walk us through how we take \$200 billion and turn it in to \$1.5 trillion even though States tell us they are cash strapped and we know the vast majority of projects to repair or replace infrastructure will not attract private investment. Explain how that works.

Secretary Chao. Obviously, we disagree with both the Heritage Foundation and the Wharton Institute. It actually takes people with real life business experience to know how it works.

We see it in the TIFIA loans, with the Build America Bureau and also with the RRIF loans. We give \$1 that leverages \$14, basically in credit, and of the \$14, there is 40 times leveraging overall investment spending. We see it every day in the Build America Bureau.

Senator Carper. I am not from Missouri but on this one, you are going to have to show me.

Madam Secretary, the department elite has a key role in negotiating a win-win situation outcome on fuel economy and greenhouse gas tailpipe standards with California. I have been concerned that no real negotiations with California have occurred to date.

I am also concerned about press reports that the

Administration may choose to weaken the standards far more than any automaker has asked for. I have asked them all. I have asked Detroit, I have asked ten of them, what do you need in terms of standards. They said not as much as the Administration apparently thinks we are asking for. We are not.

We need a win-win situation here. This is ripe for a win-win situation. I want to ask your commitment to do two things. I do not think they are too difficult things to do.

As the process moves forward, let me ask you to commit to do two things. One, I have heard that the Transportation Department and EPA staffs are not working together as well as they can and should in this regard.

I just want to ask if you will direct your political and career staff to answer all of EPA's questions about the Transportation Department's model and analysis quickly and completely? That is my ask.

Secretary Chao. I would be more than glad to answer transportation questions. As for what happens at the EPA, I will talk with the Administrator but it is up to him.

Senator Carper. I want to make clear I am asking you to direct your political and career staff to answer all EPA's questions about the Transportation Department's model quickly and completely. That is what I am asking.

Secretary Chao. I will do what I can but I do not

understand that question. If it is another jurisdiction, I cannot make them answer that.

Senator Carper. We are asking your department to answer the questions asked by another part of the Administration, EPA.

Secretary Chao. Right, and I cannot do that. They have to answer their own questions.

Let me also disabuse you of the idea that we are not working together on this because we have been. In fact, we have held almost daily meetings at the White House with EPA and the Department of Transportation on this issue, and California.

In fact, I have had the Acting NHTSA Administrator, Heidi King, fly out to California several times in an effort on our part to try to come together and understand and work together with California. From our point of view, I feel quite confident that we have really tried.

Senator Carper. Madam Secretary, I am going to ask you to hold it right there because what I have repeatedly heard from EPA, from within the Department of Transportation and from the folks in California, the CRRV, that there are no active negotiations underway, that the give and take you are telling us about is not occurring. Let us have an off-line conversation about that.

What I have heard is deeply concerning and I want to make sure you are hearing the same thing I am hearing.

Secretary Chao. If that is happening, I want to know about it, so thank you for bringing that up.

Senator Carper. We are talking about permitting reform. We have done a lot. We need to do more. My hope is we will have an oversight hearing that actually looks back to 2012 legislation, what we asked for and what has been done and one that looks at 2015 legislation, what has been asked for and what has been done.

I will ask three questions for the record. Why has the Administration failed to appoint an executive director to the Federal Permitting Improvement Steering Council? You have had several years to do that.

Why has the department not finalized all the MAP-21 and FAST Act streamlining rules? In some cases, you have had three years. In other cases, you have had five or six years to do that.

Why has the Administration proposed to cut the budget for permitting agencies, including the DOT's Infrastructure and Permitting Improvement Center?

Those are legitimate questions. We do not have time to respond to those today but those are good questions and need to be answered.

Thank you very much.

Senator Barrasso. Thank you, Senator Carper.

I would like to submit for the record about TIFIA and RFIA because the history of these programs has successfully demonstrated that federal funding can be significantly leveraged. We have testimony from Jennifer Aument to this committee in July 2017. Without objection, that will be submitted.

[The referenced information follows:]

Senator Carper. May I make a similar unanimous consent request to submit the University of Pennsylvania Wharton School analysis that indicates only 2 percent of the monies in fact would be generated?

Secretary Chao. I would be more than glad to provide comments to that as well.

Thank you.

Senator Barrasso. Without objection.

[The referenced information follows:]

Senator Barrasso. Senator Inhofe.

Senator Inhofe. Thank you, Mr. Chairman.

I appreciate you coming to me. I am chairing the Armed Services Committee hearing at this time but what we are doing here is so significant. I am very excited and positive about it.

Just to clarify, we have been in contact with our committees, two committees, Commerce and Environment and Public Works, the White House, and the Administration many, many times. We got a good running start and good things are happening.

I was encouraged by the President's proposal. I think we can all come together and there is no better evidence of that than a joint Wall Street Journal article written by Senator Whitehouse and me just last week.

I ask unanimous consent that it be made a part of the record at this point.

Senator Barrasso. Without objection.

[The referenced information follows:]

Senator Inhofe. I am very serious when I say this, Madam Secretary, because Senator Whitehouse is one of the more progressive Democrats. I am a conservative Republican and we agree on this stuff.

There is an old document nobody reads anymore called the Constitution that tells us what we are supposed to be doing here, defending America and they called it post roads back then, so we have every intention of doing that.

The Harvard Harris Polls show that 84 percent of Americans responded that we need to invest more in our infrastructure and then they talk about different methods of paying for all this.

I do think when we look at this we need to consider the additional revenue that will be coming in as a result of the increase in economic activity. It works out for each 1 percent increase in economic activity, it develops about \$3 trillion over ten years of additional revenue.

This worked back in the middle 1960s with Kennedy and certainly worked with Reagan. That needs to be considered.

Secretary Chao, I will be looking forward to working with you. Our Oklahoma Department of Transportation has shared with me that for each year of delay of a project, 3 percent of cost actually goes up. Timing is important.

When funding is scarce and hard fought to earn, it can really limit what our States and local entities can accomplish.

I appreciate the Administration's recognition of this fact with their focus on project delivery reform.

We did a great job in the FAST Act with a lot of the project delivery reforms. It was huge so we got a lot more miles done than we would have otherwise. At that time, I chaired this committee and Senator Boxer was the Ranking Member. We did accomplish some things.

Can project delivery be both timely and environmentally sound? I would ask you to respond to that, if you would.

Secretary Chao. Of course. Out of the 30 different regulations required by the FAST Act, everything has been done except for two. They should be coming out by June of this year.

On the other issues about one federal decision announced last August of 2017, this actually addresses more than the FAST Act. It addresses multi-departmental, multiagency coordination.

We are finding as we implement what the FAST Act has asked, there are larger problems about permitting that spans the entire government which is why we need to tackle the rest of the permitting processes in the other departments on a multiagency basis.

Senator Inhofe. Your first response, people should pay attention to that. We have actually done that. It has been done now, so we can do it again.

Secretary James, I do have a question I want to ask you

concerning the Corps of Engineers. However, it is a long one so I am going to submit that for the record if that is all right.

Mr. Chairman, thank you for giving me this priority.

Senator Barrasso. Thank you, Senator Inhofe.

Senator Merkley.

Senator Merkley. Thank you, Mr. Chairman.

I wanted to start with Mr. James by asking you about the tribal villages along the Columbia River that we had a chance to discuss before. These are the villages that were flooded by building dams on the Columbia River. We rebuilt the city that served the Caucasian population but did not fulfill our commitment to the Native American tribes to rebuild their villages.

I think you indicated some interest and support for this. I just wanted to check in and see if you are prepared to help championing getting this long overdue commitment done?

Mr. James. Yes, sir. I do think that is the right thing for this Country to do. The tribes that were moved out of their homeland areas have been promised housing in other places. We should do that as a Nation. There is no question about that. I look forward to working with you in the future and will help with your efforts in doing that.

Senator Merkley. Thank you very much. I sure appreciate that.

Secretary Chao, I wanted to ask you about the basic question of Buy America and Buy American referring to U.S.-sourced steel and inputs for what we build as a U.S. Government and Buy America, U.S.-sourced steel and other products for projects funded by American grants, U.S. Government grants.

In his inaugural address, President Trump said, "We will follow two simple rules, buy American and hire American." Is the President still standing by this pledge for buy American?

Secretary Chao. Absolutely, at the Department of Transportation.

Senator Merkley. Thank you, because here is the thing. Buy America is not mentioned at all in your infrastructure proposal. It is not mentioned in the context of the transportation and water projects; it is not mentioned as a requirement in the infrastructure grants; it is not mentioned in the issue of relocation of utilities; and it is not mentioned in the requirements for the airport improvement program, so on and so forth.

Can you pledge to insert Buy America and Buy American into these proposals so that we will buy American-made steel?

Secretary Chao. There is an executive order outstanding on January 20, so I think it is quite clear that is governed by a different authority. But you make a good point, and I will certainly consult with the White House on that.

Senator Merkley. Thank you. Actually, unless it is in the legislation issuing these grants, it will not actually be compelling. I would like to work with you to achieve that vision and that objective.

Secretary Chao. If I may add one other thing, we are actually applying the Buy America to all these grants, so thank you.

Senator Merkley. Thank you. I appreciate that a great deal.

The second thing I wanted to explore is the challenge of whether we are simply moving chairs around on the deck of our infrastructure Titanic. In that regard, I have a chart I would like to show you.

This chart shows that the President's budget is taking a total of \$280 billion out of infrastructure: out of the TIGER grants, \$5 billion; out of the Highway Trust Fund, CBO estimates \$164 billion; out of the new starts, almost \$20 billion; out of Amtrak, \$7.6 billion; Army Corps of Engineers, \$14 billion; CDBG, \$30 billion; home grants, incredibly important to so many areas for housing, \$9.5 billion; public housing capital, \$19 billion; the Economic Development Administration, so important in rural areas, \$2.5 billion; aviation, \$3.6 billion; and rural water, \$5.1 billion.

These total \$280 billion. If we look at what is going on

here, we are cutting \$280 billion for infrastructure here and adding \$200 billion over here. That is a net loss on infrastructure. How does that fulfill the vision of an aggressive infrastructure program?

Secretary Chao. I think there is a disagreement about the purpose and use of federal funding which is obviously a discussion point for us and why we are all here.

The numbers you mentioned are compared to the 2018 fiscal year. If you look at 2017, it is actually not a cut; 2018 went up and therefore, that is how you consider it a cut. Nevertheless, the FAST Act increases the mandatory portion by more than 4 percent. Overall, the DOT budget is pretty much the same in 2019 as well. The \$200 billion that has been moved has been inserted into the infrastructure proposal which is in another part of the overall federal budget.

Senator Merkley. I thank you for your answer. I am not persuaded by it. It appears to me we are not making the type of commitment we are pretending to make. I will close with this because my time is up. How quickly it passes.

Folks back home are saying, let me get this straight. We take our resources and build something. The Federal Government puts in a tiny amount of money and then they take credit for it. This is the 80-20 versus the 20-80 split we heard previously.

They are saying, we simply do not have the 80 percent, so

we will not build under this structure. Quite frankly, they consider it a bit of a farce to put in a tiny bit of money and then claim credit for the entire thing. There is a lot of concern that this is not really going to fly in terms of motivating or enabling infrastructure that we desperately need.

Senator Barrasso. Thank you, Senator Merkley.

Senator Moran.

Senator Moran. Mr. Chairman, thank you very much.

Madam Secretary and Mr. James, thank you for being here.

I have just a couple of comments before I ask questions of the Under Secretary.

For you at the Department of Transportation, I want to raise the topic of hours of service, a topic that never seems to end, at least in my life as a representative of a rural State in particular. For you Madam Secretary, I want to raise the mandate on the electronic logging device.

There is a 90-day extension that expires March 18, a few days from now. I need your help with the Federal Motor Carrier Safety Administration working with the livestock industry to delay the implementation of ELD.

This really is a hours of service issue, and how do you haul livestock, live animals and comply with the mandate, the hours of service law. From a humane and common sense point of view, what we have to date does not work but the rubber, so to

speak, is hitting the road because of the ELD mandate changing the method by which truckers record their hours of service.

There is a petition pending, a request for a delay. March 18 is around the corner. That is a five-year delay request, but this issue needs more attention than just this issue of electronic logs. I thank you for your nodding yes and hope that is a suggestion that you will help us try to find a solution in the matter of just a few days.

Secretary Chao. I am very concerned about this issue. I have heard a lot on this issue from various rural Senators and Congressmen. Exemptions or waivers are one way but we are also tied legislatively, so we hope to work with you on addressing that on a larger basis.

Senator Moran. We are working legislatively in the appropriations process, potentially in the omnibus bill, but March 18 is a very short period of time. They have allowed a 90-day delay which gets us to March 18 which we appreciate but it does not go far enough.

Secondly, Madam Secretary, in your confirmation hearing, I submitted to you a question about the commercialization of rest areas. You indicated in your written response that you would adhere to the existing law.

Congress has voted on the issue of commercializing rest areas and overwhelmingly. I think the vote was 86-20 that voted

against this commercialization.

I do not have a specific question but I would just highlight for you your answer to me. The present plan in front of us from the Administration does include commercialization proposals.

Again, as a rural legislator interested in those local businesses and franchisees, we have a concern about that commercialization and the competition that could come in an unfair way.

Secretary Chao. I hear you.

Senator Moran. Thank you, ma'am.

To the issue of water resources, in 1 minute, 58 seconds, I want to raise two topics with you. One is the way that lack of resources is a common denominator, a complaint that you would have and that I would have in regard to our ability to do water resource projects.

I wondered about the process by which the Army Corps of Engineers has now gone to a three phase process in what used to be a two phase process. We now have the feasibility phase, the PED phase and the construction phase.

Mr. James, my question is has there been any consideration of reducing those three phases to two? Because once we get through the first two phases, which take a period of time, then there is no money for the construction phase. Can we shorten

the first two phases into one in the hope that those projects are not lingering as long as they do today waiting for the funding?

Mr. James. Those are internal negotiations going on inside the Corps of Engineers. To answer your question, those are three completely different things. We are looking at streamlining. We know we want to quit wasting a penny here if we can and add the pennies and put a dollar to ground. That is what we want to do. I have the commitment from General Semonite and we are going to do that.

However, the three phases you talk about I think we will streamline each one of them but I am not sure we could do away with both of those, I mean one of those, because they even have different types of engineers and planners working on them.

Senator Moran. I thank you for your answer. If you will follow up with me, that will be fine.

Mr. James. I will do that, sir.

Senator Moran. Thank you very much.

My final point to you is I have noticed a particular problem we have in Kansas related to the Corps. I will not ask a question because I am out of time. But I would highlight for you, we have ongoing dam work that the surface of the dam is a State highway. That requires a detour over the dam for the next several years while construction is ongoing.

There are no resources to provide the detour route around the dam construction the Army Corps of Engineers is involved in. We need the Army Corps of Engineers to work more closely with State and local governments in advance of making the decision so that a solution can be found for alternative routes.

Mr. James. That is very reasonable.

Senator Moran. Thank you.

Senator Barrasso. Thank you, Senator Moran.

Senator Cardin.

Senator Cardin. Thank you, Mr. Chairman.

I thank both of our witnesses.

Secretary James, I want to talk about our high priorities for Maryland and our region in regard to environmental restoration and sites for dredged material. I asked you a question specifically about Poplar Island which is an ongoing project in the President's budget. I first want to acknowledge General Semonite's letter that I received this past week in which he has completed the Chief's report on Mid Bay, which is the next staging area to continue the program.

I appreciate General Semonite's comment, "I consider this a very important project for our ecosystem and navigation system." That is what Poplar Island was authorized for, the first of its kind that would be a win-win situation for our navigation and for our environment. Congress specifically authorized it for

that purpose and has funded it.

I understand in the President's budget submission, he reclassifies the project to compete solely on navigation rather than on the dual purpose and provides \$21 million of funding which is an inadequate amount of money. We hope to address that during the appropriations process.

I am not sure legally what basis the President has in the budget submission to change the authorization by Congress. I would just ask your cooperation to please check the legality of that but more importantly, to work with us because the bottom line is we want to be able to continue this policy which has been extremely successful for navigation and environment where we have the local community strongly supporting the site locations and we have been able to maintain our channels.

My request is if you would personally take a look at this, work with us, and work with the regional delegation so that we can make sure Poplar Island can receive what it needs for its last diking and be able to complete its mission. We then hope to transition to Mid Bay.

Mr. James. How much time do I have?

Senator Cardin. If you are going to tell me, I agree with you completely, you can take as much time as you want.

Mr. James. I have been briefed on this area, the dredging and the Poplar Island situation. I could not answer that if you

posed it as a question right now for sure. My staff will get back with you on the specifics and I will be happy to work with you as we go forward.

Senator Cardin. I appreciate that.

Mr. James. I have an overall theme and feeling on dredging and dredge disposal in our Country. The fact of it is that a lot of our dredged material placement is turned down and not allowed because of "environmental objections." It actually prevents dredging, due to the increase in cost, from taking place. It is not just the north coast, it is all around. As we move forward, as I can get out of the cradle, I intend to talk to the other permitting agencies about that and see if we can agree on a way forward.

Senator Cardin. I appreciate that.

I will return the question, how much time do you have? If you do, I would invite you to join me, Senator Van Hollen and others to visit Poplar Island. I think seeing it would be extremely important in understanding what has been achieved by keeping our channels open but also the restoration of a major part of the Chesapeake Bay, a former habitable island that now is a plus for our environment.

I welcome working with you on that issue but recognize that Congress specifically did authorize that project.

Mr. James. Thank you.

Senator Cardin. The second point I want to make, Mr. Chairman, in the remaining seconds, is to Secretary Chao.

I am not going to go through all the revenue issues. I do not understand how we are going to get to \$1.5 trillion. I do not understand the \$200 billion because I think it is recycled money, so we are not really putting up any more.

I say that recognizing that we have challenges. In the Washington region, I have a special interest. I commute back and forth from Baltimore every day. It is a challenge. We need better transit; we need better commuter rail; we need better ideas on rapid rail.

Obviously, we have to work with the community to make sure that what we do is consistent with what the community wants but we need to have the resources in order to move those forward. These are substantial investments that under the current funding laws are going to be a challenge to get. We need additional funding in order to achieve that.

The last point I really want to put on the table is that we have a tremendous backlog in maintenance. Before we build a lot of new roads and bridges, are we sure that our current roads or bridges will not collapse? Do we have a commitment to maintain our infrastructure as part of this initiative?

Secretary Chao. The overall funding for roads and bridges in America is assumed 84 percent by the States and local areas.

Actually, the federal funding is only 14 percent. Putting that aside, I think maintenance is very important. We want to work with you on that.

Senator Cardin. Thank you, Mr. Chairman.

Senator Barrasso. Thank you very much, Senator Cardin.

Senator Ernst.

Senator Ernst. Thank you, Mr. Chair.

I want to thank Senator Moran for bringing up the EDL mandate issue. I want to go a little further and ask Madam Secretary, if there is a specific date on which the DOT will be getting back to our livestock haulers on that?

Again, the time period is running out. It is just about two weeks away. We do need to have an answer there. Do you have a date that we can expect the DOT to respond?

Secretary Chao. I think the larger problem is the hours of service. If we do anything, it will be another extension.

Senator Ernst. Okay.

Secretary Chao. Another waiver.

Senator Ernst. Waiver.

Secretary Chao. That is not a permanent solution so we need to have a legislative fix of some sort.

Senator Ernst. I do agree. We can expect that waiver to occur before the mandate runs out?

Secretary Chao. I am sympathetic.

Senator Ernst. Okay. We hope to see that.

Secretary Chao. A decision will have to come up before March 18.

Senator Ernst. Thank you, Secretary. I did hear from a hauler yesterday that they are very, very concerned about this. Thank you for that.

I would like to also visit with you, Secretary, about rural broadband. I was really glad to see that the Administration recognizes the importance of rural broadband deployment and making it eligible for funding in the framework of a rural infrastructure program.

The Federal broadband loan and grant programs, such as the FCC's Universal Service Fund High Cost Program and the USDA's Rural Utilities Service, are already in place. I am wondering, why then did the Administration decide not to do direct funding through the existing programs?

Not all States are going to have the level of expertise or programs in place to efficiently build out their broadband. I do understand the significance of doing block grants to the States, but why are we not utilizing existing programs? Do you maybe have some thoughts there?

Secretary Chao. I will look into that. I have not seen it but you brought it up. Basically, 25 percent of the funds will go to rural America and then it is going to be up to the

governor and the States as to how they want to spend that. Broadband obviously is one area we would encourage them to pay some attention to.

Senator Ernst. Absolutely. Broadband is very, very important to rural areas. I do understand that we will have a quarter of the dollars allocated for the infrastructure package going to those rural areas.

However, we also want to make sure there is expertise involved with building out some of those broadband networks. We will encourage you to go in and look at that or those working on that program just to make sure those dollars are as efficiently used as possible for rural areas.

Secretary Chao. Let me add one more thing. That goes through the FCC.

Senator Ernst. Yes, thank you. I appreciate that. We will want to work with the FCC on that but we are glad it was included in the infrastructure package.

Secretary James, of course I am going to bring up one of my favorite topics, our Cedar Rapids flood mitigation project. It does apply to a number of other Senators as well that have projects affected by the benefit to cost ratio.

I sent a letter to you and General Semonite in early February looking for answers to some of the questions I have about how the Corps determines which low BCR projects are funded

under the significant risk to human safety exception.

I have posed this question numerous times to both General Semonite and Director Mulvaney. We have not really figured out how those determinations are made for that safety exception. Do you have an update on how those determinations are made and when I will be receiving an official response?

Mr. James. No, ma'am. Since your letter, I have not been updated on that. I did ask the question and the answer at that time, which was a short answer because we were weaving through everything, was that there has not been one excepted since 2012, I think it was.

That is not a very good answer and I am not giving you that for an answer. If you will allow me a few more days to get deeper into it myself, I will give you a call, meet with you or whatever and try to figure this out.

The way the budget is written and the other factors that go into making that determination of BC ratios just will not fit for the Corps to legally do that work right now. However, I want to look forward with you and work a way forward to see what we can do on it.

Senator Ernst. Thank you, Mr. Secretary. If it does require a legislative fix, we need to figure that out so that rural areas, those low cost of living or low property value areas do have a fighting chance to be considered.

Mr. James. Yes, ma'am. I cannot suggest that to you but I can give you any information you ask for.

Senator Ernst. Yes. As far as the safety issue as well, a life in Iowa is just as valuable as a life in California or New York.

Thank you very much. I appreciate it.

Senator Barrasso. Thank you, Senator.

Senator Gillibrand.

Senator Gillibrand. Thank you, Mr. Chairman.

Madam Secretary, last month the NTSB issued reports on two rail accidents that occurred last year in Queens, New York and Hoboken, New Jersey. In these reports, the NTSB found that engineer fatigue caused by undiagnosed severe obstructive sleep apnea resulted in the crashes in both instances.

This is not a new issue. The engineer of the train that derailed in the Bronx in 2013 also suffered from undiagnosed sleep apnea. This is a problem in other modes of transportation as well, including trucking.

Addressing this problem is on the NTSB's most wanted list for transportation safety improvements. All of this is why I was very troubled when the Department of Transportation announced it was withdrawing a proposed rule on screening rail engineers and truck drivers for obstructive sleep apnea.

Given you have withdrawn the proposed rulemaking, what does

DOT intend to do to address this very real and urgent safety concern?

Secretary Chao. Senator, since you brought it up, I will take another look.

Senator Gillibrand. Okay. Thank you very much. I am very grateful.

The second issue is about the Federal Transit Administration, which is an agency of your department. It has issued a rating of medium to low for the Gateway Program's Hudson Tunnel Project, which is the second lowest possible rating. This rating means that the project is not eligible to move forward to the next phase in obtaining a federal New Starts grant.

How did the FTA take into account the funding the States of New York and New Jersey have committed to providing for the local share of the project which is 50 percent, over \$6 billion?

Secretary Chao. First of all, this rating was done by the career folks, so it occurred in the FTA multi-layers before it even comes up to the political appointees.

Number two, we are not anxious for a fight on this. But for New York and New Jersey to consider funds debt that we have given them as part of their equity back to us is something that we disagree with. In our calculation, New York and New Jersey are putting in 5 percent not 50 percent.

We will continue to talk about this. But using TIFIA loans and RRIF loans as part of equity is not how we define equity.

Senator Gillibrand. Right. But the Administration has spoken about a desire to have more local skin in the game when it comes to funding infrastructure projects, so that the Federal Government is not bearing the full cost. Do you think that federal loans which require repayment by the State or the local entity count as having skin in the game for the purpose of providing local cost share?

Secretary Chao. It is like a mortgage. If you have to put in 20 percent mortgage, and you get another loan and you put down your down payment as for the 20 percent, that is not really equity. That is just another second mortgage that further encompasses the house.

Senator Gillibrand. Right, but if you are only putting in loans and not putting in any funding through grants, it means that we are paying for the whole project.

Secretary Chao. No, because our loans are 50 percent so you are counting back the 50 percent we are giving to you in loans as equity.

Senator Gillibrand. Right, but we are paying for it. The same way you actually own the house, you own the house.

Secretary Chao. Over time but there has to be some equity in there. I do not want to argue with you because this is a

huge issue. It is huge to you, it is important to me, so let us continue to work on it. I think it is a further definition of what equity is and what the local participation is.

Senator Gillibrand. Okay. How would you like to work forward to move this project forward?

Secretary Chao. I am open to your suggestions as well but perhaps we should get our groups together. I will have our staff work with your staff.

Senator Gillibrand. Let us do that. Thank you.

Secretary Chao. Thank you.

Senator Barrasso. Thank you, Senator Gillibrand.

Senator Capito.

Senator Capito. Thank you, Mr. Chairman.

I want to thank both of you for being here today.

Madam Secretary, I am very excited about the Administration's attention to rural development, particularly in infrastructure. I am pleased about the 25 percent proposed funds that would address the unique needs of rural America. I echo Senator Ernst's feelings on the broadband issue.

Let me ask a question. We have received a lot of questions on how you are going to match this, what States are going to do and what private entities are going to do? Obviously, in a State like West Virginia, private investment would be very difficult to attract.

Because the Administration says raising new non-federal revenue will be given a 50 percent weight, I live in a State that is very challenged, cash strapped and rural; however, last year, our voters voted via referendum to approve a sale of \$1.6 billion in road bonds. You might ask how we did that. We did it with a lot of push from the Governor and the Secretary of Transportation. We also did it because there was a feeling from the ground up that we needed to do something about our deteriorating infrastructure on the State level.

At one of our institutions in West Virginia is a radio guy named Hoppy Kercheval and he came up with a great advertising theme. I am recommending this to you. It was FTDR. He just played it every day on statewide radio. It stands for fix the damn roads and it worked.

I want to make sure, even though this was passed last fall, that when we move forward with this infrastructure, we are going to be able to retroactively grab that money as part of our match. I know it is in the infrastructure proposal but when it talks about years zero to one, you only get X percent. It is unclear how much weight we are going to be able to have for the \$1.6 billion we have, as a cash-strapped State, already put into something we feel very passionate about.

I would just bring this to your attention. I do not know if you have a comment on this and where you think this goes.

The States that have already made this move do not want to be left out and only be looking forward instead being able to look retroactively to a year or two previous.

Secretary Chao. I want to compliment West Virginia for its creativity and innovation. It can be done as has just been shown. Two, I also understand that not every rural region or State can have that kind of access or can do that.

That is why the rural component of the infrastructure proposal is not competitively bid but would be somewhat on a formula basis. Of course that is subject to the will of Congress. What you are talking about is a look back.

Senator Capito. Right.

Secretary Chao. The look back currently is three years.

Senator Capito. Right.

Secretary Chao. But I hear you and I will go back to the White House and talk to them about it.

Senator Capito. Just a little more specificity in the rural area. I know I have been in numerous meetings with you and others where those of us who represent rural areas really emphasize the difficulty of attracting that private capital.

Thank you.

Secretary James, I wanted to talk to you about our waterways and the fiscal year 2019 budget request from the Corps. The Lower Mon locks, which are important obviously to

moving cargo down through the Ohio River, were built in 1907. They are very antiquated and need repair. Our barge operators have already supported a tax increase, but they are not seeing the dollars coming to the areas most frequently utilized.

I would like to ask you why does the Administration not propose spending any money on the Lower Mon Kentucky or Chickamauga projects in fiscal year 2019?

Mr. James. The reasoning, as I understand it in my short time being on the job, is they do not meet the benefit cost ratio that is required for those kinds of work.

Senator Capito. Are you saying it is down on a priority list or are you saying we are just going to close them and them deteriorate to where they can no longer be used? What is the long term plan here?

Mr. James. I do not have that yet, ma'am.

Senator Capito. Maybe we could work together on it.

Mr. James. I would be happy to work with you further on it. I apologize, but I just do not have a grasp on that. I do know that is why no work has been done on them and they have not been budgeted, because of their BC ratio.

That is about it that I know right now but I would be happy to go forward working with you.

Senator Capito. Thank you very much.

Senator Barrasso. Thank you, Senator Capito.

Senator Van Hollen.

Senator Van Hollen. Thank you, Mr. Chairman.

Secretary James, first of all, let me thank you for your testimony.

I just want to associate myself with Senator Cardin's comments and questions with respect to both the success of Poplar Island in the Bay and the Mid Bay project. They are really important to navigation for the channel for the Port of Baltimore.

I look forward to working with you and your team. We have been and will look forward to continuing to work with you and your team on that.

Secretary Chao, thank you for your testimony.

When it comes to modernizing our infrastructure, this is an issue that brings people together. I remember the night President Trump won. The one substantive issue he talked about was modernizing our infrastructure. A lot of us would have liked to see us move earlier but we are glad to try to move forward now.

I guess my question does go to the simple budget math. One, I have serious questions about the leverage ratios in what used to essentially be a federal program. Our highway program is 80-20. You have flipped that on its head for the purposes of this new proposal to 20-80.

I support many of these private-public partnerships. You and I have worked together on the Purple Line in Maryland. We believe that will be a successful private-public partnership but if you look at the funding sources, almost half comes from the Federal Government.

That was really required to leverage both the State and local component as well as the private component as part of that project. I think there are very serious questions about the leveraging math that is being used.

I have a question about the overall budget math, following up on Senator Merkley's question because it really does seem like an effort to give with one hand. Of course we cannot give in terms of this transportation plan because we do not know the funding source for the federal share, and taking away with the other.

What is your estimate of the current ten year shortfall in the Transportation Trust Fund?

Secretary Chao. As I mentioned, the mandatory part of the department increases 4 percent, so pretty much the budget is the same. It is also the same compared to fiscal year 2017. It ramped up for 2018. That is what people are comparing to but in 2017, that was always the level.

Senator Van Hollen. I serve on the Budget Committee. We just had OMB Director Mulvaney recently.

Secretary Chao. The \$200 billion actually is put in for the infrastructure.

Senator Van Hollen. I know that is a separate fund. You are putting in \$200 billion but we do not know what the source of funding exactly will be, but you are cutting, as Senator Merkley pointed out, in other parts of the budget, well over \$200 billion in infrastructure.

For example, you were just talking to Senator Capito about rural areas. You cut \$5.1 billion in the ten year budget out of rural water and wastewater grants. When you add it all up, including the shortfall.

Secretary Chao. That is not in my budget.

Senator Van Hollen. I know, but it is the case, is it not, that one of the uses of the \$50 billion that can go to rural areas is for rural and water infrastructure? Isn't that part of the plan?

Secretary Chao. My infrastructure portion is only transportation.

Senator Van Hollen. I am talking about this whole plan. Senator Capito raised the importance of the \$50 billion plan. One of the eligible uses for that is water and sewer. The President's budget cuts \$5.1 billion from that pot of money. That is just one example.

The other big one is the shortfall in the current

transportation program that allows for federal 80 and State 20. My question is, do you have any plan as the Secretary of Transportation to fill that estimated \$160 billion shortfall over the next ten years?

Secretary Chao. That whole issue about the Highway Trust Fund has to be addressed because it is solvent until 2020 because of the FAST Act.

Senator Van Hollen. I just want to know if, as of today, you have a plan.

Secretary Chao. I want to work with Congress on that.

Senator Van Hollen. Okay.

My last question, Mr. Chairman, goes to following up on Senator Carper's question.

The President has now said on a number of occasions that he does support an increase in the gas tax to fund this \$200 billion plan. My question is very simple. Does the President mean what he says about increasing that?

Secretary Chao. You should ask the White House.

Senator Van Hollen. Have you been in meetings with him?

Secretary Chao. Yes, I have.

Senator Van Hollen. Has the President told you he supports an increase in the gas tax?

Secretary Chao. I think you need to ask the White House.

Senator Van Hollen. I am asking you.

Secretary Chao. I do not divulge conversations with the President. I think every Cabinet member will say that.

Senator Van Hollen. Okay. We are talking about a \$200 billion plan which many of us think is already too small to start. The leverage assumptions, many of us think, are way off but even that \$200 billion is right now a hallucination until we have a real funding source. I am just curious if the President meant what he said.

Secretary Chao. I agree with you we need to find pay-fors. That is very important. There is no agreement on that, so we need to work on that.

Senator Van Hollen. I am just wondering if the President has found a pay-for, which is what he has said, in the gas tax. But we will follow up, if he has not told you, the Secretary of Transportation.

Secretary Chao. You will have to ask the White House.

Senator Barrasso. Thank you, Senator Van Hollen.

On Nebraska Statehood Day, the Senator from Nebraska, Senator Fischer.

Senator Fischer. Thank you, Mr. Chairman. It is Nebraska's birthday and I am pleased to be here. I thank the panel for coming.

Secretary Chao, I was pleased to see that the Administration included provisions to delegate review and

permitting authorities to the State. This builds on the work Congress did with SAFETEA-LU and also with MAP-21 to delegate that NEPA authority to the States.

My Build USA Infrastructure Act includes similar provisions. Under my proposal, the States would be given the purview over the design, permitting and construction authorities currently under the Federal Highway Administration.

In your view, what do you see as the benefits of delegating these authorities to the States? I see them as being able to stretch current tax dollars so we can move forward with infrastructure projects. What is your view, Madam Secretary?

Secretary Chao. First of all, State and local authorities know best what the needs are within the community. We want to be a partner to the States. Two, as you mentioned, they know best also how to leverage, work and partner with other sources of capital and revenues.

Senator Fischer. Right. Many of us tend to focus on where new revenue is to come from. One of my deepest concerns is how we can better spend the revenue, the taxpayer money, we are already charged with spending in a responsible manner. Thank you.

As you know, Nebraska is currently in the process of assuming NEPA authority for transportation projects. Can you provide me with an update on that process?

Secretary Chao. It has been a great pleasure to work with Nebraska. You need to go back to the Department of Transportation and let them know we have really enjoyed working with them. We hope to sign the MOU very shortly.

Senator Fischer. Oh, good. That is wonderful to hear.

We tend to benefit from consistent formula funding for infrastructure projects in the State. It seems unlikely that Nebraska will benefit from some of the President's proposals when it comes to incentive programs or transformative projects.

Would it be correct to say the President's infrastructure proposal intends to supplement current infrastructure funding mechanisms such as the Federal Highway Administration's formula funding programs instead of replacing those programs?

Secretary Chao. You are absolutely right. The dollars we are talking about are on top of what is in the budget ordinarily and on a formula basis.

Senator Fischer. As I was looking through the proposal, 80 percent of the funding under the Rural Infrastructure Program would be allocated to the governors to provide States with flexibility. You mentioned that earlier. It is based on a rural formula.

My question here is the rural formula is based on rural lane miles and rural population. But how does the Administration plan to define rural for the purposes of this

funding? I know across the Federal Government there are many, many definitions for rural. What are you specifically looking at?

Secretary Chao. You were also talking about leveraging the funding. We are very concerned about rural America. On the specific question, I have to confess, someone told me and I cannot remember now for the life of me. Let me get back to you with an answer on that.

The whole issue as to how we define it, I think, but rather than speculate, I was told this and I just cannot remember. I will get back to you on that.

Senator Fischer. That would be great. For example, a lot of times, rural gravel roads are included in a formula, paved roads; the current definition used by the Federal Highway Administration, I would be interested to know if you are looking at the USDA, some of their definitions of rural as well.

If you could get back to me, that would be great.

Secretary Chao. I will certainly do so.

Senator Fischer. Thank you.

Also on the rural infrastructure program, the proposal included language to develop rural interstate projects. An important interstate expressway project we have in Nebraska is in our panhandle. That is the Heartland Expressway. It is part of the larger Ports-to-Plains Corridor that runs north to south

across this Country.

When it is completed, the Heartland Expressway will provide greater access for our agricultural products to the Country and help to have this multi-lane, divided highway access. Can you elaborate on how rural interstate projects would qualify for rural funding under the President's proposal? Is there anything specific on rural interstates, especially when they connect through States from Canada to Mexico, like the Ports-to-Plains Project?

Secretary Chao. The department has sent guidelines and principles. We did not send legislative language. That is an indication that we want to work with the Congress on how to define some of these things.

Senator Fischer. We will look forward to working with you on that. Thank you so much, Madam Secretary.

Secretary Barrasso. Thank you, Senator Fischer.

Senator Whitehouse.

Senator Whitehouse. Thank you, Chairman. Welcome to both of the witnesses.

Let me start by saying we have heard a great deal in the course of this hearing about rural infrastructure. I would like to focus a little bit on coastal infrastructure. America has coasts. Some of us represent States that have coasts.

Along those coasts, we are seeing very serious predictions

of very considerable sea level rise, including predictions that continue to come from the Federal Government under this Administration. Working with NOAA, Rhode Island is looking at as much as nine feet of vertical sea level rise by the end of the century.

If that were to happen, Amtrak is gone through Connecticut. The map of my State would have to be redrawn. A considerable amount of our wastewater infrastructure, which tends to be low because of where it stands in the gravity flow, has to be relocated. Coastal highways, coastal evacuation zones and flood maps mean an enormous amount of work has to be done to prepare for what we now have been very strongly told by the Federal Government is coming at us.

I am a bit concerned that words like coastal, sea level rise or storm surge, things we have to live with and prepare for, do not appear in the infrastructure plan. I am hoping that as we develop this plan, you will be accommodating of that fact and of our coastal States' needs that infrastructure be designed, redesigned and maybe even relocated for the foreseeable prospect of that kind of damage.

Secretary Chao. Senator, you and I have talked about this issue. I know that it is highly important to you.

Senator Whitehouse. I may not be the only one. There are a bunch of us that are coastal.

Secretary Chao. You have brought this up many times with me. I had not thought about that so let me take a look at the outline.

Senator Whitehouse. Thank you. I just want there to be a little reflex in your mind that whenever you hear rural, you also think, rural and coastal, rural, oh, and coastal.

With the Corps, unfortunately, we are not much better off, Mr. James. The Corps' proposed fiscal year 2019 budget asks for about \$1.5 billion, \$1.481 billion to be exact, for its Flood and Coastal Storm Damage Reduction Program.

Out of that, \$1.48 billion, we can identify \$40 million that is marked for coastal projects. The remaining \$1.44 billion is marked for inland projects. When you look at what is coming at our coasts, when you look at what NOAA is telling us to expect, when you look at what the Department of Defense is telling us to expect, when you look at the preparations the Navy has to make for its Navy bases, it is really hard for me to understand why there has to be a 37 to 1 ratio in favor of inland projects over coastal projects. How do you defend that to coastal States?

Mr. James. Sir, I remember discussing this with you during my confirmation hearing.

Senator Whitehouse. I can be like a bad penny, I keep turning up on this stuff. I think every one of my colleagues

would be equally exercised if an essential feature of their State was overlooked completely by a factor of 37 to 1.

Mr. James. My answer to you on that suggestion is that it is not 37 to 1, it may be 37 to 1 of the entire dollars, but all of the projects are processed and considered the same, whether they be coastal or inland. That tells me there is just a lot more inland projects that require flood damage assistance than coastal.

Senator Whitehouse. I do not want to be in a position in which the budget does not authorize funding for coastal projects, that it is \$40 million out of \$1.4 billion, with the result that people do not apply because they look at that budget and say, it says in huge letters the coastal communities are not welcome here.

Maybe they are not participating because they take a look at this and say, oh, my gosh, this is all for inland and upland stuff. That is an invitation for us to stay away. I do not want to be in a situation where we are not getting projects because of the budget and you are saying that is because there are not enough projects in there.

There is a circularity to that argument that leaves coastal communities in real trouble. I do not think coastal projects should be second class citizens in your budget by this kind of a factor of 37 to 1.

I know Mississippi is important. I know it floods. I know there are upland floods in other places. But for crying out loud, when you are looking at a 9 feet sea level rise coming along our coasts, there is a lot of infrastructure work that needs to be done to prepare for that.

I hope you will find a way to send a signal to our organization and to coastal communities that coastal projects are, in fact, welcome here and are, in fact, a key, a critical part of the Army Corps' task.

Mr. James. I have no problem with that. That was not my personal thinking to begin. I was just trying to explain to you if we had 100 flood risk damage reduction projects in this Country and 50 were coastal and 50 were inland, from what I understand right now, it would be equal application to those two areas.

Senator Whitehouse. We will see. That is not what the signal is from the budget.

I just want to close by saying I do not ascribe this to you. I do not think you personally have any distaste for coastal projects. We have talked our way through this before. I have full confidence in your personal judgment but the Army Corps is a big bureaucracy and 37 to 1 is a very big signal in a budget. I will leave it at that.

Thank you.

Mr. James. Senator Whitehouse, as important as it is to you, I will get with the Chief and his team, get with my team and let me get back with you. If I have said anything that is not right or if I was right, let me make sure.

Senator Whitehouse. I appreciate that. You have been great to work with. Thank.

Mr. James. Let me make sure.

Senator Barrasso. Senator Sullivan.

Senator Sullivan. Thank you, Mr. Chairman.

I appreciate, Madam Secretary and Secretary James, your being here. I think the Administration's principles on infrastructure actually were a really good start. We appreciate the opportunity to work with you.

I want to reinforce what Senator Carper said earlier. I was a bit surprised by the leadership in the Senate, on my side, on the Republican side, saying they did not look like they were going to have time. We should make more time. If we do not have time, let us work weekends.

Every American believes this is important. I think it is a great opportunity for bipartisan support. I am not sure what my leadership was talking about but I think this is a huge priority. I know it is for you, Madam Secretary, and the President. Let us get to work. We should create time. This is a good opportunity. You are seeing it here in this hearing.

Secretary Chao, I want to thank you for the Alaska visit and the summit we had on infrastructure. The Sterling Highway is now starting to move forward. It only took 25 years of permitting delays. Other than that, it is starting to look good.

In your previous comments this morning on the importance of permitting, you touched on it a bit. Can you talk a bit about this whole idea of the funding actually for infrastructure in some ways can be a function and will be a function of how aggressively we address permitting reform, meaning if you have significant permitting reform?

You know I have a bill, the Rebuild America Now Act. Mr. Chairman, I would like to submit for the record an op-ed I had with the head of the Laborers International, Terry O'Sullivan, on the importance of permitting reform.

Senator Barrasso. Without objection.

[The referenced information follows:]

Senator Sullivan. Madam Secretary, can you touch on that, how permitting reform is actually, in some ways, a driver of how much money we are going to be able to get with regard to particularly private sector money into broader infrastructure in America?

Secretary Chao. As was mentioned, with every year's delay in permitting, there is an increase of a minimum of 3 percent. Project costs increase every year the longer they are stretched out.

Second, the permitting aspect, we are not talking about not protecting the environment; we all care about the environment. We are talking about commonsense ways to reduce duplicative, redundant, sequential permitting which can actually be done concurrently or we can have sister agencies share information.

As of now, within the Department of Transportation, one office in Transportation does their own study, they do not share with another office at the Department of Transportation, thereby lengthening the whole process. The other thing also with permitting is the private sector, which is very eager to finance a lot of these public infrastructures, would be deterred if indeed permitting were to add years of delay and increase their risk.

Senator Sullivan. On highways, the average time it takes to permit a bridge in New Jersey, New York or Rhode Island is

like six or seven years. If we could bring that down to one year or a year and a half, you will have less uncertainty and more private sector dollars.

By the way, as you know, Madam Secretary, the UK, Canada, and Australia all permit infrastructure projects in a year, year and a half or two years. This is not something radical. The radical position is how delayed we are. Isn't that the case?

Secretary Chao. Yes. In fact, when you talk about Sterling Highway, when I went to visit Alaska, it was actually 35 years in the making, to get that to a remote Alaskan village that really needed help.

Senator Sullivan. You are not going to get private sector money. Thank you. We want to continue to work with you on that.

Secretary James, I wanted to talk briefly about wetlands. My State has over 60 percent of the Nation's wetlands, 60 percent in Alaska for the whole Country. We have wetlands totaling approximately 270,000 square miles. That is larger than the State of Texas.

When we have Section 404 permitting requirements with the Corps and EPA, and the mitigation requirements that come with that, it is almost always a disproportionate cost and delay with regard to infrastructure in Alaska.

We will have some questions for the record. I wanted to

ask you very quickly, a number of us have been looking at the Clean Water Act, relevant regulations from the Executive agencies from both Democrat and Republican Administrations previously that give federal agencies sufficient flexibility and latitude to take Alaska's unique circumstances into consideration of wetland permitting processes because the vast majority of the wetlands in the Country reside in my State.

It just takes an inordinate amount of time to get through the Section 404(c) permitting. Can I get your commitment, Mr. Secretary, to work with us on these kinds of flexibilities that we believe already exist in the regs and the laws, to work with you and your office on this kind of flexibility on Section 404(c)?

Mr. James. Yes, sir. I would be happy to.

Senator Sullivan. I want to thank you again, and General Semonite, on the work you have done with regard to the Port of Nome. You may have heard just recently there was a cost share agreement between Nome and the Corps for the study of the port there. I think we have made good progress on that. I appreciate that.

Mr. James. Thank you.

Senator Barrasso. Thank you, Senator Sullivan.

I would like to point out the vote is going to start in about a minute. We still have four people to ask questions. We

have five minute rounds. I am going to have to ask you to please hold it within the five minutes for each of those.

Senator Markey is next.

Senator Markey. Thank you, Mr. Chairman.

I welcome you here, and clearly we want to have a huge infrastructure program that opens up in our Country. We need it desperately.

The way I look at the formula in the Trump proposal is that it takes \$200 billion in existing federal infrastructure money and repackages the same money as a new program. Then, in step two, it flips the formula from 80 percent coming from the Federal Government and 20 percent from local and State government to 20 percent coming from the Federal Government and 80 percent that would come from the State and local governments.

Maybe it is like the miracle of the loaves and fishes, it did work 2,000 years ago. But I just do not think it is going to work here where the local governments cannot come up with 80 percent of the money and the reason we need national infrastructure bills is that they need the help and they need the Federal Government to come in.

I will be honest with you. My fear is I just think that Wall Street will say, we will come in and help, but they will have to be paid. That is going to be tolls they are going to want to impose on drivers, on communities as a way of getting

paid. That is how Wall Street operates.

As a result, it changes the relationship between the infrastructure in our Country and ordinary citizens. I just think they will wind up being tipped upside down and having money shaken out of their pockets ultimately to pay for infrastructure that historically, under the 80 federal and 20 local funding, was subsidized by the government in order to make sure the roads are there for everyone.

I have a big problem with the math. I just do not think it is going to work. I agree when Wharton and the Heritage Foundation agree upon something, and they are agreeing with Ed Markey, that there is new recombinant political DNA that is out there that requires a better explanation of how these projects will get built.

I do know that Wall Street would love to have the National Environmental Policy Act to just be gutted and be dramatically watered down. That is what this infrastructure proposal does. It takes the constitution of the environment for the last 50 years, the National Environmental Policy Act and makes fundamental changes.

One, it would cut the amount of time the public has to sue over bad projects from six years down to 150 days. That would be great if you want to be a Wall Street firm and get a quick return on your investment.

However, if you are a community and all of a sudden you hear there is a brand new road coming through a whole section of town and you are told you have 150 days to mount a battle against a Wall Street law firm that is just going to truncate your rights, that is going to be, I think, something that is very disastrous for local communities all across the Country.

Secondly, the bill also expands the ability of agencies to simply decide that certain types of projects have no environmental harm at all; the agency decides it. It is a single agency, by the way. One agency would make the decision.

Secretary Zinke would be able to decide that pipelines can go through parks and the other agencies would not be able to get into the middle of that. Similarly, the EPA would be truncated in their ability to be able to make decisions that were appealable because the Secretary of Transportation would make all of these decisions and the agencies would not be involved.

I just have a problem with the formula. I would like to give you a chance to respond to it because that is the core of it. The money is not sufficient and the environmental reviews are truncated.

Secretary Chao. I do not have that.

Senator Markey. Whatever you can do.

Secretary Chao. I think it is important to emphasize that we want to do this on a bipartisan basis. As we go forward,

these are issues you are concerned about. Let us talk about them.

Senator Markey. I still have 12 seconds to say that if it is not changed, if there isn't a fundamental change made, then citizens are going to wind up with their environmental protections being watered down. They are going to be tipped upside down and have money shaken out of their pockets to pay for the fees in our Country.

Secretary Chao. As I mentioned, we have no intention of diluting any environmental protections. If you look at the bureaucratic way in which permitting occurs, a lot of it does not make sense. They are redundant, duplicative, replicate one another, and discourage communications among sister agencies. There are many, many ways in which the permitting process can be streamlined and improved without compromising on environmental protection.

Second, on the roads and bridges, the 80-20 rule only applies to interstate; 84 percent of the roads and bridges that are in each State are funded by the State. The Federal Government's share is only 16 percent. Overall, infrastructure is traditionally actually funded by the States. It is only for the interstate that the federal portion comes in.

Senator Markey. Which is the essence of this.

Secretary Chao. The infrastructure is everything actually.

The infrastructure proposal is whatever a local community wants. They decide and make a targeted appeal to this competitive process. The more creative and innovative they can be in financing, meaning if they can get more private sector and other party involvement, they actually will be in a better position to win the federal grants.

Senator Barrasso. Thank you, Senator Markey. I appreciate your questions.

Senator Boozman.

Senator Boozman. Thank you, Mr. Chairman.

Thank you for being here. We appreciate your hard work. We also appreciate the fact that you are honoring your commitment to make yourselves available periodically. It is very, very helpful.

Secretary Chao, I would like to ask you a question. It is not under your purview in the sense that this is a water question. However, since you are such a major player in the infrastructure package, I really think we are in a situation now where you cannot think in terms of just one thing.

We can put in our roads, runways and railways but if you do not have the water infrastructure to back that up, it simply does not work. We are in a situation now where things are aging and there is a tremendous need.

Senator Booker and I have introduced the Securing Required

Funding for Water Infrastructure Now, the SRF WIN Act. We have had tremendous success with outside organizations and multiple sponsors in Congress.

We are trying to make it such that we allow the State Revolving Funds, the SRFs, to bundle multiple drinking water and wastewater projects together and submit them to the EPA for approval through the Water Infrastructure Financing and Innovation Act, the WIFIA Act, the WIFIA Program.

Because every State is AAA bond-rated and all of our projects have ratepayers, the SRF WIN Act really answers some of the concerns of Senator Markey in the sense that we can have tremendous leveraging ability. These are not grants. These are actually getting paid back.

As a result of that, I really would encourage you, as you are putting together these things, to look at this. Hopefully, the Administration can support and hopefully you can support it in an effort, as I said, to take the dollars we can and leverage as much as we can in a commonsense way.

Secretary Chao. I will bring this back to the White House and also the EPA Administrator.

Senator Boozman. Good. Thank you very much.

Secretary James, it is good to have you here also.

Arkansas is a rural State that relies heavily on agriculture as you know very well. In fact, we are the number

one rice-producing State in the Country, third in cotton, and the list goes on and on. Ag is number one in our State as it is in so many other States throughout the Country that we forget about and adds about \$16 billion to our economy. Many hardworking Arkansans rely heavily on the inland waterways and ports to ship their crops across the Nation and export them all over the world.

Tell us the consequences for rural and agriculturally-dependent States if we do not invest in our Nation's inland waterways and ports. Do you feel that the Administration's principles for infrastructure properly address America's inland waterways?

Mr. James. I do feel that the infrastructure bill does address the waterway system. His submission of that bill to us allows us to be able to move forward. It does cover our inland waterway infrastructure.

You and I know this. For the other members and for the record, if the inland waterway of the McClellan-Kerr Arkansas River shuts down, everything from mid-Oklahoma down to the Mississippi River would be shut off. It is a huge amount of prosperity, a huge amount of interstate commerce that comes from that.

The same goes for every other running navigable stream in our Country. A lot of them are provided by locks and dams as

most of our inland waterway infrastructure is in locks and dams. The Mississippi below Cairo, Illinois is not; it is a free-flowing stream which requires a lot of maintenance due to the major flooding that the lower Mississippi Valley receives.

Without the navigation, there is no way. Grain would be spoiled on the ground and our balance in trade would quickly go out the back door. Because, as I understand it, for years, years and years now, the balance of trade has been supported by the agriculture community.

Senator Boozman. Thank you very much.

Thank both of you again for your hard work. We appreciate it.

Senator Barrasso. Thank you, Senator Boozman.

Senator Booker.

Senator Booker. Thank you very much.

Out of respect for my colleague, I want to try to go really quickly.

First, just a hearty thank you to both of you for your testimony, your commitment to your jobs and the mission of our Country.

Secretary Chao, I am grateful to have you here again. Thank you for your willingness to engage with my team and the other four Senators dealing with this Gateway project. You have been incredible. We had a meeting at the White House with the

President just on this issue. You came to Senator Schumer's office for what I thought was a very constructive dialog.

You indicated to Senator Gillibrand that to deal with some of these issues, we probably need to get our teams together again. Would you be willing to commit to meeting again with Senator Schumer and us as we did a few months back?

Secretary Chao. Of course.

Senator Booker. Great.

Secretary Chao. I would also add that Gateway is not one project. There are nine projects involving \$30 million.

Senator Booker. Multiple projects. You and I are both familiar and do not need to state for the record but time is running.

The second thing is, you committed also that you will come up and visit us and see the project. We have had Republicans and Democrats do it. It is stunning to go through the tunnels and see the crisis. That commitment stands, right?

Secretary Chao. I have been trying to do that.

Senator Booker. I know. You and I have been trying to work our schedules.

Thirdly, the multiple projects that are involved, I heard the back and forth between you and the Senator on loans, how they are counted and the like. Is that the standard now for all projects in America that the federal commitment does not count

as a State commitment, the loans? Is that new?

Secretary Chao. I am not so sure this is new. It has always been that way, number one. Second, we would disagree; there was never any federal commitment. It was a verbal commitment, a verbal sentence given at a rally, a political rally no less. There was no commitment from the Federal Government.

Senator Booker. No, no, I understand. But the downgrading is because?

Secretary Chao. It has always been this way. Loans are not counted as equity.

Senator Booker. That contradicts your website. Can I read what your website says?

Secretary Chao. Okay.

Senator Booker. From the FHWA website, it says "TIFIA, the proceeds of a secured TIFIA loan, will be used for any non-federal share of project costs required under Title 23 or Chapter 53, Title 49." That is what your website says. It contradicts what you are saying here.

Secretary Chao. Then I need to look at it. Thank you for bringing it to my attention. I will take a look at it.

Senator Booker. Okay. Take a look at that. We should have a fair standard because I know these programs. This would crush every area of our Country if you shifted that to what you

represented to the Senator. Your website says this and my familiarity with that.

Secretary Chao. Thank you for bringing it up. That is not my understanding, but let me take a look at it.

Senator Booker. I really appreciate that.

The last thing is to champion the great work you guys are doing. The Department of Transportation's efforts on the Gateway Tunnels' environmental impact statement has been amazing and inconsistent with what everyone has been saying, let us cut the regulatory time.

My understanding is the Gateway Project Development Corporation has finalized their environmental impact statement and is on track for a final EIS pending DOT approval at the end of March. This is an incredible achievement. They are literally cutting in half the typical amount. This is actually you all cutting bureaucracy and cutting time. I just want to make sure of commitment by the Department of Transportation and everything is on schedule to achieve something we all can brag about as testimony to the Trump Administration's cutting red tape. Can we make sure we get that done by March 31 as was committed?

Secretary Chao. I would love to promise you that. I don't know whether I can. I will take a look at that.

Senator Booker. Okay. Because we have made incredible

time.

Out of respect to my colleague, I will end early.

Secretary Chao. Thank you.

Senator Barrasso. Senator Duckworth.

Senator Duckworth. I thank Senator Booker for being so generous with his time. Thank you, Mr. Chairman and Ranking Member Carper.

Secretary Chao and Secretary James, it is so nice to see both of you again.

Secretary Chao, I see a lot of philosophical similarities between the President's infrastructure proposal and the goals of DOT's Infrastructure to Rebuild America Grant Program established last year, the INFRA Grant Program.

I understand both seek to align federal investments with national and regional economic goals. There is some emphasis on leveraging federal funds with non-federal funding, including public-private partnerships and also to promote innovative solutions to improve project delivery. Is it fair for me to say that?

Secretary Chao. Yes.

Senator Duckworth. As you know, the 75th Street Corridor Improvement Project in Chicago, which is part of the CREATE Project, meets all of INFRA's program goals. The project provides robust national and regional benefits, would increase

national freight and passenger railway activity and is reflected by the support of nine different Midwestern States, each of the Class I railroads and numerous corporate interests.

In fact, a study by the University Illinois highlights that three-quarters of the CREATE Program's impacts would actually occur outside of the Midwest. More than 65 percent of the project costs are already committed through a public-private partnership.

Given the robust support and alignment of the goals of all levels of government, the environmental review and record of decisions are also complete, so the project can move forward as soon as you give it the green light. I am asking that you give this critical project your full consideration as you finalize the INFRA grant awards moving forward.

Secretary Chao. I will certainly do so.

Senator Duckworth. Thank you. Do you have a sense of when the INFRA awards might be announced?

Secretary Chao. We have to get the TIGER grants out which will hopefully be in the next two to three weeks. After that, then we will turn to the INFRA so hopefully by the summertime if not sooner.

Senator Duckworth. Okay. Back to the infrastructure proposal, the Administration is calling the plan a major investment in our Nation's infrastructure. Yet, as my

colleagues have noted, the President's fiscal year 2019 budget cuts more infrastructure than would be invested.

How is this a major infrastructure investment when you propose spending less than we already do?

Secretary Chao. I think this is a policy difference. We can talk more about that. What is important is that this infrastructure proposal needs to be done on a bipartisan basis. If we can separate out from the budget, go forward and take a look at the infrastructure, we very much look forward to working with both the Majority and the Minority in the Senate and the House.

Senator Duckworth. We are going to need more than \$200 billion to be able to move forward.

Secretary Chao. Absolutely we are. That is where we need to have the private sector involved and we need to leverage the funds.

Senator Duckworth. Also, I would like to state that I join my colleagues who mentioned their concerns for our livestock haulers with the EOD deadline coming up. I have heard from people in Illinois who haul cattle, hogs and even equine. This is a real issue in our ag States. I would appreciate your attention to that.

Mr. James, as I know you are aware, our inland waterways have long enjoyed a federal-private partnership through a diesel

fuel tax paid by barge operators that covers 50 percent of the cost associated with maintaining and modernizing our locks and dams.

I was troubled to hear that the Administration's budget seeks to alter that longstanding relationship by promoting a per vessel fee to fund our aging locks and dams. Again, as you know, that is a non-starter for commercial operators who would bear the cost.

Would it be easier and more practical to consider alternatives that allow the Corps to keep some of the revenues that you already generate but are required to deposit into the U.S. Treasury like recreational fees and hydropower revenue?

For example, with the hydropower revenue, you generate around \$1.5 billion that goes into the Treasury. If we could keep a small percentage of that within the Corps of Engineers, you could actually apply some of that to some of the associated cost with the maintenance.

Mr. James. Senator, that is an interesting proposal that I have heard many times throughout my career, even before I became the ASA. It is a very interesting proposal. I would be willing to look at some numbers with you or the committee at any time that would be of interest to you. It is very interesting to me. Thank you for that question.

Senator Duckworth. Thank you very much for your interest.

That is all the questions I have.

Senator Barrasso. Thank you very much.

I appreciate the members being here.

I have a request for a submission for the record. We, at the committee, received numerous requests for submissions for the record from different organizations impacted by the infrastructure policy.

In order to ensure the full breadth of the policy options are included in the record, I ask unanimous consent that they be added to the record. Without objection.

[The referenced information follows:]

Senator Carper. No objection.

Senator Barrasso. Senator Carper.

Senator Carper. I want to make two unanimous consent requests.

I just want to say to both of you thanks for being here and thanks for your willingness to take on tough jobs. Albert Einstein used to say "In adversity lies opportunity." There is a lot of adversity here but actually a lot of opportunity.

I think with your leadership, the leadership of our Chairman and other Democrats and Republicans, we can make progress. We really need to on these fronts. I look forward to doing that.

In the spirit of that thought, Mr. Chairman, I have two unanimous consent requests to submit for the record. One, I ask unanimous consent to submit for the record the White House infrastructure proposal summary document that states that "Overall, for highways, 28 percent of funding is federal."

I would also note that the same document indicates that if we look at just capital expenditures, federal funds currently support more than half of all spending on highways, not just in Delaware, but in the United States across the Country.

I have a second unanimous consent request, if I could, Mr. Chairman. I would ask unanimous consent to submit for the record the January 2018 GAO report entitled Highways and Transit

Projects. In that report, GAO notes that it previously reported that 99 percent of highway projects are not being held up by complex NEPA reviews. Meanwhile, Federal Highway Administration officials expressed "Categorical exclusions still constitute the vast majority of NEPA reviews for highway projects."

Thank you, Mr. Chairman.

Senator Barrasso. Without objection, so ordered.

[The referenced information follows:]

Senator Barrasso. The time has now expired on the vote and we need to get to the Floor. I do want to thank the members who have attended.

I especially want to thank our esteemed guests, Madam Secretary, as well as Assistant Secretary James. I want to thank you for your time and I want to thank you for this crucial discussion regarding the Administration's infrastructure plans.

People may submit additional questions for the record. The record will remain open for two weeks.

Thank you again for being here and joining us.

With that, this hearing is adjourned.

[Whereupon, at 12:10 p.m., the committee was adjourned.]